

Sundaram Finance Limited

63rd Annual Report

2015-16



SUNDARAM FINANCE
Enduring values. New age thinking.



SUNDARAM FINANCE
Enduring values. New age thinking.

| | | |
|--|---|--|
| Board of Directors | S Viji S Ram N Venkataramani P N Venkatachalam S Mahalingam S Prasad S Ravindran Aroon Raman Shobhana Ramachandhran T T Srinivasaraghavan Harsha Viji A N Raju | Chairman Managing Director Deputy Managing Director Director (Operations) |
| Audit Committee | S Prasad S Ravindran Shobhana Ramachandhran | Chairman |
| Stakeholders Relationship Committee | S Prasad T T Srinivasaraghavan A N Raju | Chairman |
| Nomination, Compensation & Remuneration Committee | P N Venkatachalam S Prasad S Ravindran Aroon Raman | Chairman |
| Corporate Social Responsibility Committee | Aroon Raman S Ravindran Shobhana Ramachandhran T T Srinivasaraghavan | Chairman |
| Risk Management Committee | T T Srinivasaraghavan Srinivas Acharya Harsha Viji A N Raju M Ramaswamy | Chairman |
| Asset Liability Management Committee | T T Srinivasaraghavan Srinivas Acharya Harsha Viji A N Raju M Ramaswamy | Chairman |
| Chief Financial Officer | M Ramaswamy | |
| Secretary & Compliance Officer | P Viswanathan | |
| Registered Office | 21, Patullos Road, Chennai - 600 002 • Tel: 044 2852 1181 • Fax: 044 2858 6641 Email: investorservices@sundaramfinance.in • Website: www.sundaramfinance.in | |
| CIN | L65191TN1954PLC002429 | |
| Auditors | M/s. Brahmaya & Co., Chartered Accountants, 48, Masilamani Road, Balaji Nagar, Royapettah, Chennai 600 014 | |
| Information Security Assurance Services | M/s. Tejas Brainware Systems (P) Ltd., 'Lakshmi Bagh', New No. 28, Old No. 19, Second Main Road, C.I.T. Colony, Mylapore, Chennai - 600 004 | |

| | | |
|------------------------|-----------------------|--|
| Management Team | V K Raman | Senior Vice President & Head – Group Internal Audit |
| | S Ravindran | Senior Vice President & Head – Credit Control and Processing Dept. |
| | S Srinivasan | Senior Vice President & Head – Corporate Finance |
| | S Sivakumar | Vice President & Head – Administration & Corporate Communications |
| | M J Kulkarni | Vice President & Head – Western Region |
| | K Sankarakumar | Vice President & Head – Distribution |
| | D Ravindran | Vice President (Sundaram Infotech Solutions) |
| | V Ananthanarayanan | Chief Information Officer |
| | H Venkatesan | Senior General Manager – Internal Audit |
| | N Ramachandran | Senior General Manager & Head – Central & Northern Regions |
| | S Sridhar | Senior General Manager – Treasury |
| | C Balasubramanian | Senior General Manager – Operations |
| | Venkatesh Kumaraswami | Senior General Manager – Services |
| | S Balasubramanian | Senior General Manager & Head – Andhra Region |
| | G Vaikuntam | Senior General Manager & Head – Recoveries & ARC |

| | | |
|---------------------|---|---|
| Subsidiaries | Sundaram BNP Paribas Home Finance Limited | LGF Services Limited |
| | Royal Sundaram General Insurance Co. Limited | Sundaram Infotech Solutions Limited |
| | Sundaram Asset Management Company Limited | Sundaram Business Services Limited |
| | Sundaram Asset Management Singapore Pte. Ltd. | Sundaram BPO India Limited |
| | Sundaram Trustee Company Limited | Sundaram BNP Paribas Fund Services Limited |
| | Sundaram Finance Distribution Limited | Sundaram Insurance Broking Services Limited |
| | Infreight Logistics Solutions Limited | |

| | | |
|----------------|--------------------------|--|
| Bankers | State Bank of India | HDFC Bank Ltd. |
| | State Bank of Travancore | ICICI Bank Ltd. |
| | State Bank of Patiala | Axis Bank Ltd. |
| | Bank of India | Citibank N.A. |
| | Indian Overseas Bank | The Hongkong and Shanghai Banking Corporation Ltd. |
| | Canara Bank | Standard Chartered Bank |
| | Indian Bank | Bank of America |

| | |
|--------------------------|---|
| Debenture Trustee | 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 ₹66.33* |
| ₹One Billion | = | ₹100 Crores or ₹10,000 Lakhs | *RBI Reference Rate as on 31.03.2016 |

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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 63rd Annual Report with audited accounts for the year ended 31st March 2016. The summarised financial results of the Company are given hereunder:

FINANCIAL RESULTS:

(₹ in cr.)

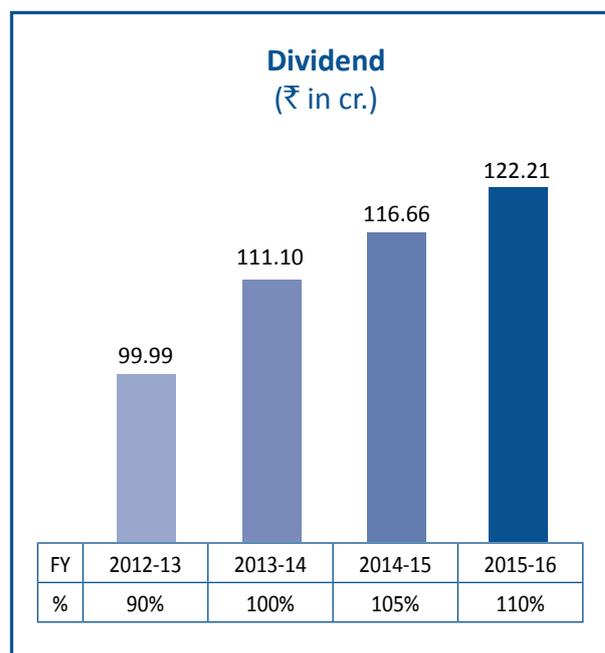
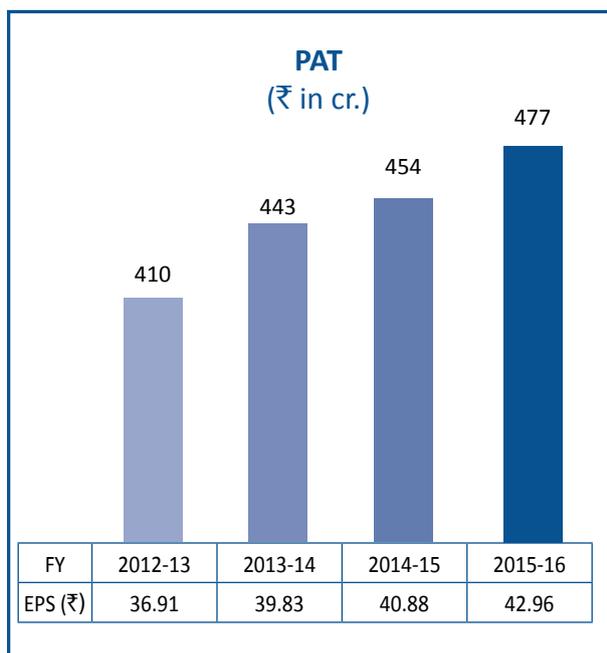
| Particulars | Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|------------------------------|------------------------------|
| Revenue from Operations | 2312.44 | 2253.84 |
| Other Income | 162.58 | 114.41 |
| Total Revenue | 2475.02 | 2368.25 |
| Less: Total Expenses | 1791.79 | 1717.05 |
| Profit before tax | 683.23 | 651.20 |
| Profit after Tax | 477.28 | 454.14 |
| Surplus brought forward | 162.11 | 137.70 |
| Less: Transition provision for Depreciation | — | 4.02 |
| Amount available for appropriation | 639.39 | 587.82 |
| Appropriations to: | | |
| - Statutory Reserve | 95.46 | 90.83 |
| - General Reserve | 222.63 | 200.00 |
| Dividend - Interim | 111.10 | 50.00 |
| Final (Proposed) | 11.11 | 66.66 |
| Dividend Tax | 22.62 | 18.22 |
| Surplus carried to balance sheet | 176.47 | 162.11 |

DIVIDEND

Your Company paid an interim dividend of ₹4.50 per share in February 2016 and a 2nd Interim Dividend of ₹5.50 per share in March 2016. Your directors are pleased to recommend a final dividend of ₹1.00 per share, which, together with the interim dividends, aggregates to a total dividend of ₹11.00 per share (110 % on the face value of ₹10).

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



RELATED PARTY TRANSACTIONS

During the year, the Company did not enter into any material transaction with related parties, under Section 188 of the Companies Act, 2013. All transactions entered into by the Company with the related parties were in the ordinary course of business and on an arm's length basis. Form AOC-2, as required under Section 134 (3) (h) of the Act, read with Rule 8 (2) of the Companies (Accounts) Rules 2014, is attached as part of this report vide Annexure II (i). Further, the Company's policy on Related Party Transactions is attached as part of this report vide Annexure II (ii), as required under the Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015.

CORPORATE SOCIAL RESPONSIBILITY

Your Company, along with its subsidiaries and associates, has always responded in a responsible manner to the growing needs of society. During the year, your Company has undertaken a number of initiatives that contribute to the community 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 2015-16, is annexed with this report vide Annexure III.

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 IV.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaints were received during the year 2015-16.

SECRETARIAL AUDIT

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

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 VI.

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, 14,400 stock options to the eligible employees, on 30.05.2016. The disclosure required under SEBI (Share Based Employee Benefits) Regulations, 2014, in this regard, is furnished vide Annexure VII.

EXTRACT OF ANNUAL RETURN

As required pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in MGT-9 is annexed as a part of this report vide Annexure VIII.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

During the year 2015-16, no significant and material Orders were passed by the Regulators or Courts or Tribunals

impacting the going concern status and company's operations in future.

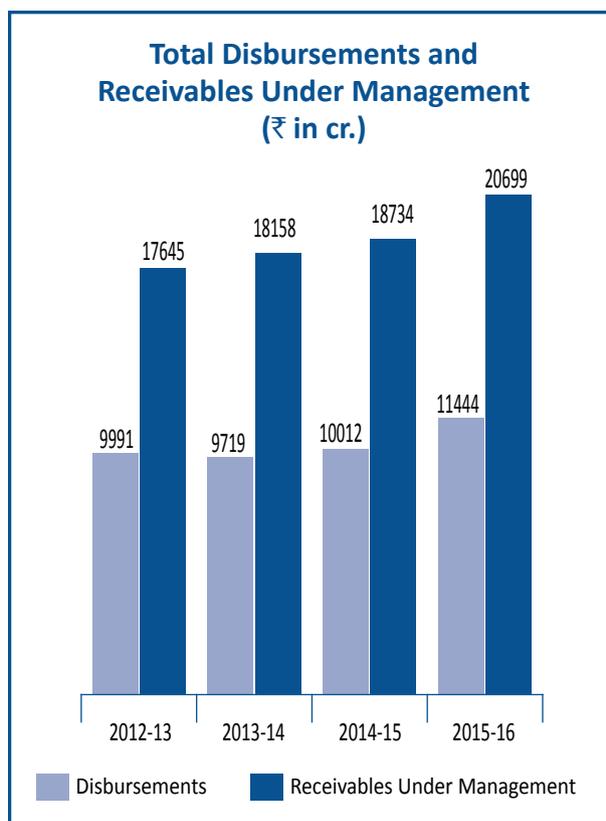
INFORMATION AS PER SECTION 134 (3) (M) OF THE COMPANIES ACT, 2013 READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014

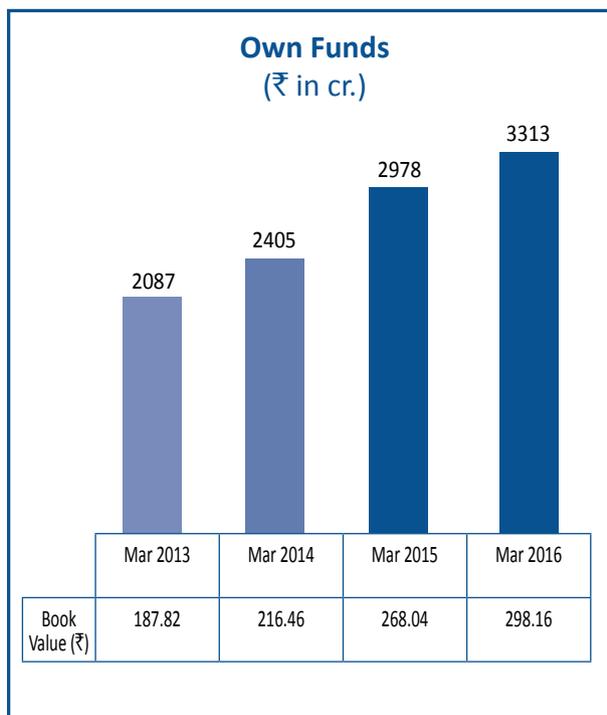
Your Company has no activity relating to conservation of energy or technology absorption. During 2015-16, expenditure in foreign currencies amounted to ₹9.58 cr. Foreign Currency earnings amounted to ₹38.05 cr.

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ECONOMY

Global economic growth disappointed again in 2015, slowing to 3.1%, and is expected to recover at a slower pace than previously expected. While the last global economic crisis had its origins in advanced economies, Asian economies were





relatively unscathed and provided a valuable counterbalance to the global economy. However, this time around, that has changed. Emerging markets are under stress, especially those with trade linkages to China. The International Monetary Fund (IMF) in its World Economic Outlook, released in April 2016, warns that “uncertainty has increased, and risks of weaker growth scenarios are becoming more tangible. The fragile conjuncture increases the urgency of a broad-based policy response to raise growth and manage vulnerabilities”.

The baseline projection for global growth in 2016 is 3.2%, as a modest recovery in advanced economies continues and activity stabilizes among major commodity exporters, according to the World Bank’s January 2016 Global Economic Prospects. As always, forecasts are subject to significant downside risks. A more protracted slowdown across large emerging markets could have substantial spill overs to other developing economies, and eventually impact the recovery in advanced economies. A broad-based slowdown across

developing countries could pose a threat to hard-won gains in raising people out of poverty, the report warns. However, there is potentially one bright spot in the global economy, the US, which registered a 2.5% growth in 2015. Global oil prices are expected to stay in the band of USD 40-50 per barrel in the foreseeable future but they are unlikely to fall further. This means that on a year-on-year calculation, inflation numbers across the globe could well begin to edge up by the middle of 2016, including in India.

INDIAN ECONOMY

India is seen as the fastest growing economy amongst the world’s major economies, with GDP growth estimated at 7.6% in 2015-16 as compared to 7.2% in 2014-15. Growth in the services sector, which has been the key driver of India’s growth for several years, has however slowed to an estimated 9.2% as compared to 10.3% in the previous year. The industrial and manufacturing sectors remained flat, with manufacturing output shrinking since November 2015. The IIP growth during 2015-16 was 2.4% as compared to 2.8% during the previous year. Notwithstanding the erratic and sub-optimal monsoon in most parts of the country, growth in the agriculture sector for 2015-16, has been estimated at 1.1%, albeit from a low base, as compared to the decline of 0.2% during the previous year. Thankfully, the stock of food-grains as on 1st April 2016 was higher at 43.4 million tonnes as against 41 million tonnes a year ago. Consumer price index based retail inflation showed a steady decline and stood at 4.9% in 2015-16, compared to 5.9% in 2014-15. Improved supply side management ensured a moderation in food prices during the second half of 2015-16. Wholesale price index (WPI) based inflation, remained negative throughout 2015-16, averaging (-) 2.5% in 2015-16 as compared 2% in 2014-15.

India's Current Account Deficit narrowed to 1.4% of GDP in April – December 2015 compared to 1.7% of GDP during the corresponding previous period. The Government's decision to continue on the path of fiscal consolidation ensured that the fiscal deficit was contained at 3.9% of GDP for 2015-16, as compared to 4.1% in the previous year.

In the past year, the government has accelerated efforts to boost public investment, with a particular focus on roads, railways and the power sector. Notably, the government has taken several steps to improve road project execution. Project approvals have also been accelerated. The results of these measures are reflected in the 69% year-on-year increase in projects awarded by the National Highways Authority of India (NHAI) to 2,649 km, in the 8 months ending November 2015. In the power sector, after addressing the issue of coal availability in its first year in office, the government has now turned its attention to restoring the financial health of India's electricity distribution companies, which are primarily owned by state governments. The UDAY scheme which seeks to transfer the debt of SEBs to the State Governments has been welcomed by several states. Two important legislations, the Bankruptcy bill and the Real Estate Regulation bill were approved by both houses of Parliament. With inflation remaining within its targeted range, RBI has progressively reduced the Policy rate by 150 basis points since January 2015, to its current level of 6.50%. However, the transmission of these reductions by commercial banks to their borrowers has only been partially done.

AUTOMOTIVE SECTOR

The commercial vehicle segment led the recovery of the automotive sector in FY 2015-16, with Medium and Heavy Commercial Vehicle (M&HCV) sales registering a strong growth of 30% (PY 16%), driven partly by replacement

demand and partly by pre-buying, ahead of anticipated mandatory changes in emission and safety norms. Notably, the haulage segment grew at an impressive 40% over the previous year, while the tipper segment registered a growth of over 20%. Although freight demand remained sluggish, the reasonably stable and benign diesel prices provided a measure of relief to road transport operators. Sales of Light Commercial Vehicles, above 3.5 tonnes (LCV) bounced back after two successive years of decline, registering a growth of 13% during the year, while sales of Passenger Cars and Utility Vehicles registered a modest growth of 7% (PY 4%). Tractor sales however, declined by 11.5%, impacted variously by the failure of the monsoon in some parts of India and by unseasonal rains in other parts.

OPERATING & FINANCIAL PERFORMANCE

Your Company's disbursements at ₹11364 cr., registered a healthy growth of 15% over the previous year, propelled by a 34% growth in Medium and Heavy Commercial Vehicles. Your Company continued to maintain a strong position in its key markets and chosen customer segments. Competition for available business intensified during the year, exerting pressure on margins. Your Company was largely able to counter this through its strong customer relationships and its well renowned customer service excellence. The gross receivables managed by the Company stood at ₹20699 cr. as at 31st March 2016, a growth of 10% over the previous year.

In November 2014, the Reserve Bank of India, issued a revised regulatory framework for NBFCs, which *inter alia* required the asset classification and provisioning norms to be aligned with those for Banks. Accordingly, the Prudential Norms for Non-Banking Financial (Deposit Accepting or Holding) Companies were amended, requiring NBFC's to classify Non-Performing Assets based on 3 months over dues,

by the financial year ending 31st March 2018. However, your Company has, as a matter of prudence, adopted the three months norm, in advance, for the financial year ended 31st March 2016, as compared to the 120 days norm followed in the previous financial year, entailing an additional impact of ₹6.6 crores on the profit after tax for the year. In keeping with the Company's focus on maintaining superior asset quality, the Gross and Net NPAs as at 31st March, 2016, based on the revised three month NPA classification norm adopted by your Company, stood at 2.08% and 0.92%, respectively, making it the best performing portfolio amongst its peers, by some distance.

The net profit from continuing operations was ₹477.28 cr. as against ₹454.14 cr. in the previous year, registering a growth of 5%. The Company's Net-Worth stood at ₹3312.62 cr. as on 31.3.2016. Capital Adequacy (CRAR) at 18.51% was comfortably higher than the statutory requirement of 15%. Your Company continues to provide for Standard Assets at 0.40% and has transferred an amount of ₹1.32 cr. towards Contingent Provision against Standard Assets.

RESOURCE MOBILISATION

a) Deposits

During the year, your Company mobilised fresh deposits aggregating to ₹491.41 cr. Renewal of deposits during the year amounted to ₹690.31 cr. representing 83% of the matured deposits of ₹838.40 cr. Deposits outstanding at the year-end were at ₹2246.27 cr. as against ₹1924.72 cr. in the previous year. The Net accretion for the financial year was ₹321.56 cr. which is the highest in the history of your Company.

As at 31st March 2016, 4580 deposits amounting to ₹33.41 cr. had matured for payment and were due to be

claimed or renewed. After close follow-up, the figures are currently down to 2796 and ₹17.22 cr. respectively. Steps are continuously being taken to arrange for repayment or renewal of these deposits. There has been no default in repayment of deposits or payment of interest thereon during the year. Investor Relation Services – Deposits continue to enjoy the ISO 9001:2008 certification from Bureau Veritas Certification (India) Private Limited.

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 ₹2222 cr., across various tenors.

c) Bank Finance

As part of the overall funding plan, your Company's working capital limits with Consortium banks were retained at ₹1800 cr. During the year, your Company also issued several tranches of commercial paper aggregating to ₹9835 cr. The maximum amount outstanding at any time was ₹4155 cr. and the amount outstanding at the end of the year was ₹1050 cr.

d) Assets Securitised / Assigned

During the year, your Company raised resources to the extent of ₹2998 cr. through securitisation and assignment of receivables.

CREDIT RATINGS

All the borrowings of the Company are rated. The short term borrowings (including commercial paper) are rated "A1+" (very strong degree of safety). Fixed Deposits are rated "AAA" (Highest Credit Quality). The long term borrowings are rated

“AA+” (High Degree of Safety), with a “Stable outlook” and are rated by ICRA, CRISIL and India Ratings.

OUTLOOK

The Indian economy is projected to grow at 7.8%, in 2016-17 as per most accounts. With headline inflation likely to remain low, it is widely expected that RBI will sustain its current accommodative stance. With most macroeconomic indicators remaining stable, the various measures initiated by the Central government are likely to have a salutary impact on the automotive sector. The continuing thrust on infrastructure and revival of mining activities, coupled with the increase in budget allocation for rural sector and fast tracking of irrigation projects, augur well for the growth of Medium and Heavy Commercial Vehicles as well as construction equipment.

According to the estimates of the Society of Indian Automobile Manufacturers (SIAM) sales of M&HCVs are projected to grow at 12 to 15% in FY 2016-17, while LCV sales are expected to grow by 7-9%. Passenger Cars / Utility Vehicles are projected to grow at 6 to 8%. The tightening of emission norms effective April 2017 is also likely to spur some advance buying in M&HCV's in the second half of the year. With diesel prices expected to remain stable, the outlook for the automotive sector appears reasonably optimistic.

Private sector investment however, remains weak, amid cyclical headwinds such as high corporate leverage, slow export growth, persistent excess capacity in several sectors, and a troubled banking sector. More than ever, the behaviour of the Southwest monsoon will have a major bearing on India's economic fortunes this year. Large parts of the country are reeling from a severe drought after two successive years of deficient rains, resulting in distress for much of the rural economy. On a positive note, all indications are that the monsoon would be normal, in the wake of the weather

phenomenon La Nina and this certainly augurs well, not only for the rural sector but for the economy as a whole. The Government's focus on enhancing expenditure in the priority areas of farm and rural sector, social sector and infrastructure sector are very welcome. The various announcements in the Union Budget 2016, such as the increased budget allocation for rural sector, fast tracking of irrigation projects, increase in farm credit and targeted increase of road and bridge construction activities, augur well for the economy. India's overall economic growth is supported by robust consumer spending, which is estimated to make up 55 per cent of aggregate demand in the economy. This is expected to receive a major boost, with the implementation of the public sector salary increases, mandated by the 7th Pay Commission, and a rise in rural incomes, provided the forecast of a good monsoon is realised.

Against this backdrop, your Company hopes to post reasonable growth in its chosen lines of business and also continue to explore new, profitable business opportunities. Competitive pressures in the vehicle financing market are likely to remain high, with banks increasingly focussing on retail lending, thereby exerting downward pressure on margins. As always, preservation of asset quality will remain a key imperative, especially in light of the early adoption of the more stringent three month NPA norm by your Company. Growth with Quality and Profitability has been the underlying philosophy that has guided your Company over the years and shall continue to do so in the future as well.

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, such as 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 at regular intervals. The Company manages credit risk through stringent credit norms established through several years of experience in this line of business and continues to follow the time tested practice of personally assessing every borrower, before committing to a credit exposure. This process ensures that the expertise in lending operations acquired by the Company over decades is put to best use and acts to mitigate credit risks. The Company monitors ALM on an ongoing basis to mitigate the 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 and are continuously reviewed and monitored. A stable and experienced management team provides much needed continuity and expertise in managing the dynamic changes

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

INTERNAL AUDIT

As part of the efforts to evaluate the effectiveness of the internal control systems, your Company's internal audit department independently evaluates the adequacy of control measures on a periodic basis and recommends improvements, wherever appropriate. The Internal Audit team plays an essential role in continuously monitoring the effectiveness of the Standard Operating Procedures, as a part of risk mitigation.

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

Your Company believes that its greatest assets are its people and Training is an investment in long term people development, for organisational excellence. During the year under review, your Company has taken several new initiatives to ensure that the knowledge and wisdom gained over decades is handed down to the next generation of employees. A well balanced mix of domain knowledge and behavioural training was taken

up towards talent transformation. These initiatives, spread across 4600 man days of training, have paid rich dividends in the form of a strong group of in-house facilitators of domain knowledge and a highly motivated team of employees geared to fulfilling the needs of your Company's valued customers.

INFORMATION TECHNOLOGY

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 250 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 with near real-time data replication.

The Company has developed robust business applications on the Oracle Technology platform, catering to various business verticals such as Hire Purchase, Loans, Leasing and Deposits and works off Oracle Financials and Hyperion for Financial Accounting and Reporting.

The Company has also taken several initiatives in developing mobile applications including "Sundaram MCollect", an application designed to process collections, which enables our Executives in the field to serve our customers at their door step. Extensive Dashboards developed in 'Project Sundaram', the Company's proprietary software platform, serve as key decision support tools.

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 annual accounts of all the Subsidiary Companies have been posted on your Company's website – 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 BNP Paribas Home Finance Limited**

The company approved loans aggregating to ₹1857 cr. (Previous year ₹2097 cr.). Reflecting the sluggishness in the real estate sector, disbursements were lower by 10%, at ₹1743 cr. (PY ₹1939cr.). The company earned a gross income of ₹927 cr. (PY ₹954 cr.) and reported a profit after tax at ₹153 cr. (PY ₹146 cr.). The loan portfolio under management as at 31st March 2016 stood at ₹7489 cr. as against ₹7486 cr. in the previous year. The gross and net NPA stood at 2.82% and 0.98% respectively as of 31.03.2016. The company proposed a dividend of 35% for the year (PY 35%).

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

Royal Sundaram reported an increase of 8% in Gross Written Premium (GWP) at ₹1703 cr. as compared to ₹1573 cr. in the previous year. Profit after tax for the year was ₹26.66 cr., as against ₹21.99 cr. in the previous year. The overall profitability of the company was

significantly impacted by higher claims in the wake of the unprecedented floods in Chennai in November/December 2015.

During the year, your Company acquired 8,19,00,000 equity shares of Royal Sundaram Alliance Insurance Company Limited (Royal Sundaram) from Royal & Sun Alliance Insurance PLC for a total consideration of ₹450 cr., raising your Company's shareholding in Royal Sundaram from 49.90% to 75.90%. Consequently, Royal Sundaram became a subsidiary of your Company and the company's name was changed to Royal Sundaram General Insurance Co. Limited.

- **Sundaram Asset Management Company Limited**

Sundaram Asset Management Company Limited reported a gross income of ₹229.88 cr. as against ₹149.83 cr. in the previous year. Profit after tax was however lower at ₹4.42 cr. as compared to ₹21.69 cr. during the previous year, owing to the higher absorption of scheme expenses by the company and provision for diminution in the value of investments in its subsidiary company.

The Average Assets under Management in Mutual Fund schemes amounted to ₹23664 cr. for the year 2015-16 as compared to ₹19511 cr. in the previous year. The company recommended a dividend of 18% for the year, on the paid-up capital of ₹20 cr.

- **Sundaram Trustee Company Limited**

Sundaram Trustee Company Limited earned a gross income of ₹1.00 cr., as against ₹0.92 cr., in the previous year and reported a profit after tax of ₹0.46 cr. for the year, as against ₹0.39 cr. in the previous year. The company

recommended a dividend of 700% for the year as against 500% during the previous year.

- **Sundaram Finance Distribution Limited (SFDL)**

During the year, SFDL reported a gross income of ₹8.14 cr. as against ₹10.95 cr. in the previous year. The profit after tax for the year was ₹1.00 cr. as against ₹1.91 cr. in the previous year. The company proposed a dividend of 200% for the year as against 250% during the previous year.

- **LGF Services Limited**

During the year, LGF Services Limited reported a gross income of ₹6.45 cr. as against ₹7.72 cr. in the previous year. The profit after tax for the year was ₹0.82 cr. as against ₹1.49 cr. in the previous year. The company proposed a dividend of 350% for the year, as against 400% during the previous year.

- **Sundaram Infotech Solutions Limited**

The company earned total revenue of ₹16.19 cr. as against ₹16.75 cr. in the previous year. The loss after tax for the year was lower at ₹0.82 cr. as against loss after tax of ₹2.33 cr. in the previous year. The company's Indian operations turned profitable this year. However, the Australia and UAE markets continued to be sluggish during the year.

- **Sundaram BNP Paribas Fund Services Limited**

Sundaram BNP Paribas Fund Services Limited earned an income of ₹27.91 cr. during the year, an increase of 19%

over the previous year. The company reported a lower loss of ₹7.93 cr. during the year as against ₹9.46 cr. in the previous year.

The increase in the income was mainly due to incremental revenue from existing clients on account of positive movement of Assets under Management. Several new clients were acquired during the year and are expected to add to the revenue in the coming year.

During the year, the Company's paid-up capital was reduced from ₹94.50 cr. to ₹24.00 cr. in accordance with the Scheme of Capital Reduction approved by the Hon'ble High Court of Judicature at Madras.

- **Sundaram BPO India Limited**

Sundaram BPO India Limited earned a total revenue of ₹16.21 cr. during the year as against ₹20.19 cr. during the previous year. The company reported a profit after tax of ₹0.06 cr. during the year, as against ₹0.72 cr. in the previous year.

- **Sundaram Business Services Limited (SBSL)**

During the year, SBSL earned a revenue of ₹24.41 cr, as compared to ₹24.03 cr. in the previous year. The company reported a profit of ₹0.01 cr. during the year as against a loss of ₹1.70 cr. in the previous year.

JOINT VENTURE

- **BNP Paribas Sundaram Global Securities Operations Private Limited**

During the year, your Company sold its entire holdings of 49.90% in BNP Paribas Sundaram Global Securities

Operations Private Limited to the joint venture partner BNP Paribas Securities Services, Paris, for a total consideration of ₹44.30 cr.

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 T.T. Srinivasaraghavan and Sri S. Ravindran 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 had been followed along with proper explanation relating to material departures;

2. The directors had 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. The directors had taken proper and sufficient care 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 directors had prepared the annual accounts on a going concern basis;
5. The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
6. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS

M/s Brahmaya & Co., Chartered Accountants, Chennai, retire and are eligible for re-appointment. A certificate from the Auditors that they satisfy the conditions prescribed under the Companies Act, 2013 and the Rules made thereunder (including satisfaction of criteria under Section 141 of the Companies Act, 2013), has been received from them.

PERSONNEL

In accordance with the provisions of first proviso to Section 136 (1) of the Companies Act, 2013, the Board's Report is being sent to all the shareholders of the Company excluding the statement prescribed under Rule 5 (2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The said statement is available for inspection by the Members at the Registered Office of the Company during office hours till the date of the Annual General Meeting.

AWARDS AND RECOGNITIONS

Your Company has been listed as one of 'India's Top 500 Companies' by Dun & Bradstreet Information Services India Pvt. Ltd for the third year in succession.

ACKNOWLEDGEMENT

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

Your directors also place on record their special appreciation of the tireless efforts of Team Sundaram, a dedicated and loyal band of people who have displayed unswerving commitment to their work in these challenging times and helped the Company deliver good results.

For and on behalf of the Board

Chennai 600 002
30.05.2016

S VIJI
Chairman

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 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 2016.

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

| Name of the Director | DIN | Attendance Particulars | | Directorships in other public limited companies | | | | Committees in which Chairman/Member of other public limited companies* | |
|---|----------|------------------------|-----|---|----------|----------|----------|--|--------|
| | | Board Meetings | AGM | Chairman | | Director | | Chairman | Member |
| | | | | Listed | Unlisted | Listed | Unlisted | | |
| Promoter Directors | | | | | | | | | |
| Sri S. Viji Non-executive Chairman | 00139043 | 11 | Yes | – | 1 | 1 | 2 | 1 | 1 |
| Sri S. Ram Non-executive Director | 00018309 | 11 | Yes | 2 | 1 | – | 3 | 1 | 1 |
| Sri T.T. Srinivasaraghavan Managing Director | 00018247 | 11 | Yes | – | – | – | 7 | 2 | 1 |
| Sri Harsha Viji Deputy Managing Director | 00602484 | 8 | Yes | – | – | – | 2 | – | 1 |
| Independent Non-Executive Directors | | | | | | | | | |
| Sri N Venkataramani | 00001639 | 8 | Yes | 1 | 2 | 1 | 4 | 3 | 2 |
| Sri P N Venkatachalam | 00499442 | 11 | Yes | – | – | 1 | 8 | 1 | 9 |
| Sri S Mahalingam | 00121727 | 9 | Yes | – | – | 1 | 4 | 3 | 4 |
| Sri S Prasad | 00063667 | 10 | Yes | – | – | 2 | 1 | 3 | 1 |
| Sri Aroon Raman | 00201205 | 8 | Yes | – | – | 3 | 1 | – | 2 |
| Ms Shobhana Ramachandhran | 00273837 | 7 | Yes | – | – | 2 | 5 | 1 | – |
| Non-Executive Director | | | | | | | | | |
| Sri S Ravindran | 00045076 | 11 | Yes | – | – | 1 | 2 | – | 1 |
| Executive Director | | | | | | | | | |
| Sri A N Raju Director (Operations) | 00036201 | 11 | Yes | – | – | – | 3 | 1 | – |

* Audit Committee and Stakeholders' Relationship Committee considered.

II. BOARD MEETINGS

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

During the year under review, 11 meetings of the Board of Directors were held.

| | | |
|------------|------------|------------|
| 23.04.2015 | 05.09.2015 | 29.01.2016 |
| 29.05.2015 | 25.09.2015 | 08.03.2016 |
| 31.07.2015 | 30.10.2015 | 25.03.2016 |
| 04.08.2015 | 27.11.2015 | |

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

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

III. AUDIT COMMITTEE

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

During the year under review, 8 meetings of the Audit Committee were held. Composition of the Audit Committee and attendance of the members at Committee meetings are as follows:

| Name of the Member | | No. of Meetings Attended | Meeting dates |
|---------------------------|----------|--------------------------|--|
| Sri S Prasad | Chairman | 8 | 20.04.2015 25.05.2015 |
| Sri S Ravindran | Member | 8 | 27.07.2015 04.09.2015 |
| Ms Shobhana Ramachandhran | Member | 8 | 24.10.2015 21.12.2015 22.01.2016 22.02.2016 |

The Company Secretary is the Secretary to the Committee.

IV. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee

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

During the year, the Committee met on 8th July and 16th December in 2015. Besides, transfer of shares were approved by resolutions passed in circulation on 28 occasions.

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 |
|----------------------------|----------|--------------------------|
| Sri S Prasad | Chairman | 2 |
| Sri T.T. Srinivasaraghavan | Member | 2 |
| Sri A. N. Raju | Member | 2 |

Sri P. Viswanathan, Secretary, is the Compliance Officer. Five investor complaints were received and resolved during the year. None was pending unresolved as on 31st March 2016

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.

During the year under review, 7 meetings of RMC and 8 meetings of ALCO were held.

| Name of the Member | | RMC | No. of RMC Meetings attended | ALCO | No. of ALCO Meetings attended |
|----------------------------|----------|-----|------------------------------|------|-------------------------------|
| Sri T.T. Srinivasaraghavan | Chairman | 7 | 30.06.2015 | 8 | 30.06.2015 |
| Sri Srinivas Acharya | Member | 6 | 03.08.2015 | 7 | 03.08.2015 |
| Sri Harsha Viji | Member | 5 | 29.09.2015 | 7 | 31.08.2015 |
| Sri A N Raju | Member | 6 | 30.11.2015 | 8 | 29.09.2015 |
| Sri M Ramaswamy | Member | 6 | 29.12.2015 | 8 | 03.11.2015 |
| | | | 11.02.2016 | | 30.11.2015 |
| | | | 30.03.2016 | 8 | 29.12.2015 |
| | | | | | 30.03.2016 |

VI. SEPARATE MEETING OF INDEPENDENT DIRECTORS

A Separate Meeting of Independent Directors was held on 24th March 2016 without the attendance of non-independent directors and members of management. All the Independent Directors attended the meeting and:

- reviewed the performance of non-independent directors and the Board as a whole;
- reviewed the performance of the Chairman of the company, taking into account the views of executive directors and non-executive directors;
- 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 a familiarisation programme. Details of the familiarization programme have been disclosed on the company's website under the following web link:

http://www.sundaramfinance.in/app_documents/companyinfo/familiarisation_programme_id_2016.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.

During the year, the Committee met on 22nd April 2015 and 24th March 2016.

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 |
|-----------------------------|----------|--------------------------|
| Sri Aroon Raman | Chairman | 2 |
| Sri S. Ravindran | Member | 2 |
| Ms Shobhana Ramachandhran | Member | 2 |
| Sri T. T. Srinivasaraghavan | Member | 2 |

IX. NOMINATION, COMPENSATION & REMUNERATION COMMITTEE

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

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

During the year, the Committee met on 25th May 2015, 5th September 2015 and 25th March 2016.

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 |
|-----------------------|----------|--------------------------|
| Sri P N Venkatachalam | Chairman | 3 |
| Sri S Prasad | Member | 3 |
| Sri S Ravindran | Member | 3 |
| Sri Aroon Raman | Member | 2 |

The Company Secretary is the Secretary to the Committee.

X. REMUNERATION OF DIRECTORS

Directors of the Company were paid a sitting fee as under during the Financial Year 2015-16.

| | |
|---|-----------|
| Board | ₹25,000/- |
| Audit Committee | |
| Nomination, Compensation and Remuneration Committee | |
| Stakeholders Relationship Committee | ₹10,000/- |
| 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 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 31.03.2016) | Relationship with other Directors |
|---------------------------|-----------------------------|----------------------------|---|---|
| Sri S Viji | 2.75 | 5.00 | 9,09,780 ^{(1)*} | Brother of Sri S Ram and Father of Sri Harsha Viji |
| Sri S Ram | 2.75 | 5.00 | 5,06,788 * | Brother of Sri S Viji |
| Sri N Venkataramani | 2.10 | 5.00 | — | — |
| Sri P N Venkatachalam | 3.60 | 7.50 | — | — |
| Sri S Mahalingam | 2.35 | 5.00 | — ⁽²⁾ | — |
| Sri S Prasad | 5.50 | 7.50 | — ⁽³⁾ | — |
| Sri S Ravindran | 5.70 | 7.50 | 3,89,920 ⁽⁴⁾ | — |
| Sri Aroon Raman | 2.80 | 5.00 | — ⁽⁵⁾ | — |
| Ms Shobhana Ramachandhran | 4.05 | 7.50 | 3,44,720 | — |

Note:

- Number of shares held jointly with others: ⁽¹⁾ 8684, ⁽²⁾ 3,200, ⁽³⁾ 12,600, ⁽⁴⁾ 2,26,720, ⁽⁵⁾ 4,40,396
- Number of shares held as Karta of HUF: ⁽¹⁾ 4,79,912
- Excludes 12,25,160 shares* held as Trustees

Amount of deposits placed by the Non-Executive Directors in the Company aggregated to ₹784.96 lakhs as on March 31, 2016. The interest on these deposits paid / credited during the year 2015-16 amounted to ₹79.62 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 2015-16 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 | 57.00 | 42.23 | 34.80 |
| Commission | 2,20.00 | 50.00 | 60.00 |
| Contributions to Provident, Superannuation and Gratuity Funds | 10.58 | 7.10 | 6.85 |
| Other allowances and perquisites | 54.24 | 59.22 | 78.08 |
| Stock Options | Nil | Nil | ^ |

* Son of Sri S. Viji, Chairman

[®] 2,000 stock options were granted at ₹10/- per share (at par) on 29th May 2015. The said Options would vest on 31st May 2016 and would be exercisable between 1st June 2016 and 31st August 2016

XI. GENERAL BODY MEETINGS

Details relating to last three Annual General Meetings:

| Year | Date | Time | Location | No. of Special Resolutions Passed |
|------|----------------|----------|---|-----------------------------------|
| 2015 | 23rd July 2015 | 11.00 AM | The Music Academy, New No.168, Old No. 306, TTK Road, Chennai 600 014 | Two |
| 2014 | 23rd July 2014 | 10.00 AM | The Music Academy, New No.168, Old No. 306, TTK Road, Chennai 600 014 | Nil |
| 2013 | 18th July 2013 | 11.00 AM | The Music Academy, New No.168, Old No. 306, TTK Road, Chennai 600 014 | One |

Following Special Resolution was 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.

| Resolutions | Details of Resolutions | Resolutions Passed on | Total No. of votes in favour | Total No. of votes against | % of votes in favour | % of votes against |
|-------------|--|-----------------------|------------------------------|----------------------------|----------------------|--------------------|
| Special | Private placement of debentures upto ₹7500 cr. during the FY 2016-17 | 11.03.2016 | 6,13,11,735 | 67,889 | 99.89 | 0.11 |

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.

XII. 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:

http://www.sundaramfinance.in/app_documents/companyinfo/policies_on_ABP.pdf

XIII. DISCLOSURES

- There were no materially significant related party transactions having potential conflict with the interests of the company at large.
- All the mandatory requirements specified in Clause 49 of the Listing Agreement (upto 30th November 2015) and 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.

XIV. 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 links:

http://www.sundaramfinance.in/app_documents/companyinfo/Policies_on_MS.pdf

http://www.sundaramfinance.in/app_documents/companyinfo/Policies_on_RPT.pdf

XV. MEANS OF COMMUNICATION

- A press meet was organised by the Company on 29th May 2015 for dissemination of audited results.
- Quarterly unaudited and annual audited results of the Company were published in "Business Line" (English) and "Makkal Kural" (Tamil).
- The results and press releases were also displayed on the Company's website at www.sundaramfinance.in.
- 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.

XVI. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

| Date | Time | Venue |
|-------------------------|----------|--|
| 22nd July 2016 (Friday) | 10.00 AM | The Music Academy, New No.168, Old No.306, TTK Road, Chennai 600 014 |

- Financial Year – 1st April 2016 to 31st March 2017
- Book Closure dates – 8th July 2016 to 22nd July 2016 (both days inclusive)
- Date of payment of dividends
 - Interim – 17th February 2016 – ₹4.50 per share (45%)
 - 2nd Interim – 22nd March 2016 – ₹5.50 per share (55%)
 - Final – 25th July 2016 – ₹1.00 per share (10%)

- 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 2015-16 & 2016-17 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 2015 | 108 | 40,576 |
| Shareholders approached for transfer / delivery during 2015-16 and Shares transferred / delivered during 2015-16 | 4 | 2,228 |
| Balance as on 31st March 2016 | 104* | 38,348 |

* includes one deceased shareholder whose legal heir is yet to furnish the requisite documents for transmission of shares.

- 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.

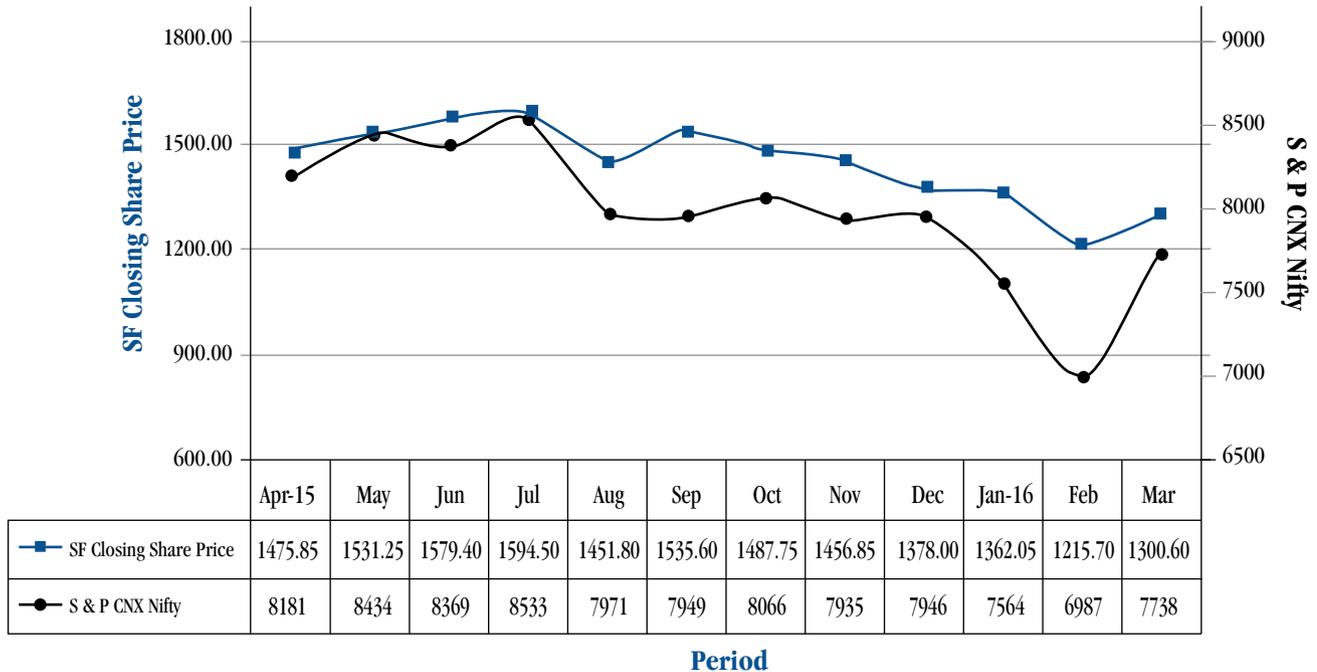
| Nature of Dividend | Transferable to IEPF on | Nature of Dividend | Transferable to IEPF on |
|--------------------------|-------------------------|------------------------------|-------------------------|
| Final Dividend 2008-09 | 23rd August 2016 | Interim Dividend 2012-13 | 10th March 2020 |
| Interim Dividend 2009-10 | 6th March 2017 | Final Dividend 2012-13 | 18th August 2020 |
| Final Dividend 2009-10 | 14th August 2017 | Dividend 2013-14 | 23rd August 2021 |
| Interim Dividend 2010-11 | 28th February 2018 | Interim Dividend 2014-15 | 2nd March 2022 |
| Final Dividend 2010-11 | 12th August 2018 | Final Dividend 2014-15 | 23rd August 2022 |
| Interim Dividend 2011-12 | 27th February 2019 | Interim Dividend 2015-16 | 1st March 2023 |
| Final Dividend 2011-12 | 17th August 2019 | 2nd Interim Dividend 2015-16 | 8th April 2023 |

Reminders are sent to members for encashing unclaimed and unpaid dividends, on a regular basis. Members who have not yet made claims are, therefore, requested to contact the Company / Registrar and Share Transfer Agents immediately.

MARKET PRICE DATA ON THE NATIONAL STOCK EXCHANGE

| Month | Apr 15 | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan 16 | Feb | Mar | |
|-------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| NSE | High | 1640.00 | 1605.00 | 1612.90 | 1619.80 | 1620.00 | 1540.00 | 1560.00 | 1603.95 | 1485.45 | 1410.00 | 1399.00 | 1326.15 |
| | Low | 1333.70 | 1451.50 | 1378.70 | 1502.05 | 1422.05 | 1396.00 | 1436.00 | 1450.55 | 1310.00 | 1275.05 | 1118.60 | 1190.00 |

SHARE PRICE PERFORMANCE



- Share transfers were processed and share certificates despatched within fifteen days from lodgement in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.
Dematerialisation requests have been confirmed within 21 days from the date of request.
Investor Relation Services - Shares continue to enjoy the ISO 9001:2008 certification by Bureau Veritas Certification (India) Private Limited.
- 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
Ph: 044 2846 0390 to 0395 Fax: 044 2846 0129
Email: investor@cameoindia.com

Contact Persons: Mr. R.D. Ramasamy, Director
Mr. D. Narasimhan, Assistant Manager

- Debenture Trustee: Mr. Nikhil Lohana
Manager
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

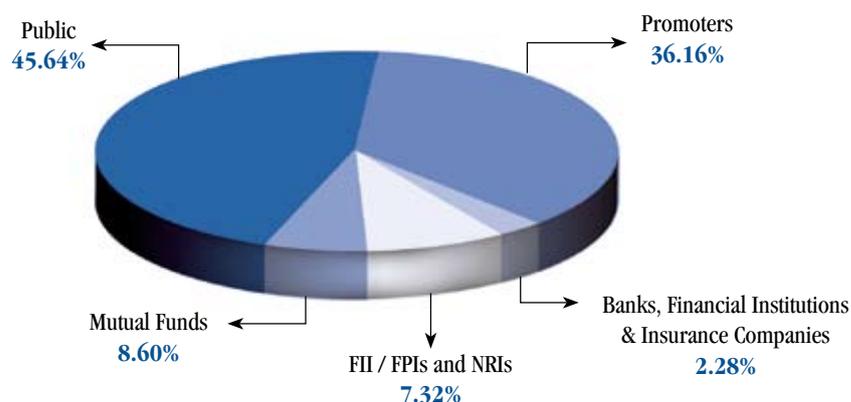
DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2016

| No. of Equity Shares Held | Total Shareholders | Total Shares | Total % to Capital |
|---------------------------|--------------------|---------------------|--------------------|
| Upto 250 | 13,216 | 8,19,347 | 0.74% |
| 251 to 500 | 2,284 | 8,75,803 | 0.79% |
| 501 to 1000 | 1,766 | 13,55,226 | 1.22% |
| 1001 to 5000 | 2,273 | 55,50,792 | 5.00% |
| 5001 to 10000 | 450 | 33,76,315 | 3.04% |
| 10001 to 50000 | 491 | 1,10,86,498 | 9.98% |
| 50001 to 100000 | 111 | 80,16,930 | 7.22% |
| 100001 and above | 203 | 8,00,22,949 | 72.03% |
| Total | 20,794 | 11,11,03,860 | 100.00% |

Total shares held in dematerialised form 93.30%

Public shareholding in dematerialised form 89.64%

SHAREHOLDING PATTERN AS ON 31.03.2016



For your queries / grievances / complaints, please contact:

Sri P Viswanathan

Secretary & Compliance Officer

Sundaram Finance Limited

21, Patullas Road, Chennai - 600 002

Ph : 044-28881207

Fax : 044-28550290

Mobile : 9444399168

E mail : investorservices@sundaramfinance.in

T T Srinivasaraghavan
Managing Director

CRITERIA FOR EVALUATION
(as approved by the Board on 30th January 2015)

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

Criteria for evaluation of the Audit Committee by the Board:

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

SUNDARAM FINANCE LIMITED REMUNERATION POLICY

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

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

Section 178 (2), (3) and (4) of the Companies Act, 2013 read with the applicable rules thereto and Schedule II. Part D of the SEBI (Listing Obligations and Disclosure 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 is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully and is comparable to the compensation structure obtaining in other NBFCs and the broader financial sector.
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to working directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals. This includes ESOP granted to Eligible Directors / Senior Management.

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

I Definitions

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

II Board Diversity

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

III Remuneration Pattern

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

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

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

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".

IV Implementation of the Remuneration Policy

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

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

The Remuneration Policy of the Company, to the extent applicable to Key Managerial Personnel other than Executive Directors, Senior Management and other employees shall be monitored by the Managing Director, who shall take appropriate steps to ensure that the remuneration is commensurate with their experience, qualification, responsibilities, contributions, performance and industry standards.

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.

Auditor's Certificate on Corporate Governance

We have examined the compliance of the conditions of Corporate Governance by Sundaram Finance Limited, Chennai for the year ended on 31st March, 2016, as stipulated in clause 49 of the Listing Agreement of the Company with the stock exchanges (for the eight month period ended 30th November, 2015) and Regulations 17 to 27 of Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (for the four month period 1st December, to 31st March, 2016).

The compliance of the conditions of corporate governance is the responsibility of the management. Our 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 our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance stipulated in the above mentioned Listing Agreement and the above SEBI Regulations.

We 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 **BRAHMAYYA & CO.**,
Chartered Accountants
Firm Regn. No. 000511S

L. Ravi Sankar
Partner
Membership No. 25929

Place: Chennai
Date: 30th May 2016

Annexure - II (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 2016

S VIJI
Chairman

Annexure II (ii)

Policy on Related Party Transactions

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

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

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

Annual Report on CSR Activities for the Financial Year 2015-16

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

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

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

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

Sri Aroon Raman, Chairman

Sri S.Ravindran

Ms Shobhana Ramachandhran

Sri T.T. Srinivasaraghavan

3. **Average net profit of the company for last three financial years:** ₹610,01.01 lakhs

4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):** ₹12,20.02 lakhs

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

a) Total amount to be spent for the financial year: ₹12,20.02 lakhs

b) Amount unspent, if any; ₹15.37 lakhs

c) Manner in which the amount spent during the financial year is detailed below: Details enclosed.

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:**

The Company has been supporting philanthropic causes in the field of education and health for several decades in the form of voluntary donations. After introduction of the concept of "Corporate Social Responsibility" (CSR), the Company has been participating actively in various CSR projects in line with the policy approved by the Board, with a view to supporting such projects on an ongoing and sustainable basis. We have contributed a total sum of ₹12,04.65 lakhs (including administrative expenses of ₹25.19 lakhs) during the year, towards sectors which are covered under Schedule VII to the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014, as part of our endeavour to spend the required sum of ₹12,20.02 lakhs. During the year, steps have been taken to put in place necessary infrastructure to identify worthy causes, as well as to monitor the progress of supported projects. A dedicated team of senior officials functioning under the supervision and guidance of the Managing Director ensures that the CSR spends are consistent with our policy, serve a larger public good and are sustainable over an extended period.

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.

Chennai 600 002
30th May 2016

T T Srinivasaraghavan
Managing Director

Aroon Raman
Chairman - CSR Committee

Annexure - III (i)
Manner in which the amount spent during the financial year:

(₹ 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 programmes 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 meritorius students and also Educational Institutions which work for this cause (16 Institutions) | Educational | Tamilnadu - Chennai | 2,00.70 | 2,00.70 | 2,00.70 | 2,00.70 |
| | | | Tamilnadu - Tanjore | 60.00 | 60.00 | 2,60.70 | 60.00 |
| | | | Tamilnadu - Thiruvannamalai | 2.00 | 2.00 | 2,62.70 | 2.00 |
| | | | Tamilnadu - Thiruvendhipuram | 1.00 | 1.00 | 2,63.70 | 1.00 |
| | | | Tamilnadu | 1.00 | 1.00 | 2,64.70 | 1.00 |
| | | | Tamilnadu | 5.74 | 5.74 | 2,70.44 | 5.74 |
| 2 | Environmental sustainability, ecological balance, conservation of natural resources, Solar Projects (3 Institutions) | Environment | Tamilnadu - Nilgirs | 1.00 | 1.00 | 2,71.44 | 1.00 |
| | | | Tamilnadu - Anamalai | 25.00 | 25.00 | 2,96.44 | 25.00 |
| | | | Tamilnadu - Kanyakumari | 1.00 | 1.00 | 2,97.44 | 1.00 |
| | | | All over India | 64.00 | 64.00 | 3,61.44 | 64.00 |
| | | | Tamilnadu - Chennai | 12.43 | 12.43 | 3,73.87 | 12.43 |
| 3 | Promoting preventive and general health care (14 Institutions) | Health | New Delhi | 10.75 | 10.75 | 3,84.62 | 10.75 |
| | | | Tamilnadu - Chennai | 3,47.73 | 3,47.73 | 7,32.35 | 3,47.73 |
| | | | Tamilnadu - Coimbatore | 1.00 | 1.00 | 7,33.35 | 1.00 |
| | | | Tamilnadu - Sholingur | 1,00.00 | 1,00.00 | 8,33.35 | 1,00.00 |
| | | | Tamilnadu - Ranipet | 10.00 | 10.00 | 8,43.35 | 10.00 |
| | | | Tamilnadu - Chennai | 1.00 | 1.00 | 8,44.35 | 1.00 |
| 4 | Social Welfare (10 Institutions) | Social Welfare | Tamilnadu - Chennai | 70.05 | 70.05 | 9,14.40 | 70.05 |
| | | | Tamilnadu - Coimbatore | 2.00 | 2.00 | 9,16.40 | 2.00 |
| | | | Tamilnadu | 1,25.00 | 1,25.00 | 10,41.40 | 1,25.00 |
| | | | Tamilnadu - Kumbakonam | 2.50 | 2.50 | 10,43.90 | 2.50 |
| | | | Karnataka - Bangalore | 5.00 | 5.00 | 10,48.90 | 5.00 |

| 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 |
| 5 | Protection of national heritage, art and culture (11 Institutions) | National Heritage, Art and Culture | Tamilnadu-Chennai | 29.10 | 29.10 | 10,78.00 | 29.10 |
| | | | Tamilnadu-Kancheepuram | 25.00 | 25.00 | 11,03.00 | 25.00 |
| | | | Tamilnadu-Kumbakonam | 0.90 | 0.90 | 11,03.90 | 0.90 |
| | | | Tamilnadu-Tanjore | 0.20 | 0.20 | 11,04.10 | 0.20 |
| | | | Tamilnadu-Thiruvallur | 25.00 | 25.00 | 11,29.10 | 25.00 |
| | | | Tamilnadu-Thiruvarur | 0.25 | 0.25 | 11,29.35 | 0.25 |
| | | | Tamilnadu-Vellore | 1.25 | 1.25 | 11,30.60 | 1.25 |
| | | | Tamilnadu-Chennai | 0.96 | 0.96 | 11,31.56 | 0.96 |
| | | | Tamilnadu | 30.06 | 30.06 | 11,61.62 | 30.06 |
| 6 | Women empowerment, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups. (2 Institutions) | Women empowerment | Tamilnadu-Chennai | 4.59 | 4.59 | 11,66.21 | 4.59 |
| 7 | Sports development | Sports | Tamilnadu-Chennai | 13.25 | 13.25 | 11,79.46 | 13.25 |
| 8 | Administrative Expenses | | | 25.19 | 25.19 | 12,04.65 | 25.19 |
| | TOTAL | | | 12,04.65 | 12,04.65 | | 12,04.65 |

Business Responsibility Report for the Financial Year 2015-16

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 : 2015-16
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 :
569 locations
10. Markets served by the Company – Local / State / National / International :
National

Section B: Financial Details of the Company (as on 31.03.2016)

1. Paid up Capital (INR) : ₹111.10 cr.
2. Total Turnover (INR) : ₹2475.02 cr.
3. Total profit after taxes (INR) : ₹477.28 cr.
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)
The Company's total spending on CSR is 1.97% 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 | E. Promotion of Culture and Heritage |
| B. Education | F. Sports |
| C. Social Welfare | G. Women Empowerment |
| D. Environment | |

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 / Director 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) | NA |
| 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) | - | # | - | # | - | # | # | - | - |

* http://www.sundaramfinance.in/app_documents/companyinfo/Policies_on_BRR.pdf

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

3. Governance related to BR

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

Section E: Principle-wise performance

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

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

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

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

| From | Received and Resolved during the year 2015-16 |
|--------------|---|
| Shareholders | 5 |
| Depositors | – |
| Customers | 55 |

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

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

Not Applicable

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

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

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

Not Applicable

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

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

Not Applicable

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

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

Yes, wherever possible.

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

Yes, wherever possible.

Principle 3: Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees.

3,465

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

2,501

3. Please indicate the Number of permanent women employees.

147

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 6 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?

32%

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

Nil

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

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

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

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

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

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

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

Principle 5: Businesses should respect and promote human rights

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

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

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

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

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

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

Principle 8: Businesses should support inclusive growth and equitable development

1. Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.
Not Applicable.
2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?
Not Applicable.
3. Have you done any impact assessment of your initiative?
Not Applicable.
4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.
Amount spent ₹11,86.47 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 31.03.2016

[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 31.03.2016 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 here in after:

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 31.03.2016 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 there under 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'):-
 - 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, 1992/2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (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 clauses and regulations of the following:

- i. The Listing Agreements entered into by the Company with the National Stock Exchange of India Limited.
- ii. The Listing Agreements entered into by the Company with The National Stock Exchange of India Limited under The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Guidelines, 2015 and
- iii. 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. There is no change in the composition of Directors of the Company during the year.

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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

- a. company has Issued Redeemable Non Convertible Debentures on various dates on private placement basis.
- b. company has Redeemed the Redeemable Non Convertible Debentures on various dates.

Place : Chennai

Date : 30.05.2016

Signature :

Name of Company Secretary in practice : 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) | Increase / Decrease in Remuneration |
|---|--------------------------------------|------------------------------------|-------------------------------------|
| S Viji, Chairman | 1.59 | 1.24 | 33.62% |
| S Ram | 1.59 | 1.24 | 35.96% |
| N Venkataramani | 1.45 | 1.14 | 20.34% |
| P N Venkatachalam | 2.27 | 1.77 | 79.03% |
| S Mahalingam | 1.51 | 1.18 | 31.25% |
| S Prasad | 2.67 | 2.09 | 34.54% |
| S Ravindran | 2.70 | 2.11 | 38.95% |
| Aroon Raman | 1.60 | 1.25 | 32.20% |
| Ms Shobhana Ramachandhran | 2.37 | 1.85 | 28.33% |
| T T Srinivasaraghavan, Managing Director | 67.87 | 52.97 | 9.68% |
| Harsha Viji, Deputy Managing Director | 31.03 | 24.22 | -28.34% |
| A N Raju, Director (Operations) | 35.42 | 27.64 | 28.83% |
| M Ramaswamy, Chief Financial Officer | 26.15 | 20.41 | 30.76% |
| P Viswanathan, Secretary & Compliance Officer | 13.80 | 10.77 | 22.52% |

- (iii) The percentage increase in the median remuneration of employees in the financial year: 1%
- (iv) The number of permanent employees on the rolls of the Company: 3,465
- (v) Explanation on the relationship between average increase in remuneration and company performance:

On an average, employees received an increase of 8% during the financial year 2015-16. The remuneration components include a fair proportion of fixed and variable pay. The increase in fixed pay is periodically reviewed while the increase in variable pay is broadly aligned to the company's performance during the financial year

- (vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company – Profit before Tax – ₹683 cr.

(₹ in cr.)

| Particulars | Managing Director | Deputy Managing Director | Director (Operations) | Chief Financial Officer | Secretary & Compliance Officer | Total |
|----------------------------|-------------------|--------------------------|-----------------------|-------------------------|--------------------------------|-------|
| Remuneration | 3.31 | 1.51 | 1.73 | 1.28 | 0.67 | 8.51 |
| Remuneration (as % of PBT) | 0.48% | 0.22% | 0.25% | 0.19% | 0.10% | 1.24% |

- (vii) Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year:

| Particulars | As at 31.03.2016 | As at 31.03.2015 | Increase (+) Decrease (-) |
|-----------------------------------|------------------|------------------|------------------------------|
| Closing price of share at NSE (₹) | 1300.60 | 1517.40 | -14% |
| Market Capitalisation (₹ in cr.) | 14450.17 | 16858.90 | -14% |
| Price Earnings ratio | 30.27 | 37.12 | -18% |
| Net worth (₹ in cr.) | 3312.62 | 2978.05 | 11% |

- (viii) 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 2015-16 was | 8.10% |
| Percentage increase in the managerial remuneration for the year was | 6.59% |

- (ix) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company

Please refer point no. (vi)

- (x) The key parameters for any variable component of remuneration availed by the directors;

Commission within the ceiling of 1% of the net profits of the Company, as approved by the shareholders

- (xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year; and

Not applicable.

- (xii) 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.

**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 | 142400 | |
| b) | Exercise Price | ₹10/- per share (at par) | |
| c) | Options vested | 1,13,750 | |
| d) | Options exercised | 1,13,750 | |
| e) | The total number of shares arising as a result of exercise of Option. | 1,13,750 | |
| f) | Options lapsed | NIL | |
| g) | Variation of terms of Options | Not Applicable | |
| h) | Money realized by exercise of Option (Amount ₹) | 11,37,500 | |
| i) | Total number of Options in force | 28,650 | |
| j) | Employee-wise details of Options granted on 29th May 2015 (Grant 7) & 30th May 2016 (Grant 8)* | | |
| | i) Key Managerial Personnel | 1. Sri A N Raju, Director (Operations) | 4000 |
| | | 2. Sri M Ramaswamy, Chief Financial Officer | 4000 |
| | | 3. Sri P Viswanathan, Secretary & Compliance Officer | 2500 |
| | 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: | Sri Srinivas Acharya, Managing Director, Sundaram BNP Paribas Home Finance Limited | 4000 |
| | 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 | |

* Subject to regulatory approvals where necessary.

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

Form No. MGT-9
Extract of Annual Return as on the financial year ended on 31st March 2016

[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 |
|--|--|------------------------------------|
| Hypothecation Loan / Hire Purchase | As per National Industrial Classification – 2008: Section K - Financial and Insurance Activities Division 64 – Financial service activities, except insurance and pension funding. | 78.66% |

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 Trustee Company Limited Regd. Office: 21, Patullos Road, Chennai 600 002 | U65999TN2003PLC052058 | Subsidiary | 100.00 | 2 (87) (ii) |
| 5 | Sundaram Business Services Limited Regd. Office: 21, Patullos Road, Chennai 600 002 | U74140TN2005PLC057179 | Subsidiary | 100.00 | 2 (87) (ii) |
| 6 | Sundaram BPO India Limited Regd. Office: 21, Patullos Road, Chennai 600 002 | U74900TN2012PLC087102 | Subsidiary | 100.00 | 2 (87) (ii) |
| 7 | Sundaram Insurance Broking Services Limited Regd. Office: 21, Patullos Road, Chennai 600 002 | U67100TN2010PLC078063 | Subsidiary | 100.00 | 2 (87) (ii) |
| 8 | Sundaram Finance Distribution Limited Regd. Office: 21, Patullos Road, Chennai 600 002 | U67120TN1993PLC025996 | Subsidiary | 100.00 | 2 (87) (ii) |
| 9 | LGF Services Limited Regd. Office: 21, Patullos Road, Chennai 600 002 | U67190TN2004PLC052384 | Subsidiary | 100.00 | 2 (87) (ii) |
| 10 | Sundaram BNP Paribas Fund Services Limited Regd. Office: 21, Patullos Road, Chennai 600 002 | U67120TN2008PLC068388 | Subsidiary | 51.00 | 2 (87) (ii) |
| 11 | Sundaram Infotech Solutions Limited Regd. Office: 21, Patullos Road, Chennai 600 002 | U72200TN2005PLC056969 | Subsidiary | 100.00 | 2 (87) (ii) |
| 12 | Infreight Logistics Solutions Limited Regd. Office: 21, Patullos Road, Chennai 600 002 | U72900TN2000PLC063984 | Subsidiary | 100.00 | 2 (87) (ii) |
| 13 | Royal Sundaram General Insurance Co Limited Regd. Office: 21, Patullos Road, Chennai 600 002 | U67200TN2000PLC045611 | Subsidiary* | 75.90 | 2 (87) (ii) |
| 14 | Axles India Limited Regd. Office: 21, Patullos Road, Chennai 600 002 | U27209TN1981PLC008630 | Associate | 38.81 | 2 (6) |
| 15 | Turbo Energy Private Limited Regd. Office: No.67, Chamiers Road, Chennai 600 028 | U40107TN1982PTC009363 | Associate | 32.00 | 2 (6) |
| 16 | Transenergy Limited Regd. Office: No.67, Chamiers Road, Chennai 600 028 | U40107TN1981PLC008903 | Associate | 42.31 | 2 (6) |
| 17 | Sundaram Dynacast Private Limited Regd. Office: Plot No.25A/2, SIDCO Industrial Estate, North Phase, Ambattur, Chennai 600 098 | U28920TN1993PTC025794 | Associate | 26.00 | 2 (6) |
| 18 | Sundaram Hydraulics Limited Regd. Office: 21, Patullos Road, Chennai 600 002 | U71290TN2007PLC065658 | Associate | 31.25 | 2 (6) |
| 19 | Flometallic India Private Limited Regd. Office: No.67, Chamiers Road, Chennai 600 028 | U28113TN2010PTC075244 | Associate | 40.63 | 2 (6) |
| 20 | The Dunes Oman LLC (FZC) | Not Applicable | Associate | 43.69 | 2 (6) |

* became a material unlisted Indian subsidiary company with effect from 29th July 2015.

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 | |
| A. | Promoters | | | | | | | | | |
| 1) | Indian | | | | | | | | | |
| a) | Individual/HUF | 2,81,22,632 | 97,292 | 2,82,19,924 | 25.40 | 2,78,69,805 | 97,292 | 2,79,67,097 | 25.17 | -0.23 |
| 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 | - | - | - | - | - | - | - | - | - |
| | Sub-Total (A)(1) | 3,93,08,370 | 97,292 | 3,94,05,662 | 35.47 | 3,90,55,543 | 97,292 | 3,91,52,835 | 35.24 | -0.23 |
| 2) | Foreign | | | | | | | | | |
| a) | NRIs - Individuals | 7,93,556 | - | 7,93,556 | 0.71 | 10,20,856 | - | 10,20,856 | 0.92 | 0.21 |
| b) | Other - Individuals | - | - | - | - | - | - | - | - | - |
| c) | Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) | Banks / FI | - | - | - | - | - | - | - | - | - |
| e) | Any Other | - | - | - | - | - | - | - | - | - |
| | Sub-Total (A)(2) | 7,93,556 | - | 7,93,556 | 0.71 | 10,20,856 | - | 10,20,856 | 0.92 | 0.21 |
| | Total shareholding of Promoter (A)=(A)(1)+(A)(2) | 4,01,01,926 | 97,292 | 4,01,99,218 | 36.18 | 4,00,76,399 | 97,292 | 4,01,73,691 | 36.16 | -0.02 |
| B. | Public Shareholding | | | | | | | | | |
| 1) | Institutions | | | | | | | | | |
| a) | Mutual Funds | 63,64,619 | 250 | 63,64,869 | 5.73 | 95,60,555 | 250 | 95,60,805 | 8.61 | 2.88 |
| b) | Banks / FI | 18,028 | 800 | 18,828 | 0.01 | 23,138 | 800 | 23,938 | 0.02 | 0.01 |
| c) | Central Govt | - | - | - | - | - | - | - | - | - |
| d) | State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) | Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) | Insurance Companies | 30,51,262 | - | 30,51,262 | 2.75 | 25,09,934 | - | 25,09,934 | 2.26 | -0.49 |
| g) | FIs | 49,96,105 | 350 | 49,96,455 | 4.50 | 34,13,951 | 350 | 34,14,301 | 3.07 | -1.43 |
| h) | Foreign Venture Capital Investors | - | - | - | - | - | - | - | - | - |
| i) | Any Other - Foreign Portfolio Investors | 24,67,114 | - | 24,67,114 | 2.22 | 18,41,013 | - | 18,41,013 | 1.66 | -0.56 |
| | Sub- Total (B)(1) | 1,68,97,128 | 1,400 | 1,68,98,528 | 15.21 | 1,73,48,591 | 1,400 | 1,73,49,991 | 15.62 | 0.41 |

| | 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 | |
| 2) | Non-Institutions | | | | | | | | | |
| a) | Bodies Corporate | | | | | | | | | |
| | i) Indian | 95,21,515 | 7,000 | 95,28,515 | 8.58 | 1,04,34,210 | 6,800 | 1,04,41,010 | 9.40 | 0.82 |
| | ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) | Individuals | | | | | | | | | |
| | i) Individual shareholders holding nominal shares capital up to ₹1 lakh | 92,19,892 | 24,31,703 | 1,16,51,595 | 10.49 | 89,70,955 | 21,90,198 | 1,11,61,153 | 10.05 | -0.44 |
| | ii) Individual shareholders holding nominal shares capital in excess of ₹1 lakh | 2,61,36,322 | 55,82,758 | 3,17,19,080 | 28.55 | 2,56,84,422 | 5,15,17,82 | 3,08,36,204 | 27.75 | -0.80 |
| (c) | Others (specify) | | | | | | | | | |
| | Sundaram Finance Limited Unclaimed Shares Suspense Account. No voting rights in respect of these shares | 40,576 | - | 40,576 | 0.04 | 38,348 | - | 38,348 | 0.03 | -0.01 |
| | Trust - Sundaram Finance Employees Welfare Trust | 10,26,160 | - | 10,26,160 | 0.92 | 10,08,160 | - | 10,08,160 | 0.91 | -0.01 |
| | Other Trusts | 4,865 | - | 4,865 | 0.00 | 4,730 | - | 4,730 | 0.00 | 0.00 |
| | Clearing Members | 35,323 | - | 35,323 | 0.03 | 71,853 | - | 71,853 | 0.06 | 0.03 |
| | Foreign National | - | - | - | - | 18,720 | - | 18,720 | 0.02 | 0.02 |
| | Sub-Total (B)(2) | 4,59,84,653 | 80,21,461 | 5,40,06,114 | 48.61 | 4,62,31,398 | 73,48,780 | 5,35,80,178 | 48.22 | -0.39 |
| | Total Public Shareholding (B)=(B)(1)+(B)(2) | 6,28,81,781 | 80,22,861 | 7,09,04,642 | 63.82 | 6,35,79,989 | 73,50,180 | 7,09,30,169 | 63.84 | 0.02 |
| C. | Shares held by Custodian for GDRs and ADRs | - | - | - | - | - | - | - | - | - |
| | GRAND TOTAL (A)+(B)+(C) | 10,29,83,707 | 81,20,153 | 11,11,03,860 | 100.00 | 10,36,56,388 | 74,47,472 | 11,11,03,860 | 100.00 | - |

ii) Shareholding of promoters

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|---------|--|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of shares | % of total shares of the company | % of shares pledged / encumbered to total shares | No. of shares | % of total shares of the company | % of shares pledged / encumbered to total shares | |
| 1 | Master Ashwathanarayan Ramji Rep By F/G: Mr N Ramji & Mr N Ramji | 600 | 0.00 | – | 600 | 0.00 | – | 0.00 |
| 2 | Mr N Ramji & Master Ashwathanarayan Ramji Rep By F/G: Mr N Ramji | 56,520 | 0.05 | – | 56,520 | 0.05 | – | 0.00 |
| 3 | Mr N S Ramji & Master Ashwathanarayan Ramji Rep By F/G: Mr N S Ramji | 6,884 | 0.01 | – | 6,884 | 0.01 | – | 0.00 |
| 4 | Mr N S Ramji & Miss Aishwarya Ramji Rep By F/G: Mr N S Ramji | 6,884 | 0.01 | – | 6,884 | 0.01 | – | 0.00 |
| 5 | Mr N Ramji & Master Ashwathanarayan Ramji Rep By F/G: Mr N Ramji | 1,008 | 0.00 | – | 1,008 | 0.00 | – | 0.00 |
| 6 | Mr N Ramji & Miss Aishwarya Ramji Rep By F/G: Mr N Ramji | 1,008 | 0.00 | – | 1,008 | 0.00 | – | 0.00 |
| 7 | Mr N Ramji & Mrs Sharmila Ramji | 788 | 0.00 | – | 788 | 0.00 | – | 0.00 |
| 8 | Mr N Ramji & Master Ashwathanarayan Ramji Rep By F/G: Mr N Ramji | 23,600 | 0.02 | – | 23,600 | 0.02 | – | 0.00 |
| 9 | Mr Srinivas Raghavan | 27,040 | 0.02 | – | 27,040 | 0.02 | – | 0.00 |
| 10 | Mr Akshay Krishnan | 2,03,300 | 0.18 | – | 1,97,300 | 0.17 | – | -0.01 |
| 11 | Mr Jaideep Chakravarthy | 3,80,756 | 0.34 | – | 3,80,756 | 0.34 | – | 0.00 |
| 12 | Mr Pradeep Chakravarthy | 3,63,544 | 0.33 | – | 3,63,544 | 0.33 | – | 0.00 |
| 13 | Mr S Chakravarthy | 6,08,884 | 0.55 | – | 6,08,884 | 0.55 | – | 0.00 |
| 14 | Mrs Anuradha Raghavan | 3,97,264 | 0.36 | – | 3,97,264 | 0.36 | – | 0.00 |
| 15 | Mr S Raghavan | 1,11,164 | 0.10 | – | 1,06,049 | 0.10 | – | 0.00 |
| 16 | Mrs Usha Raghavan | 9,34,992 | 0.84 | – | 6,34,992 | 0.57 | – | -0.27 |
| 17 | Mr Barath Rengarajan | 5,66,971 | 0.51 | – | 5,47,149 | 0.49 | – | -0.02 |
| 18 | Mrs Saraswathi Srinivasan | 3,04,320 | 0.27 | – | 3,04,320 | 0.27 | – | 0.00 |
| 19 | Miss Tulsi S Ramanujam | 8,000 | 0.01 | – | 8,000 | 0.01 | – | 0.00 |
| 20 | Mr S Ram & Mr S Viji | 12,25,160 | 1.10 | – | 12,25,160 | 1.10 | – | 0.00 |
| 21 | Mr Sumanth Ramanujam | 8,862 | 0.01 | – | 8,862 | 0.01 | – | 0.00 |
| 22 | Mr K Vasudevan | 2,87,492 | 0.26 | – | 2,87,492 | 0.26 | – | 0.00 |

| 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 | |
| 23 | Mrs Lily Vijayaraghavan & Mrs Sashi Parthasarathy | 3,53,312 | 0.32 | – | 3,46,812 | 0.31 | – | -0.01 |
| 24 | Mr K Vasudevan & Mrs Lakshmi Vasudevan | 46,392 | 0.04 | – | 46,392 | 0.04 | – | 0.00 |
| 25 | Mrs Lakshmi Vasudevan | 2,74,816 | 0.25 | – | 2,74,816 | 0.25 | – | 0.00 |
| 26 | Mr Sharath Vijayaraghavan | 3,14,000 | 0.28 | – | 3,14,000 | 0.28 | – | 0.00 |
| 27 | Mrs Lily Vijayaraghavan | 6,35,436 | 0.57 | – | 6,35,436 | 0.57 | – | 0.00 |
| 28 | Mrs Lily Vijayaraghavan & Mr Badri Vijayaraghavan | 1,73,776 | 0.16 | – | 1,73,776 | 0.16 | – | 0.00 |
| 29 | Mrs Lily Vijayaraghavan & Mr Sharath Vijayaraghavan | 1,73,776 | 0.16 | – | 1,73,776 | 0.16 | – | 0.00 |
| 30 | Mrs Rama Sridharan | 55,920 | 0.05 | – | 55,920 | 0.05 | – | 0.00 |
| 31 | Mr N Krishnan | 1,01,592 | 0.09 | – | 1,01,592 | 0.09 | – | 0.00 |
| 32 | Mr N Krishnan | 1,01,592 | 0.09 | – | 1,01,592 | 0.09 | – | 0.00 |
| 33 | Mr Ananth Krishnan | 2,03,300 | 0.18 | – | 2,03,300 | 0.18 | – | 0.00 |
| 34 | Mr Shreen Raghavan | 34,892 | 0.03 | – | 1,84,892 | 0.17 | – | 0.14 |
| 35 | Mrs Dangety Krishnakumari . | 20,412 | 0.02 | – | 20,412 | 0.02 | – | 0.00 |
| 36 | Mr Dangety Satyanarayanamurty | 2,912 | 0.00 | – | 2,912 | 0.00 | – | 0.00 |
| 37 | M/s. Rohini Holdings Private Limited | 12,94,362 | 1.17 | – | 12,94,362 | 1.17 | – | 0.00 |
| 38 | M/s. Allegro Holdings Private Limited | 12,47,100 | 1.12 | – | 12,47,100 | 1.12 | – | 0.00 |
| 39 | M/s. Silver Oak Holdings Private Limited | 14,36,914 | 1.29 | – | 14,36,914 | 1.29 | – | 0.00 |
| 40 | M/s. Athreya Harsha Holdings Private Limited | 8,50,156 | 0.77 | – | 8,50,156 | 0.77 | – | 0.00 |
| 41 | M/s. Uthirattadhi Sriram Holdings Private Limited | 14,79,560 | 1.33 | – | 14,79,560 | 1.33 | – | 0.00 |
| 42 | M/s. Maham Holdings Limited | 5,12,720 | 0.46 | – | 5,12,720 | 0.46 | – | 0.00 |
| 43 | M/s. Revathi Holdings Private Limited | 12,20,460 | 1.10 | – | 12,20,460 | 1.10 | – | 0.00 |
| 44 | M/s. Padmalakshmi Holdings Private Limited | 12,92,832 | 1.16 | – | 12,92,832 | 1.16 | – | 0.00 |
| 45 | M/s. Raghuvamsa Holdings Private Limited | 18,51,634 | 1.67 | – | 18,51,634 | 1.67 | – | 0.00 |
| 46 | Mrs Indira Krishnaswami | 1,62,180 | 0.15 | – | 1,62,180 | 0.15 | – | 0.00 |
| 47 | Mr Narayanan Ramji | 1,06,760 | 0.10 | – | 1,06,760 | 0.10 | – | 0.00 |

| 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 | |
| 48 | Mr R. Ramanujam & Mr R. Srikanth | 1,77,088 | 0.16 | – | 1,77,088 | 0.16 | – | 0.00 |
| 49 | Mr Ananth Ramanujam . | 5,39,892 | 0.49 | – | 5,39,892 | 0.49 | – | 0.00 |
| 50 | Mr T.T. Rangaswamy, Mr T.T. Venkatraghavan & Mr T.T. Srinivasaraghavan | 48,628 | 0.04 | – | 48,628 | 0.04 | – | 0.00 |
| 51 | Mr T.T. Rangaswamy, Mr T.T. Narendran & Mr T.T. Hayagreevan | 49,200 | 0.04 | – | 49,200 | 0.04 | – | 0.00 |
| 52 | Mr T.T. Srinivasaraghavan Mrs Vimala Rangaswamy & Mrs Bagyam Raghavan | 85,084 | 0.08 | – | 85,084 | 0.08 | – | 0.00 |
| 53 | Mrs Bagyam Raghavan & Mr T.T. Venkatraghavan | 1,13,308 | 0.10 | – | 1,13,308 | 0.10 | – | 0.00 |
| 54 | Mr T.T. Narendran, Mrs Vimala Rangaswamy & Mrs Padmini Narendran | 1,62,988 | 0.15 | – | 1,62,988 | 0.15 | – | 0.00 |
| 55 | Mrs Padmini Narendran & Mr T.T. Hayagreevan | 1,06,044 | 0.10 | – | 1,06,044 | 0.10 | – | 0.00 |
| 56 | Mrs Vimala Rangaswamy, Mr T.T. Narendran & Mrs Padmini Narendran | 95,024 | 0.09 | – | 95,024 | 0.09 | – | 0.00 |
| 57 | Mr Srivats Ram | 17,01,322 | 1.53 | – | 17,01,322 | 1.53 | – | 0.00 |
| 58 | Mr Srikanth Ramanujam | 9,14,052 | 0.82 | – | 9,14,052 | 0.82 | – | 0.00 |
| 59 | Mr Sriram Viji | 12,78,620 | 1.15 | – | 12,78,620 | 1.15 | – | 0.00 |
| 60 | Mr R. Ramanujam | 2,32,534 | 0.21 | – | 2,32,534 | 0.21 | – | 0.00 |
| 61 | Mrs Rupa Srikanth | 70,188 | 0.06 | – | 70,188 | 0.06 | – | 0.00 |
| 62 | Mr Srikanth Ramanujam & Mrs Rupa Srikanth | 4,472 | 0.00 | – | 4,472 | 0.00 | – | 0.00 |
| 63 | Mr S. Narayanan & Mrs Choodamani Narayanan | 1,41,520 | 0.13 | – | 0 | 0.00 | – | -0.13 |
| 64 | Mrs Choodamani Narayanan | 3,34,720 | 0.30 | – | 4,95,744 | 0.45 | – | 0.15 |
| 65 | Mrs Choodamani Narayanan & Mr S. Narayanan | 13,504 | 0.01 | – | 0 | 0.00 | – | -0.01 |
| 66 | Mrs Prema Ramanujam | 6,43,412 | 0.58 | – | 6,43,412 | 0.58 | – | 0.00 |
| 67 | Mrs Aruna Sankaranarayanan | 56,840 | 0.05 | – | 56,840 | 0.05 | – | 0.00 |
| 68 | Mr S. Ram | 5,06,788 | 0.46 | – | 5,06,788 | 0.46 | – | 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 | |
| 69 | Mr Harsha Viji | 13,66,068 | 1.23 | – | 13,66,068 | 1.23 | – | 0.00 |
| 70 | Mr Aditya S. Ramanujam | 2,21,882 | 0.20 | – | 2,21,882 | 0.20 | – | 0.00 |
| 71 | Mr S. Viji | 9,09,780 | 0.82 | – | 9,09,780 | 0.82 | – | 0.00 |
| 72 | Mrs Vijaya Rangarajan | 9,03,564 | 0.81 | – | 9,03,564 | 0.81 | – | 0.00 |
| 73 | Mr Sriram Viji & Mrs Chitra Viji | 3,156 | 0.00 | – | 3,156 | 0.00 | – | 0.00 |
| 74 | Mr R. Ramanujam & Mr Ananth Ramanujam | 25,600 | 0.02 | – | 25,600 | 0.02 | – | 0.00 |
| 75 | Mr Harsha Viji & Mrs Chitra Viji | 3,156 | 0.00 | – | 3,156 | 0.00 | – | 0.00 |
| 76 | Mrs Nivedita Ram | 16,49,516 | 1.48 | – | 16,49,516 | 1.48 | – | 0.00 |
| 77 | Mrs Chitra Viji | 8,34,034 | 0.75 | – | 8,34,034 | 0.75 | – | 0.00 |
| 78 | Mrs Gita Ram | 11,39,680 | 1.03 | – | 11,39,680 | 1.03 | – | 0.00 |
| 79 | Mr S. Viji & Mrs Chitra Viji | 8,684 | 0.01 | – | 8,684 | 0.01 | – | 0.00 |
| 80 | Mr Arjun Rangarajan | 13,08,270 | 1.18 | – | 13,08,270 | 1.18 | – | 0.00 |
| 81 | Mr R. Ramanujam (HUF) | 9,992 | 0.01 | – | 9,992 | 0.01 | – | 0.00 |
| 82 | Mr Srikanth Ramanujam (HUF) | 8,000 | 0.01 | – | 8,000 | 0.01 | – | 0.00 |
| 83 | Mr Srivats Ram (HUF) | 77,200 | 0.07 | – | 77,200 | 0.07 | – | 0.00 |
| 84 | Mr S. Viji (HUF) | 1,13,988 | 0.10 | – | 1,13,988 | 0.10 | – | 0.00 |
| 85 | Mr S. Viji (HUF) | 3,65,924 | 0.33 | – | 3,65,924 | 0.33 | – | 0.00 |
| 86 | Miss Anupama Lakshmi Rangarajan | 6,09,896 | 0.55 | – | 6,09,896 | 0.55 | – | 0.00 |
| 87 | Mr S. Narayanan | 4,600 | 0.00 | – | 4,600 | 0.00 | – | 0.00 |
| 88 | Mr Narayanan Ramji (HUF) | 4,08,480 | 0.37 | – | 4,08,480 | 0.37 | – | 0.00 |
| 89 | Mr Srinivasaraghavan Sundaram | 10,38,968 | 0.94 | – | 4,000 | 0.00 | – | -0.94 |
| 90 | Mr A.M. Srinivasan & Mr S. Kishore | 452 | 0.00 | – | 452 | 0.00 | – | 0.00 |
| 91 | Mr S. Kishore & Mr A.M. Srinivasan | 1,13,612 | 0.10 | – | 1,13,612 | 0.10 | – | 0.00 |
| 92 | Mr Srikanth Ramanujam & Mr Ananth Ramanujam | 8,30,215 | 0.75 | – | 8,30,215 | 0.75 | – | 0.00 |
| 93 | Miss Tarika Ram (Minor) | 13,490 | 0.01 | – | 13,490 | 0.01 | – | 0.00 |
| 94 | Miss Tulsi S. Ramanujam (Minor) | 2,11,382 | 0.19 | – | 2,11,382 | 0.19 | – | 0.00 |
| 95 | Mr Daya Ambirajan | 1,19,650 | 0.11 | – | 1,19,650 | 0.11 | – | 0.00 |
| 96 | Master Ranjan Ambirajan | 6,744 | 0.01 | – | 6,744 | 0.01 | – | 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 | |
| 97 | Mr R. Ramanujam & Mrs Prema Ramanujam | 9,736 | 0.01 | – | 9,736 | 0.01 | – | 0.00 |
| 98 | Mr T.T. Rangaswamy (HUF) | 49,324 | 0.04 | – | 49,324 | 0.04 | – | 0.00 |
| 99 | Mr T.T. Srinivasa Raghavan (HUF) | 1,23,192 | 0.11 | – | 1,23,192 | 0.11 | – | 0.00 |
| 100 | Mr T.T. Rangaswamy (HUF) | 39,724 | 0.04 | – | 19,368 | 0.02 | – | -0.02 |
| 101 | Mr T.T. Narendran (HUF) | 95,068 | 0.09 | – | 95,068 | 0.09 | – | 0.00 |
| 102 | Mr T.T. Srinivasaraghavan & Mr T.T. Narendran | 1,09,636 | 0.10 | – | 1,10,000 | 0.10 | – | 0.00 |
| 103 | Mr T.T. Srinivasaraghavan & Mrs Bagyam Raghavan | 1,05,656 | 0.10 | – | 1,10,000 | 0.10 | – | 0.00 |
| 104 | Mr T.T. Narendran & Mrs Padmini Narendran | 1,06,208 | 0.10 | – | 90,000 | 0.08 | – | -0.02 |
| 105 | Mr T.T. Narendran & Mrs Padmini Narendran | 78,144 | 0.07 | – | 90,000 | 0.08 | – | 0.01 |
| 106 | Mrs Vimala Rangaswamy, Mr T.T. Srinivasaraghavan & Mr T.T. Venkatraghavan | 82,664 | 0.07 | – | 82,664 | 0.07 | – | 0.00 |
| 107 | Mr A M Srinivasan | 120 | 0.00 | – | 120 | 0.00 | – | 0.00 |
| 108 | Mr Vishnu Vijayaraghavan | 75,984 | 0.07 | – | 75,984 | 0.07 | – | 0.00 |
| 109 | Mrs Lakshmi Vijayaraghavan | 39,860 | 0.04 | – | 40,655 | 0.04 | – | 0.00 |
| 110 | Mr Sharath Vijayaraghavan | 1,74,844 | 0.16 | – | 1,74,844 | 0.16 | – | 0.00 |
| 111 | Mr Ananth Ramanujam | 30,000 | 0.03 | – | 30,000 | 0.03 | – | 0.00 |
| 112 | Miss Gitanjali Jeevan Jose, Rep By M/G Mrs Divya Jeevan Jose | 10,000 | 0.01 | – | 10,000 | 0.01 | – | 0.00 |
| 113 | Master P Siddhartha Jeevan, Rep By M/G Mrs Divya Jeevan Jose | 10,000 | 0.01 | – | 10,000 | 0.01 | – | 0.00 |
| 114 | Mr N Krishnan & Mr Akshay Krishnan | 3,000 | 0.00 | – | 3,000 | 0.00 | – | 0.00 |
| 115 | Mr N Krishnan & Mr Ananth Krishnan | 3,000 | 0.00 | – | 3,000 | 0.00 | – | 0.00 |
| 116 | Ms Veena Raghavan | – | – | – | 1,50,000 | 0.14 | – | 0.14 |
| 117 | Mr Shreen Raghavan (HUF) | – | – | – | 5,115 | 0.00 | – | 0.00 |
| 118 | Mrs S Hema | – | – | – | 10,34,968 | 0.93 | – | 0.93 |
| 119 | Mrs Kavitha Gorur Keshav & Mr T.T. Hayagreevan | – | – | – | 10,000 | 0.01 | – | 0.01 |
| 120 | Miss Nakshatra Hayareevan (Minor) | – | – | – | 10,000 | 0.01 | – | 0.01 |
| | Total | 4,01,99,218 | 36.18 | – | 4,01,73,691 | 36.16 | – | -0.02 |

(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 Akshay Krishnan | | | | |
| | At the beginning of the year | 203,300 | 0.18 | | |
| | Sale - 04th March 2016 | -6,000 | 0.00 | 1,97,300 | 0.18 |
| | At the end of the Year | | | 1,97,300 | 0.18 |
| 2 | Mr S. Narayanan & Mrs Choodamani Narayanan | | | | |
| | At the beginning of the year | 1,41,520 | 0.13 | | |
| | Transmission - 19th June 2015 | -1,41,520 | -0.13 | | |
| | At the end of the Year | | | - | - |
| 3 | Mrs Choodamani Narayanan & Mr S. Narayanan | | | | |
| | At the beginning of the year | 13,504 | 0.01 | | |
| | Transmission - 19th June 2015 | -13,504 | -0.01 | | |
| | At the end of the Year | | | - | - |
| 4 | Mrs Choodamani Narayanan | | | | |
| | At the beginning of the year | 3,34,720 | 0.30 | | |
| | Transmission - 19th June 2015 | 1,55,024 | 0.14 | 4,89,744 | 0.44 |
| | Purchase - 04th March 2016 | 6,000 | 0.01 | 4,95,744 | 0.45 |
| | At the end of the Year | | | 4,95,744 | 0.45 |
| 5 | Mr S Raghavan | | | | |
| | At the beginning of the year | 1,11,164 | 0.10 | | |
| | Gift - 25th September 2015 | -5,115 | 0.00 | 1,06,049 | 0.10 |
| | At the end of the Year | | | 1,06,049 | 0.10 |
| 6 | Mr Shreen Raghavan (HUF) | | | | |
| | At the beginning of the year | - | - | | |
| | Gift - 25th September 2015 | 5,115 | - | 5,115 | 0.00 |
| | At the end of the Year | | | 5,115 | 0.00 |
| 7 | Mr Barath Rengarajan | | | | |
| | At the beginning of the year | 5,66,971 | 0.51 | | |
| | Sale - 10th April 2015 | -19,822 | -0.02 | 5,47,149 | 0.49 |
| | At the end of the Year | | | 5,47,149 | 0.49 |
| 8 | Mr T.T. Narendran & Mrs Padmini Narendran | | | | |
| | At the beginning of the year | 78,144 | 0.07 | | |
| | Gift - 18th December 2015 | 11,856 | 0.01 | 90,000 | 0.08 |
| | At the end of the Year | | | 90,000 | 0.08 |
| 9 | Mr T.T. Narendran & Mrs Padmini Narendran | | | | |
| | At the beginning of the year | 1,06,208 | 0.10 | | |
| | Gift - 18th December 2015 | 3,792 | 0.00 | 1,10,000 | 0.10 |
| | Gift - 05th february 2016 | -20,000 | -0.02 | 90,000 | 0.08 |
| | At the end of the Year | | | 90,000 | 0.08 |
| 10 | Ms Kavitha Gorur Keshav & Mr T.T. Hayagreevan | | | | |
| | At the beginning of the year | - | - | | |
| | Gift - 05th February 2016 | 10,000 | 0.01 | 10,000 | 0.01 |
| | At the end of the Year | | | 10,000 | 0.01 |

| 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 |
| 11 | Ms Nakshatra Hayagreevan (Minor) | | | | |
| | At the beginning of the year | – | – | | |
| | Gift - 05th February 2016 | 10,000 | 0.01 | 10,000 | 0.01 |
| | At the end of the Year | | | 10,000 | 0.01 |
| 12 | Mr T.T. Srinivasaraghavan & Mrs Bagyam Raghavan | | | | |
| | At the beginning of the year | 1,05,656 | 0.10 | | |
| | Gift - 18th December 2015 | 4,344 | 0.00 | 1,10,000 | 0.10 |
| | At the end of the Year | | | 1,10,000 | 0.10 |
| 13 | Mr T.T. Srinivasaraghavan & Mr T.T. Narendran | | | | |
| | At the beginning of the year | 1,09,636 | 0.10 | | |
| | Gift - 18th December 2015 | 364 | 0.00 | 1,10,000 | 0.10 |
| | At the end of the Year | | | 1,10,000 | 0.10 |
| 14 | Mr T.T. Rangaswamy (HUF) | | | | |
| | At the beginning of the year | 39,724 | 0.04 | | |
| | Gift - 18th December 2015 | -20,356 | -0.02 | 19,368 | 0.02 |
| | At the end of the Year | | | 19,368 | 0.02 |
| 15 | Mr Srinivasaraghavan Sundaram | | | | |
| | At the beginning of the year | 10,38,968 | 0.94 | | |
| | Transmission - 05th February 2016 | -10,34,968 | -0.93 | 4,000 | 0.00 |
| | At the end of the Year | | | 4,000 | 0.00 |
| 16 | Mrs S Hema | | | | |
| | At the beginning of the year | – | – | | |
| | Transmission - 05th February 2016 | 10,34,968 | 0.93 | 10,34,968 | 0.93 |
| | At the end of the Year | | | 10,34,968 | 0.93 |
| 17 | Mrs Usha Raghavan | | | | |
| | At the beginning of the year | 9,34,992 | 0.84 | | |
| | Gift - 05th February 2016 | -3,00,000 | -0.27 | 6,34,992 | 0.57 |
| | At the end of the Year | | | 6,34,992 | 0.57 |
| 18 | Mr Shreen Raghavan | | | | |
| | At the beginning of the year | 34,892 | 0.03 | | |
| | Gift - 05th February 2016 | 1,50,000 | 0.14 | 1,84,892 | 0.17 |
| | At the end of the Year | | | 1,84,892 | 0.17 |
| 19 | Mrs Veena Raghavan | | | | |
| | At the beginning of the year | – | – | | |
| | Gift - 05th February 2016 | 1,50,000 | 0.14 | 1,50,000 | 0.14 |
| | At the end of the Year | | | 1,50,000 | 0.14 |
| 20 | Mrs Lakshmi Vijayaraghavan | | | | |
| | At the beginning of the year | 39,860 | 0.04 | | |
| | Purchase - 25th March 2016 | 795 | 0.00 | 40,655 | 0.04 |
| | At the end of the Year | | | 40,655 | 0.04 |
| 21 | Mrs Lily Vijayaraghavan & Ms Sashi Parthasarathy | | | | |
| | At the beginning of the year | 3,53,312 | 0.32 | | |
| | Sale - 25th March 2016 | -6,500 | -0.01 | 3,46,812 | 0.31 |
| | At the end of the Year | | | 3,46,812 | 0.31 |

(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 | 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 |
| 2 | 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 |
| 3 | United India Insurance Company Ltd. | | | | |
| | At the beginning of the year | 24,98,268 | 2.25 | | |
| | Sale | | | | |
| | 11th September 2015 | -18,892 | -0.02 | 24,79,376 | 2.23 |
| | 18th September 2015 | -8,857 | -0.01 | 24,70,519 | 2.22 |
| | 25th September 2015 | -18,279 | -0.02 | 24,52,240 | 2.21 |
| | 30th September 2015 | -22,995 | -0.02 | 24,29,245 | 2.19 |
| | 9th October 2015 | -20,360 | -0.02 | 24,08,885 | 2.17 |
| | 16th October 2015 | -18,763 | -0.02 | 23,90,122 | 2.15 |
| | 23rd October 2015 | -29,532 | -0.03 | 23,60,590 | 2.12 |
| | 30th October 2015 | -51,743 | -0.05 | 23,08,847 | 2.08 |
| | 6th November 2015 | -89,440 | -0.08 | 22,19,407 | 2.00 |
| | 13th November 2015 | -5,753 | -0.01 | 22,13,654 | 1.99 |
| | 20th November 2015 | -12,604 | -0.01 | 22,01,050 | 1.98 |
| | 27th November 2015 | -17,824 | -0.02 | 21,83,226 | 1.96 |
| | 4th December 2015 | -4,529 | 0.00 | 21,78,697 | 1.96 |
| | 4th March 2016 | -38,560 | -0.03 | 21,40,137 | 1.93 |
| | 11th March 2016 | -16,216 | -0.01 | 21,23,921 | 1.91 |
| | 18th March 2016 | -46,270 | -0.04 | 20,77,651 | 1.87 |
| | 25th March 2016 | -35,090 | -0.03 | 20,42,561 | 1.84 |
| 31st March 2016 | -43,828 | -0.04 | 19,98,733 | 1.80 | |
| | At the end of the Year | | | 19,98,733 | 1.80 |
| 4 | Pari Washington Company Pvt. Ltd. A/c. Pari Washington India Master Fund Ltd. | | | | |
| | At the beginning of the year | 11,27,296 | 1.01 | | |
| | Date wise Increase / Decrease | – | – | | |
| | At the end of the Year | | | 11,27,296 | 1.01 |

| 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 |
| 5 | Damani Estates and Finance Private Limited | | | | |
| | At the beginning of the year | 10,32,912 | 0.93 | | |
| | Date wise Increase / Decrease | – | – | | |
| | At the end of the Year | | | 10,32,912 | 0.93 |
| 6 | Sundaram Finance Employees Welfare Trust | | | | |
| | At the beginning of the year | 10,26,160 | 0.92 | | |
| | Transfer: | | | | |
| | 5th June 2015 | -18,000 | -0.01 | 10,08,160 | 0.91 |
| | At the end of the Year | | | 10,08,160 | 0.91 |
| 7 | AXIS MUTUAL FUND TRUSTEE LIMITED A/C | | | | |
| | AXIS MUTUAL FUND A/C | | | | |
| | At the beginning of the year | 8,52,617 | 0.77 | | |
| | Purchase | | | | |
| | 17th April 2015 | 40,000 | 0.04 | 8,92,617 | 0.80 |
| | 8th May 2015 | 40,000 | 0.04 | 9,32,617 | 0.84 |
| | 12th June 2015 | 10,000 | 0.01 | 9,42,617 | 0.85 |
| | 26th June 2015 | 95,000 | 0.09 | 10,37,617 | 0.93 |
| | 10th July 2015 | 20,000 | 0.02 | 10,57,617 | 0.95 |
| | 31st July 2015 | 21,000 | 0.02 | 10,78,617 | 0.97 |
| | 7th August 2015 | 35,000 | 0.03 | 11,13,617 | 1.00 |
| | Sale | | | | |
| | 7th August 2015 | -2,400 | 0.00 | 11,11,217 | 1.00 |
| | 21st August 2015 | 5,986 | 0.01 | 11,17,203 | 1.01 |
| | 28th August 2015 | 1,55,000 | 0.14 | 12,72,203 | 1.15 |
| | 4th September 2015 | 30,000 | 0.03 | 13,02,203 | 1.17 |
| | 25th September 2015 | 20,000 | 0.02 | 13,22,203 | 1.19 |
| | 9th October 2015 | 24,000 | 0.02 | 13,46,203 | 1.21 |
| | 30th October 2015 | 20,000 | 0.02 | 13,66,203 | 1.23 |
| | 11th December 2015 | 2,00,000 | 0.18 | 15,66,203 | 1.41 |
| | 25th December 2015 | 10,000 | 0.01 | 15,76,203 | 1.42 |
| | 8th January 2016 | 20,000 | 0.02 | 15,96,203 | 1.44 |
| | 15th January 2016 | 1,00,000 | 0.09 | 16,96,203 | 1.53 |
| | 29th January 2016 | 19,487 | 0.02 | 17,15,690 | 1.54 |
| | 5th February 2016 | 5,416 | 0.00 | 17,21,106 | 1.55 |
| | 26th February 2016 | 25,000 | 0.02 | 17,46,106 | 1.57 |
| | 4th March 2016 | 27,000 | 0.02 | 17,73,106 | 1.60 |
| | 25th March 2016 | 22,500 | 0.02 | 17,95,606 | 1.62 |
| | At the end of the Year | | | 17,95,606 | 1.62 |

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 8 | Mrs Meera Kishen | | | | |
| | At the beginning of the year | 8,05,112 | 0.72 | | |
| | Sale 22nd January 2016 | -8,05,112 | 0.72 | | |
| | At the end of the Year | | | – | – |
| 9 | ACACIA PARTNERS, LP | | | | |
| | At the beginning of the year | 7,81,313 | 0.70 | | |
| | Sale 4th December 2015 | -2,05,313 | -0.18 | 5,76,000 | 0.52 |
| | 11th December 2015 | -2,56,000 | -0.23 | 3,20,000 | 0.29 |
| | 31st December 2015 | -1,80,000 | -0.16 | 1,40,000 | 0.13 |
| | 8th January 2016 | -17,781 | -0.02 | 1,22,219 | 0.11 |
| | 15th January 2016 | -1,22,219 | -0.11 | – | – |
| | At the end of the Year | | | – | – |
| 10 | EAST SAIL | | | | |
| | At the beginning of the year | 7,73,898 | 0.70 | | |
| | Date wise Increase / Decrease At the end of the Year | – | – | 7,73,898 | 0.70 |
| 11 | ICICI PRUDENTIAL LONG TERM EQUITY FUND | | | | |
| | At the beginning of the year | 5,04,869 | 0.45 | | |
| | Purchase 22nd May 2015 | 7,901 | 0.01 | 5,12,770 | 0.46 |
| | 29th May 2015 | 27,267 | 0.02 | 5,40,037 | 0.49 |
| | 5th June 2015 | 40,554 | 0.04 | 5,80,591 | 0.52 |
| | 12th June 2015 | 57,502 | 0.05 | 6,38,093 | 0.57 |
| | 19th June 2015 | 39,923 | 0.04 | 6,78,016 | 0.61 |
| | 26th June 2015 | 132 | 0.00 | 6,78,148 | 0.61 |
| | 30th June 2015 | 3,600 | 0.00 | 6,81,748 | 0.61 |
| | 8th July 2015 | 5,194 | 0.00 | 6,86,942 | 0.62 |
| | 10th July 2015 | 3,090 | 0.00 | 6,90,032 | 0.62 |
| | 16th July 2015 | 206 | 0.00 | 6,90,238 | 0.62 |
| | 31st July 2015 | 5,082 | 0.00 | 6,95,320 | 0.63 |
| | 7th August 2015 | 26,213 | 0.02 | 7,21,533 | 0.65 |
| | 28th August 2015 | 38,511 | 0.03 | 7,60,044 | 0.68 |
| | 30th September 2015 | 3,467 | 0.00 | 7,63,511 | 0.69 |
| | 9th October 2015 | 9,809 | 0.01 | 7,73,320 | 0.70 |
| | 16th October 2015 | 73 | 0.00 | 7,73,393 | 0.70 |
| | Sale: 23rd October 2015 | -88 | 0.00 | 7,73,305 | 0.70 |

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|------------------------------------|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | Purchase: | | | | |
| | 30th October 2015 | 72 | 0.00 | 7,73,377 | 0.70 |
| | 6th November 2015 | 30 | 0.00 | 7,73,407 | 0.70 |
| | 13th November 2015 | 28 | 0.00 | 7,73,435 | 0.70 |
| | 20th November 2015 | 41,870 | 0.04 | 8,15,305 | 0.73 |
| | 27th November 2015 | 37 | 0.00 | 8,15,342 | 0.73 |
| | 4th December 2015 | 3,93,322 | 0.35 | 12,08,664 | 1.09 |
| | 11th December 2015 | 3,81,874 | 0.34 | 15,90,538 | 1.43 |
| | 18th December 2015 | 800 | 0.00 | 15,91,338 | 1.43 |
| | 25th December 2015 | 25 | 0.00 | 15,91,363 | 1.43 |
| | Sale: | | | | |
| | 31st December 2015 | -78 | 0.00 | 15,91,285 | 1.43 |
| | Purchase: | | | | |
| | 8th January 2016 | 9,576 | 0.01 | 16,00,861 | 1.44 |
| | 15th January 2016 | 1,26,367 | 0.11 | 17,27,228 | 1.55 |
| | 22nd January 2016 | 7,428 | 0.01 | 17,34,656 | 1.56 |
| | 29th January 2016 | 2,350 | 0.00 | 17,37,006 | 1.56 |
| | 19th February 2016 | 69 | 0.00 | 17,37,075 | 1.56 |
| | 26th February 2016 | 1,210 | 0.00 | 17,38,285 | 1.56 |
| | 4th March 2016 | 39 | 0.00 | 17,38,324 | 1.56 |
| | Sale: | | | | |
| | 11th March 2016 | -106 | 0.00 | 17,38,218 | 1.56 |
| | Purchase: | | | | |
| | 18th March 2016 | 1,97,641 | 0.18 | 19,35,859 | 1.74 |
| | 25th March 2016 | 14,299 | 0.01 | 19,50,158 | 1.76 |
| | 31st March 2016 | 1,70,531 | 0.15 | 21,20,689 | 1.91 |
| | At the end of the Year | | | 21,20,689 | 1.91 |
| 12 | Templeton India Equity Income Fund | | | | |
| | At the beginning of the year | 2,24,208 | 0.20 | | |
| | Sale: | | | | |
| | 10th April 2015 | -50,000 | -0.05 | 1,74,208 | 0.16 |
| | 12th June 2015 | -3,009 | 0.00 | 1,71,199 | 0.15 |
| | 19th June 2015 | -15,585 | -0.01 | 1,55,614 | 0.14 |
| | 26th June 2015 | -21,406 | -0.02 | 1,34,208 | 0.12 |
| | 17th July 2015 | -2,677 | 0.00 | 1,31,531 | 0.12 |
| | 24th July 2015 | -1,968 | 0.00 | 1,29,563 | 0.12 |
| | 31st July 2015 | -4,713 | 0.00 | 1,24,850 | 0.11 |
| | 7th August 2015 | -15,642 | -0.01 | 1,09,208 | 0.10 |
| | 14th August 2015 | -20,000 | -0.02 | 89,208 | 0.08 |
| | 18th March 2016 | -25,587 | -0.02 | 63,621 | 0.06 |
| | 23rd March 2016 | -23,959 | -0.02 | 39,662 | 0.04 |
| | 31st March 2016 | -7,309 | -0.01 | 32,353 | 0.03 |
| | At the end of the Year | | | 32,353 | 0.03 |

| 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 | HDFC STANDARD LIFE INSURANCE COMPANY LIMITED | | | | |
| | At the beginning of the year | 2,21,581 | 0.20 | | |
| | Purchase | | | | |
| | 10th April 2015 | 26,774 | 0.02 | 2,48,355 | 0.22 |
| | 17th April 2015 | 35,644 | 0.03 | 2,83,999 | 0.26 |
| | 24th April 2015 | 5,422 | 0.00 | 2,89,421 | 0.26 |
| | 8th May 2015 | 5,000 | 0.00 | 2,94,421 | 0.26 |
| | 29th May 2015 | 619 | 0.00 | 2,95,040 | 0.27 |
| | 5th June 2015 | 600 | 0.00 | 2,95,640 | 0.27 |
| | Sale: | | | | |
| | 12th June 2015 | -977 | 0.00 | 2,94,663 | 0.27 |
| | 19th June 2015 | -103 | 0.00 | 2,94,560 | 0.27 |
| | 26th June 2015 | -173 | 0.00 | 2,94,387 | 0.26 |
| | 3rd July 2015 | -1,333 | 0.00 | 2,93,054 | 0.26 |
| | 8th July 2015 | -197 | 0.00 | 2,92,857 | 0.26 |
| | Purchase: | | | | |
| | 16th July 2015 | 16,550 | 0.01 | 3,09,407 | 0.28 |
| | 31st July 2015 | 25,323 | 0.02 | 334,730 | 0.30 |
| | Sale: | | | | |
| | 14th August 2015 | -1,176 | 0.00 | 3,33,554 | 0.30 |
| | Purchase: | | | | |
| | 21st August 2015 | 932 | 0.00 | 3,34,486 | 0.30 |
| | 28th August 2015 | 534 | 0.00 | 3,35,020 | 0.30 |
| | 4th September 2015 | 2,443 | 0.00 | 3,37,463 | 0.30 |
| | 11th September 2015 | 16,448 | 0.01 | 3,53,911 | 0.32 |
| | Sale: | | | | |
| | 18th September 2015 | -238 | 0.00 | 3,53,673 | 0.32 |
| | Purchase: | | | | |
| | 30th September 2015 | 11,252 | 0.01 | 3,64,925 | 0.33 |
| | Sale: | | | | |
| | 9th October 2015 | -2,268 | 0.00 | 3,62,657 | 0.33 |
| | Purchase: | | | | |
| | 30th October 2015 | 500 | 0.00 | 3,63,157 | 0.33 |
| | 6th November 2015 | 7,550 | 0.01 | 3,70,707 | 0.33 |
| | 20th November 2015 | 562 | 0.00 | 3,71,269 | 0.33 |
| | 25th December 2015 | 7,500 | 0.01 | 3,78,769 | 0.34 |
| | 31st December 2015 | 1,48,500 | 0.13 | 5,27,269 | 0.47 |
| | 8th January 2016 | 500 | 0.00 | 5,27,769 | 0.48 |
| | 15th January 2016 | 4,30,947 | 0.39 | 9,58,716 | 0.86 |
| | 22nd January 2016 | 40,000 | 0.04 | 9,98,716 | 0.90 |
| | 10th February 2016 | 60,000 | 0.05 | 10,58,716 | 0.95 |
| | At the end of the Year | | | 10,58,716 | 0.95 |

(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 | – | – | | |
| | (iv) held as Executor / Trustee* | 12,25,160 | 1.10 | | |
| | Date wise Increase / Decrease | – | – | | |
| 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 | | | – | – | |
| (iv) held as Executor / Trustee | | | 12,25,160 | 1.10 | |
| 3 | Sri N Venkataramani | | | | |
| | At the beginning of the year | – | – | | |
| | Date wise Increase / Decrease | – | – | | |
| At the end of the Year | | | – | – | |
| 4 | Sri P N Venkatachalam | | | | |
| | At the beginning of the year | – | – | | |
| | Date wise Increase / Decrease | – | – | | |
| At the end of the Year | | | – | – | |
| 5 | Sri S Mahalingam | | | | |
| | At the beginning of the year - held jointly with others | 3,200 | – | | |
| | 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 | – | – | | |
| At the end of the Year | | | 12,600 | 0.01 | |
| 7 | Sri S Ravindran | | | | |
| | At the beginning of the year | | | | |
| | (i) held individually | 3,89,920 | 0.35 | | |
| | (ii) held jointly with others | 2,26,720 | 0.20 | | |
| | Date wise Increase / Decrease | – | – | | |
| At the end of the Year | | | | | |
| (i) held individually | | | 3,89,920 | 0.35 | |
| (ii) held jointly with others | | | 2,26,720 | 0.20 | |

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

| Sl. No. | Name of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 8 | Sri Aroon Raman | | | | |
| | At the beginning of the year | | | | |
| | Held individually | 5,37,896 | 0.48 | | |
| | Sale : | | | | |
| | 10th April 2015 | -63,000 | -0.06 | 4,74,896 | 0.43 |
| | 17th April 2015 | -34,500 | -0.03 | 4,40,396 | 0.40 |
| 9 | Transfer to joint account-24.07.2015 | 4,40,396 | 0.40 | 4,40,396 | 0.40 |
| | At the end of the Year | | | | |
| 9 | Held jointly with others | | | 4,40,396 | 0.40 |
| | Ms Shobhana Ramachandhran | | | | |
| 9 | At the beginning of the year - held individually | 3,44,720 | 0.31 | | |
| | Date wise Increase / Decrease | - | - | | |
| 10 | At the end of the Year | | | 3,44,720 | 0.31 |
| | Sri T.T. Srinivasaraghavan, Managing Director | | | | |
| 10 | At the beginning of the year | | | | |
| | (i) held as Karta of HUF | 1,23,192 | 0.11 | | |
| 10 | (ii) held jointly with others | 2,16,376 | 0.19 | | |
| | (iii) held as Executor / Trustee | 2,15,292 | 0.19 | | |
| 10 | Gift: | | | | |
| | 18th December 2015 | 4,708 | 0.00 | 5,59,568 | 0.50 |
| 10 | 5th february 2016 | -1,10,000 | -0.10 | 4,49,568 | 0.40 |
| | 5th february 2016 | 1,10,000 | 0.10 | 5,59,568 | 0.50 |
| 10 | At the end of the Year | | | | |
| | (i) held as Karta of HUF | | | 1,23,192 | 0.11 |
| 10 | (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 | | | | |
| 11 | (i) held individually | 13,66,068 | 1.23 | | |
| | (ii) held jointly with others | 3,156 | 0.00 | | |
| 11 | Date wise Increase / Decrease | - | - | | |
| | At the end of the Year | | | | |
| 11 | (i) held individually | | | 13,66,068 | 1.23 |
| | (ii) held jointly with others | | | 3,156 | 0.00 |
| 12 | Sri A N Raju, Director (Operations) | | | | |
| | At the beginning of the year - held jointly with others | 23,028 | 0.02 | | |
| 12 | Exercise of ESOP - 5th June 2015 | 3,000 | 0.00 | 26,028 | 0.02 |
| | At the end of the Year | | | 26,028 | 0.02 |
| 13 | Sri M Ramaswamy, Chief Financial Officer | | | | |
| | At the beginning of the year - held individually | 19,152 | 0.02 | | |
| 13 | Exercise of ESOP - 5th June 2015 | 2,750 | 0.00 | 21,902 | 0.02 |
| | At the end of the Year | | | 21,902 | 0.02 |
| 14 | Sri P Viswanathan, Secretary & Compliance Officer | | | | |
| | At the beginning of the year | | | | |
| 14 | (i) held individually | 4,508 | 0.00 | | |
| | (ii) held jointly with others | 31,508 | 0.03 | | |
| 14 | Sale: 24th April 2015 | -25 | 0.00 | 35,991 | 0.03 |
| | Exercise of ESOP - 5th June 2015 | 1,500 | 0.00 | 37,491 | 0.03 |
| 14 | At the end of the Year | | | | |
| | (i) held individually | | | 5,983 | 0.01 |
| 14 | (ii) held jointly with others | | | 31,508 | 0.03 |

V. INDEBTEDNESS

(₹ in lakhs)

| | Secured Loans excluding deposits | Unsecured Loans * | Deposits | Total Indebtedness |
|--|--|----------------------|-------------------|-----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| (i) Principal Amount | 7507,08.63 | 3121,19.73 | 1924,71.92 | 12553,00.28 |
| (ii) Interest due but not paid | – | – | – | – |
| (iii) Interest accrued but not due | 317,78.57 | 33,77.99 | 102,99.76 | 454,56.32 |
| Total (i + ii + iii) | 7824,87.20 | 3154,97.72 | 2027,71.68 | 13007,56.60 |
| Change in Indebtedness during the financial year | | | | |
| Addition | 4167,41.58 | 10226,81.56 | 491,41.21 | 14885,64.35 |
| Reduction | 3524,63.55 | 11124,00.00 | 169,85.64 | 14818,49.19 |
| Net Change | 642,78.03 | -897,18.44 | 321,55.57 | 67,15.16 |
| Indebtedness at the end of the financial year | | | | |
| (i) Principal Amount | 8149,86.66 | 2224,01.29 | 2246,27.49 | 12620,15.44 |
| (ii) Interest due but not paid | – | – | – | – |
| (iii) Interest accrued but not due | 383,69.92 | 37,18.35 | 121,28.56 | 542,16.83 |
| Total (i + ii + iii) | 8533,56.58 | 2261,19.64 | 2367,56.05 | 13162,32.27 |

* 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 | 107.00 | 99.73 | 67.09 | 273.82 |
| | b) Value of perquisites u/s 17 (2) of the Income-tax Act, 1961 | 4.24 | 1.72 | 1.01 | 6.97 |
| | c) Profits in lieu of salary under section 17 (3) of the Income-tax Act, 1961 | Nil | Nil | Nil | Nil |
| 2 | Stock Option | Nil | Nil | 44.79 | 44.79 |
| 3 | Sweat Equity | Nil | Nil | Nil | Nil |
| 4 | Commission | 220.00 | 50.00 | 60.00 | 330.00 |
| | – as % of profit | 0.54% | 0.25% | 0.28% | 1.07% |
| | – others, specify | Nil | Nil | Nil | Nil |
| 5 | Others, please specify | Nil | Nil | Nil | Nil |
| | Total (A) | 331.24 | 151.45 | 172.89 | 655.58 |
| | Ceiling as per the Act | | | | 6114.34 |

B. Remuneration to other directors:

(₹ in lakhs)

| Name of Directors | Particulars of Remuneration | | | Total |
|---|--|------------|------------------------|---------|
| | Fee for attending board / committee meetings | Commission | Others, please specify | |
| Independent Directors: | | | | |
| Sri N Venkataramani | 2.10 | 5.00 | – | 7.10 |
| Sri P N Venkatachalam | 3.60 | 7.50 | – | 11.10 |
| Sri S Mahalingam | 2.35 | 5.00 | – | 7.35 |
| Sri S Prasad | 5.55 | 7.50 | – | 13.05 |
| Sri Aroon Raman | 2.80 | 5.00 | – | 7.80 |
| Ms Shobhana Ramachandhran | 4.05 | 7.50 | – | 11.55 |
| Other Non-Executive Directors: | | | | |
| Sri S Viji | 2.75 | 5.00 | – | 7.75 |
| Sri S Ram | 2.75 | 5.00 | – | 7.75 |
| Sri S Ravindran | 5.70 | 7.50 | – | 13.20 |
| Total (B) | | | | 86.65 |
| Total Managerial Remuneration (A) + (B) | | | | 742.23 |
| Overall Ceiling as per the Act (11% of Net Profits) | | | | 6725.77 |

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 | 44.58 | 50.02 | 94.60 |
| | b) Value of perquisites u/s 17 (2) of the Income-tax Act, 1961 | 0.38 | 1.56 | 1.94 |
| | c) Profits in lieu of salary under Section 17 (3) of the Income-tax Act, 1961 | Nil | Nil | Nil |
| 2 | Stock Option | 22.40 | 41.06 | 63.45 |
| 3 | Sweat Equity | Nil | Nil | Nil |
| 4 | Commission | Nil | 35.00 | 35.00 |
| | - as % of profit | Nil | Nil | Nil |
| | - others, specify | Nil | Nil | Nil |
| 5 | Others, please specify | Nil | Nil | Nil |
| | Total | 67.36 | 127.63 | 194.99 |

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 2016.

Financial Highlights

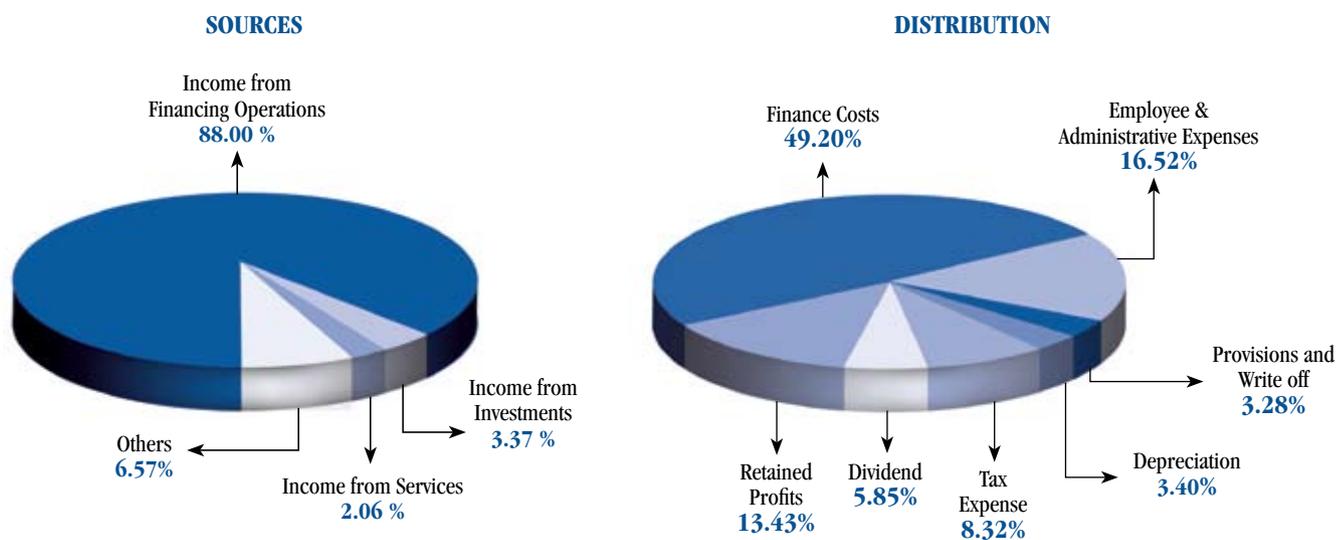
(₹ in Cr.)

| 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 |
| 2011-12 | 55.55 | 1732.31 | 1260.84 | 10361.47 | 15540.13 | 579.23 | 355.45 | 155.00 | 86.11 |
| 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 # | 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 |

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

Sources and Distribution of Income (2015-16)

₹2475.02 Cr.



Independent Auditors' Report

to the Members of Sundaram Finance Limited

1. Report on the Financial Statements

We have audited the accompanying financial statements of Sundaram Finance Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

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

3. Auditor's Responsibility

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

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

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

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

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

4. Opinion

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

- i) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraph 3 and 4 of the Order.
- ii) As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and

the Operating Effectiveness of such controls, refer to our separate report in "Annexure B"

- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the effect of the pending legal proceedings against it in its financial statements as mentioned in Note 26.06 of the Notes to the Accounts;
 - ii. based on the current assessment of the long term contracts, in the ordinary course of business, the company has made adequate provision for losses where required, as explained in Note 26.10 of the Notes to the Accounts. The derivative contracts being in the nature of hedge contracts, the company does not anticipate any material losses from the same.
 - iii. during the year, there has been no delay in transferring the amounts required to be transferred to the Investor Education and Protection Fund.

For **BRAHMAYYA & CO**
Chartered Accountants
Firm Regn. No.000511S

L. Ravi Sankar
Partner

Place: Chennai
Date: 30th May, 2016

Membership No. 25929

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

1. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) Fixed assets have been physically verified by the Management during the year, in accordance with an annual plan of verification, which in our opinion is reasonable having regard to the size of the Company and the nature of the fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
 - c) The title deeds of immovable properties are held in the name of the Company.
2. The Company has granted secured loans to five parties and unsecured loans to one party covered in the register maintained under Section 189 of the Act.
 - i) The terms and conditions of the grant of such loans are not prejudicial to company’s interest;
 - ii) The repayment of principal and payment of interest has been stipulated and the repayments and receipts are regular;
 - iii) There is no amount overdue on the loans
 - iv) Apart from the above, the company has not granted loans to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.
 3. In our opinion and according to the information and explanations given to us, the company has not granted any loans, made any investments or provided any guarantee or security as envisaged under Section 185 and Section 186 of the Companies Act, 2013 respectively.
 4. 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, and any other relevant provisions of the Act and the rules framed thereunder with regard to the deposits accepted from the public.
5. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act.
 6. i) In our opinion and according to the information and explanations given to us, undisputed statutory dues, including Provident Fund, Employees State Insurance, Income tax, sales tax, Service tax, value added tax, cess and other material statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, there are no arrears of statutory dues which are outstanding as at 31st March 2016 for a period of more than six months from the date they became payable.
 - ii) According to the records of the Company and the information and explanations given to us, the details of disputed income tax, value added tax and service tax not deposited are as follows:

| Nature of dues | Amount (₹ Lakhs) | Period to which the amount relates | Forum where the dispute is pending |
|-----------------|------------------|-------------------------------------|--------------------------------------|
| Income tax | 11,17.47 | Assessment Year 2010-11 and 2012-13 | Commissioner of Income Tax (Appeals) |
| Value added tax | 1,47.83 | 1993-94 to 2013-14 | Assessing Officer |
| | 35.44 | 1995-96 to 2011-12 | Tribunal |
| | 6,46.27 | 1998-99 to 2004-05 | High Court |
| Service tax | 2,70.02 | 2008-09 to 2013-14 | Assessing Officer |
| | 85,62.81 | 2001-02 to 2013-14 | CESTAT |

7. The Company has not defaulted in the repayment of dues to financial institutions, banks, government or debenture holders.
8. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and the term loans were applied for the purposes for which the loans were obtained.
9. To the best of our knowledge and belief and according to the information and explanations given to us, during the year, no fraud by the Company and no fraud on the Company by its officers or employees were noticed or reported during the course of our audit.
10. The Company has paid/provided for managerial remuneration within the limits of Section 197 read with Schedule V to the Act.
11. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with Section 177 and Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
12. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
13. In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them.
14. The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and has obtained the registration.
15. In our opinion and according to the information and explanations given to us, the nature of the Company's business/ activities during the year has been such that clause (ii) and clause (xii) of paragraph 3 of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company for the year.

For **BRAHMAYYA & CO**
Chartered Accountants
Firm Regn. No.000511S

L. Ravi Sankar

Partner

Membership No. 25929

Place: Chennai

Date: 30th May, 2016

“Annexure B” to The Auditors’ Report Referred to in Paragraph 5 of Our Report of Even Date

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

We have audited the internal financial controls over financial reporting of Sundaram Finance Limited (“the Company”) as of 31st March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants

of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with

generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **BRAHMAYYA & CO**
Chartered Accountants
Firm Regn. No.000511S

L. Ravi Sankar

Partner

Membership No. 25929

Place: Chennai

Date: 30th May, 2016

Balance Sheet

as at 31st March, 2016

(₹ in lakhs)

| | Note | March 31, 2016 | | March 31, 2015 | |
|--|---------|---------------------------|------------|---------------------------|------------|
| <u>EQUITY AND LIABILITIES</u> | | | | | |
| Shareholders' funds | | | | | |
| Share capital | 2 | 111,10.39 | | 111,10.39 | |
| Reserves and surplus | 3 | 3201,52.10 | 3312,62.49 | 2866,94.94 | 2978,05.33 |
| Non-current liabilities | | | | | |
| Long-term borrowings | 4 | 4865,17.11 | | 6538,68.37 | |
| Other long-term liabilities | 5 | 155,68.60 | | 172,59.89 | |
| Long-term provisions | 6 | 89,08.39 | 5109,94.10 | 83,75.53 | 6795,03.79 |
| Current liabilities | | | | | |
| Short-term borrowings | 7 | 2227,74.39 | | 2173,67.16 | |
| Trade Payables | 8 | | | | |
| i) total outstanding dues to micro and small enterprises | | - | | - | |
| ii) total outstanding dues of creditors other than micro and small enterprises | | 87,82.63 | | 51,49.82 | |
| Other current liabilities | 9 | 6465,42.99 | | 4545,72.43 | |
| Short-term provisions | 10 | 188,99.63 | 8969,99.64 | 217,20.89 | 6988,10.30 |
| TOTAL EQUITY AND LIABILITIES | | <u>17392,56.23</u> | | <u>16761,19.42</u> | |
| <u>ASSETS</u> | | | | | |
| Non-current assets | | | | | |
| Fixed assets | | | | | |
| Tangible assets | 11 | 256,06.71 | | 283,11.96 | |
| Intangible assets | | 22,37.29 | | 27,75.20 | |
| | | 278,44.00 | | 310,87.16 | |
| Non-current investments | 12 | 1504,65.62 | | 1057,79.04 | |
| Deferred tax assets (net) | 13 | 121,59.35 | | 110,82.78 | |
| Long-term loans and advances | 14 | 7887,54.93 | | 7210,94.14 | |
| Other non-current assets | 15 | 30,51.46 | 9822,75.36 | 13,11.83 | 8703,54.95 |
| Current assets | | | | | |
| Current investments | 16 | 331,58.46 | | 463,68.48 | |
| Cash and Bank balances | 17 | 552,56.41 | | 676,71.90 | |
| Short-term loans and advances | 18 | 6529,61.60 | | 6741,27.04 | |
| Other current assets | 19 | 156,04.40 | 7569,80.87 | 175,97.05 | 8057,64.47 |
| TOTAL ASSETS | | <u>17392,56.23</u> | | <u>16761,19.42</u> | |
| Notes to the Accounts | 1 to 30 | | | | |

As per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
Registration No.000511S

I Ravi Sankar
Partner
Membership No.25929
Place : Chennai
Date : 30th May, 2016

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, 2016

(₹ in lakhs)

| | Note | 2015-16 | 2014-15 |
|--|--------------|--------------------------|--------------------------|
| REVENUE: | | | |
| Revenue from Operations | 20 | 2312,44.14 | 2253,84.22 |
| Other income | 21 | 162,58.19 | 114,41.08 |
| Total Revenue | (A) | <u>2475,02.33</u> | <u>2368,25.30</u> |
| EXPENSES: | | | |
| Finance Costs | 22 | 1217,74.01 | 1167,57.25 |
| Employee benefits | 23 | 212,58.88 | 195,58.34 |
| Administrative and Other expenses | 24 | 196,20.43 | 165,90.55 |
| Provisions and Write Off | 25 | 79,74.30 | 92,19.37 |
| Depreciation | | 84,19.68 | 91,29.34 |
| Contingent Provision against Standard Assets | | 1,31.68 | 4,50.63 |
| Total Expenses | (B) | <u>1791,78.98</u> | <u>1717,05.48</u> |
| Profit before Tax | (A-B) | 683,23.35 | 651,19.82 |
| Tax expense: | | | |
| Current tax | | 216,72.18 | 195,88.72 |
| Deferred tax | | (10,76.58) | 1,16.74 |
| | | <u>205,95.60</u> | <u>197,05.46</u> |
| Profit after Tax | | <u>477,27.75</u> | <u>454,14.36</u> |
| Basic and Diluted Earnings Per Share of ₹10 each (in ₹) | | 42.96 | 40.88 |
| Notes to the Accounts | 1 to 30 | | |

As per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
Registration No.000511S

L Ravi Sankar
Partner
Membership No.25929
Place : Chennai
Date : 30th May, 2016

T T Srinivasaraghavan
Managing Director

M Ramaswamy
Chief Financial Officer

S Viji
Chairman

Harsha Viji
Deputy Managing Director

S Prasad
Director

A N Raju
Director (Operations)

P Viswanathan
Secretary & Compliance Officer

Cash Flow Statement

(₹ in lakhs)

| | 2015-16 | | 2014-15 | |
|--|--------------|--------------|--------------|--------------|
| A) CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Net Profit | 477,27.75 | | 454,14.36 | |
| Add: Lease Equalisation Account | 28.50 | | (7.72) | |
| Provision for Taxation | 205,95.60 | | 197,05.46 | |
| | 683,51.85 | | 651,12.10 | |
| Add: Financial Cost | 1217,74.01 | 1901,25.86 | 1167,57.26 | 1818,69.36 |
| Depreciation | | 84,20.20 | | 91,37.69 |
| Provision against Investments (net) | | 3,20.50 | | 5,49.08 |
| Provision against Non - Performing assets (net) | | 34,60.98 | | 31,52.42 |
| Contingent Provisions against Standard Assets | | 1,31.68 | | 4,50.63 |
| Employee Stock Option Compensation Expenses | | 2,04.37 | | 1,45.51 |
| (Profit) loss on sale of assets | | 5,28.97 | | 3,35.57 |
| (Profit) loss on sale of Investments | | (52,06.49) | | (39,34.77) |
| Dividend Income | | (99,78.93) | | (69,89.53) |
| Effect of Foreign Exchange rates on Cash and Cash Equivalents, net | | (3.01) | | (0.83) |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | | 1880,04.14 | | 1847,15.13 |
| (Increase) Decrease in Leased assets - net of sales | (38,85.89) | | (49,67.87) | |
| (Increase) Decrease in Long Term Loans and Advances | (715,57.90) | | (738,00.28) | |
| (Increase) Decrease in Other Non-Current Assets | (17,44.51) | | (1,61.59) | |
| (Increase) Decrease in Bank deposits | 153,58.79 | | (28,23.29) | |
| (Increase) Decrease in Short Term Loans and Advances | 211,65.44 | | (573,22.38) | |
| (Increase) Decrease in Other Current Assets | 23,95.82 | | 2,69.63 | |
| (Increase) Decrease in SLR Investments (net) | (41,60.83) | | (209,48.60) | |
| Increase (Decrease) in Other Long-Term Provisions | (26.43) | | 1,54.93 | |
| Increase (Decrease) in Other Short-Term Provisions | 1,18.69 | | 3,28.82 | |
| Increase (Decrease) in Other Long-Term Liabilities | 4,72.85 | | 16,20.37 | |
| Increase (Decrease) in Trade Payables | 36,32.81 | | 18,03.65 | |
| Increase (Decrease) in Other Current Liabilities | 123,86.75 | (258,44.41) | (27,63.88) | (1586,10.49) |
| Cash generated from Operations | | 1621,59.73 | | 261,04.64 |
| Financial Cost | (1130,13.51) | | (1144,62.59) | |
| Direct Taxes Paid | (178,21.38) | (1308,34.89) | (198,38.00) | (1343,00.59) |
| NET CASH FROM OPERATING ACTIVITIES (A) | | 313,24.84 | | (1081,95.95) |

Cash Flow Statement (Contd.)

(₹ in lakhs)

| | 2015-16 | 2014-15 |
|--|--------------------|-------------------|
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (17,52.49) | (19,90.21) |
| Sale of Fixed Assets | 2,05.86 | 2,53.52 |
| Proceeds from SFL Share Trust | 14.45 | 262,50.00 |
| Purchase/Sale of current investments | 135,87.65 | 187,73.48 |
| Purchase/Sale of non-current Investments | 17,51.22 | 22,78.43 |
| Dividend Received | 99,78.93 | 69,89.53 |
| Purchase/Sale of Investments in Subsidiaries / Joint Venture / Associates | (413,22.30) | (43,34.30) |
| NET CASH FROM INVESTING ACTIVITIES (B) | (175,36.68) | 482,20.45 |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Increase (Decrease) in Long Term Borrowings | (152,29.27) | 1140,84.10 |
| Increase (Decrease) in Short Term Borrowings | 219,44.43 | (384,31.01) |
| Dividend paid (including Corporate Dividend Tax) | (208,61.03) | (185,25.58) |
| NET CASH FROM FINANCING ACTIVITIES (C) | (141,45.87) | 571,27.51 |
| Effect of Foreign Exchange rates on Cash and Cash Equivalents, net | 3.01 | 0.83 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C) | (3,57.71) | (28,47.99) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 93,12.52 | 121,59.68 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 89,57.82 | 93,12.52 |
| COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | | |
| Current Account with Banks | 19,55.79 | 29,35.29 |
| Cash, Cheques & drafts on hand | 70,02.03 | 63,77.23 |
| | 89,57.82 | 93,12.52 |

As per our report of even date attached
For **Brahmayya & Co.,**
Chartered Accountants
Registration No.000511S

L Ravi Sankar
Partner
Membership No.25929
Place : Chennai
Date : 30th May, 2016

T T Srinivasaraghavan
Managing Director

M Ramaswamy
Chief Financial Officer

S Viji
Chairman

Harsha Viji
Deputy Managing Director

S Prasad
Director

A N Raju
Director (Operations)

P Viswanathan
Secretary & Compliance Officer

NOTES TO THE ACCOUNTS

Note 1: SIGNIFICANT ACCOUNTING POLICIES:

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

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

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

1.02 Income recognition:

a) Income from Hypothecation loans and Hire Purchase transactions is accounted on the basis of the Internal Rate of Return method.

On assets securitised / assigned on or after 21st August 2012, income is recognised over the life of the underlying assets based on the method prescribed by RBI.

On assets securitised prior to 21st August 2012, income is recognised over the life of the underlying assets based on the method prescribed by RBI vide their guidelines dated 1st February 2006.

b) Lease income is accounted as per the terms of the lease agreements for contracts entered into up to 31st March 2001. Income from leases entered into on or after 1st April, 2001 is accounted as per Accounting Standard –19 – 'Leases'.

c) Income from other financing activities and services is recognised on accrual basis.

1.03 Financial Instruments:

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

1.04 Fixed Assets and Depreciation / Amortisation:

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

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

(in years)

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

Cost of assets given on Finance lease is amortised during the lease period for all leased assets acquired prior to 01-04-2001, as recommended in the "Guidance Note on Accounting for Leases (Revised)" issued by The Institute of Chartered Accountants of India. Lease Equalisation Account, which represents the excess/shortfall of annual lease charge when compared with statutory

NOTES TO THE ACCOUNTS (Contd.)

depreciation, is recognised. The value of assets on Finance Lease is further adjusted for the balance in Lease Adjustment Account.

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

1.05 Valuation of Investments:

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

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

1.06 Foreign Currency Transactions:

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

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

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

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

1.07 Employee Benefits:

A. Short Term Employee Benefits:

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

B. Post Employment Benefits:

Defined Contribution Plan

i. Provident Fund:

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

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

ii. Superannuation:

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

Defined Benefit Plan

i. Gratuity:

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

ii. Leave Encashment:

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

The expenses and actuarial gain / loss on account of the above benefit plans are recognised in the Statement of Profit and Loss on the basis of actuarial valuation.

NOTES TO THE ACCOUNTS (Contd.)

C. Other Long Term Employee Benefits:

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

D. Employee Stock Options:

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

1.08 Taxation:

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

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

1.09 Impairment of Assets:

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

1.10 Provisions:

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

1.11 Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit / loss before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating , investing and financing activities of the Company are segregated based on available information.

BALANCE SHEET

Note 2: Share Capital

(₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|--|------------------|------------------|
| Authorised Capital 25,00,00,000 Equity Shares of ₹10/- each | <u>250,00.00</u> | <u>250,00.00</u> |
| Issued, Subscribed and fully paid-up 11,11,03,860 Equity Shares of ₹10/- each | <u>111,10.39</u> | <u>111,10.39</u> |

- No shareholder of the Company holds more than 5% of the Equity shares.
- The Company issued 5,55,51,930 Equity shares by way of bonus shares during the financial year 2012-13
- Reconciliation of number of Equity shares outstanding at the beginning and at the end of the reporting period:

| | 31.03.2016 | 31.03.2015 |
|--------------------------------------|--------------|--------------|
| At the beginning of the year | 11,11,03,860 | 11,11,03,860 |
| Add: Issue of shares during the year | — | — |
| At the end of the year | 11,11,03,860 | 11,11,03,860 |

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Note 3: Reserves and Surplus

| | 31.03.2016 | 31.03.2015 |
|--|------------|------------|
| a) Capital Reserve | | |
| At the beginning of the year | 307,35.34 | 50,79.64 |
| Add: Proceeds from SFL Share Trust* | 14.45 | 256,55.70 |
| At the end of the year | 307,49.79 | 307,35.34 |
| b) Share Options Outstanding Account | | |
| At the beginning of the year | 1,28.67 | 84.24 |
| Add: Deferred Employee Compensation Cost | 25.73 | 16.85 |
| Less: Cost of shares transferred on exercise of option | 6.16 | 11.89 |
| Less: Transfer to General Reserve | 1,48.24 | 89.20 |
| Add : Granted during the year | 2,14.36 | 1,54.40 |
| Less: Deferred Employee Compensation Cost | 35.73 | 25.73 |
| At the end of the year | 1,78.63 | 1,28.67 |
| c) Statutory Reserve | | |
| (As per Section 45-IC of the Reserve Bank of India Act, 1934) | | |
| At the beginning of the year | 695,30.84 | 604,47.97 |
| Add: Transfer from Surplus in the Statement of Profit and Loss | 95,45.55 | 90,82.87 |
| At the end of the year | 790,76.39 | 695,30.84 |

*** Proceeds from SFL Share Trust**

During the year, ₹14.45 lakhs was received by the Company on winding up of SFL Share Trust, which has been credited to Capital Reserve.

In the previous year, an amount of ₹256,55.70 lakhs received from SFL Shares Trust, on sale of shares held by them in Sundaram Finance Limited, was credited to Capital Reserve.

(₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|--|------------|------------|
| d) General Reserve | | |
| At the beginning of the year | 1700,89.20 | 1500,00.00 |
| Add: Transfer from Share Options Outstanding account | 1,48.24 | 89.20 |
| Add: Transfer from Surplus in the Statement of Profit and Loss | 222,62.56 | 200,00.00 |
| At the end of the year | 1925,00.00 | 1700,89.20 |

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|---|--------------------------|--------------------------|
| e) Surplus in the Statement of Profit and Loss | | |
| At the beginning of the year | 162,10.89 | 137,69.41 |
| Less: Transition provision for depreciation | – | 4,01.87 |
| Add: Profit for the year | <u>477,27.75</u> | <u>454,14.36</u> |
| | 639,38.64 | 587,81.90 |
| Less: Appropriations | | |
| Statutory Reserve | 95,45.55 | 90,82.87 |
| General Reserve | 222,62.56 | 200,00.00 |
| Dividend | | |
| Interim | 111,10.39 | 49,99.67 |
| Final (Proposed) | 11,11.04 | 66,66.23 |
| Dividend Tax | 22,61.81 | 18,22.24 |
| At the end of the year | <u>176,47.29</u> | <u>162,10.89</u> |
| | <u>3201,52.10</u> | <u>2866,94.94</u> |

Note 4: Long-term Borrowings

(₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|---|--------------------------|--------------------------|
| Secured | | |
| Non-Convertible Debentures | | |
| - A Subsidiary company * | 30,00.00 | 45,00.00 |
| - Others | <u>2908,58.05</u> | <u>4344,29.64</u> |
| | 2938,58.05 | 4389,29.64 |
| Term loans from banks | 168,23.04 | 223,32.36 |
| Unsecured | | |
| Subordinated Non-Convertible Debentures | | |
| - A Subsidiary company * | 15,00.00 | 5,00.00 |
| - Others | <u>692,10.00</u> | <u>857,10.00</u> |
| | 707,10.00 | 862,10.00 |
| Fixed Deposits | 1051,26.02 | 1063,96.37 |
| | <u>4865,17.11</u> | <u>6538,68.37</u> |

* The NCDs are held by Royal Sundaram General Insurance Co. Limited (Refer Note 12(1) of Non-Current Investments).

NOTES TO THE ACCOUNTS (Contd.)

Maturity Pattern of Non Convertible Debentures and Term Loans from Banks

(₹ in lakhs)

| | As on 31.03.2016 | | | | As on 31.03.2015 | | | |
|--------------------------------------|-------------------|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | <1 year | 1-3 years | >3 years | Total | <1 year | 1-3 years | >3 years | Total |
| Debentures | | | | | | | | |
| Secured | | | | | | | | |
| 8 to 9 | 1452,90.34 | 1234,87.09 | – | 2687,77.43 | 174,58.83 | 641,16.08 | – | 815,74.91 |
| > 9 to 10 | 1791,52.19 | 1288,70.96 | 215,00.00 | 3295,23.15 | 1375,04.13 | 2802,13.56 | 446,00.00 | 4623,17.69 |
| > 10 to 11 | 300,00.00 | 200,00.00 | – | 500,00.00 | 380,19.09 | 300,00.00 | 200,00.00 | 880,19.09 |
| Total | 3544,42.53 | 2723,58.05 | 215,00.00 | 6483,00.58 | 1929,82.05 | 3743,29.64 | 646,00.00 | 6319,11.69 |
| Unsecured | | | | | | | | |
| 9 to 10 | 195,00.00 | – | 467,10.00 | 662,10.00 | – | 195,00.00 | 427,10.00 | 622,10.00 |
| > 10 to 11 | – | – | 240,00.00 | 240,00.00 | – | – | 240,00.00 | 240,00.00 |
| Total | 195,00.00 | – | 707,10.00 | 902,10.00 | – | 195,00.00 | 667,10.00 | 862,10.00 |
| Secured Term Loans from Banks | 223,32.36 | 168,23.04 | | 391,55.40 | 300,00.00 | 223,32.36 | | 523,32.36 |
| Total | 3962,74.89 | 2891,81.09 | 922,10.00 | 7776,65.98 | 2229,82.05 | 4161,62.00 | 1313,10.00 | 7704,54.05 |

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

(₹ in lakhs)

| | | 31.03.2016 | 31.03.2015 |
|---------------------------|------------|-------------------|-------------------|
| Long Term Borrowings | Note No. 4 | 3813,91.09 | 5474,72.00 |
| Short Term Borrowings | Note No. 7 | – | 300,00.00 |
| Other Current Liabilities | Note No. 9 | 3962,74.89 | 1929,82.05 |
| | | 7776,65.98 | 7704,54.05 |

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% / 125%, 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 5: Other Long-term liabilities

| | (₹ in lakhs) | |
|--|------------------|------------------|
| | 31.03.2016 | 31.03.2015 |
| Interest accrued but not due on borrowings | 55,86.73 | 77,50.87 |
| Other liabilities | 99,81.87 | 95,09.02 |
| | <u>155,68.60</u> | <u>172,59.89</u> |

Note 6: Long-term Provisions

| | (₹ in lakhs) | |
|---------------------------|-----------------|-----------------|
| | 31.03.2016 | 31.03.2015 |
| Employee Benefits | 6,54.72 | 6,81.15 |
| For Non Performing Assets | 27,25.73 | 22,98.12 |
| For Standard Assets | 55,27.94 | 53,96.26 |
| | <u>89,08.39</u> | <u>83,75.53</u> |

Note 7: Short-term Borrowings

| | (₹ in lakhs) | |
|--|-------------------|-------------------|
| | 31.03.2016 | 31.03.2015 |
| Secured | | |
| Working capital demand loans and Cash Credit | 1275,30.66 | 664,64.58 |
| Term Loans from Banks | — | 300,00.00 |
| | <u>1275,30.66</u> | <u>964,64.58</u> |
| Unsecured | | |
| Credit facilities from Banks | 287,38.28 | 13,73.37 |
| Commercial paper | 665,05.45 | 1195,29.21 |
| | <u>952,43.73</u> | <u>1209,02.58</u> |
| | <u>2227,74.39</u> | <u>2173,67.16</u> |

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

Refer Note 4 for Security provided for Term Loans from Banks.

Face value of commercial paper outstanding as on 31.03.2016 was ₹1050,00.00 lakhs (31.03.2015 – ₹2314,00.00 lakhs). Maximum amount of face value of commercial paper outstanding at any time during the period was ₹4155,00.00 lakhs (2014-15 – ₹3891,00.00 lakhs).

NOTES TO THE ACCOUNTS (Contd.)

Note 8: Trade Payables

| | (₹ in lakhs) | |
|--|-----------------|-----------------|
| | 31.03.2016 | 31.03.2015 |
| i) total outstanding dues to micro and small enterprises | – | – |
| ii) total outstanding dues of creditors other than micro and small enterprises | | |
| Dealer Balances | 63,87.66 | 33,63.26 |
| Creditors for Expenses | 3,78.98 | 4,66.58 |
| Outstanding Liabilities | 20,15.99 | 13,19.98 |
| | 87,82.63 | 51,49.82 |

Note 9: Other Current Liabilities

| | (₹ in lakhs) | |
|---|-------------------|-------------------|
| | 31.03.2016 | 31.03.2015 |
| Secured | | |
| Non-Convertible Debentures | | |
| – A Subsidiary company# | 15,00.00 | 10,00.00 |
| – Others | 3529,42.53 | 1919,82.05 |
| Term loans from Banks | 223,32.36 | – |
| Unsecured | | |
| Fixed Deposits | 1161,60.70 | 843,12.46 |
| Commercial Paper | 369,47.55 | 1050,07.15 |
| Non-Convertible Debentures | 195,00.00 | – |
| Interest accrued but not due on borrowings | 482,44.94 | 373,76.59 |
| Unpaid dividends * | 2,73.45 | 2,15.98 |
| Income received in advance | 1,19.16 | 1,58.68 |
| Unpaid matured deposits * | 33,40.77 | 17,63.09 |
| Interest accrued on unpaid matured deposits * | 3,85.16 | 3,28.86 |
| Amount due on Assets Securitised/assigned | 338,53.09 | 238,93.55 |
| Advance from Customers | 45,01.93 | 47,02.01 |
| Other Liabilities | 64,41.35 | 38,32.01 |
| | 6465,42.99 | 4545,72.43 |

The NCDs are held by Royal Sundaram General Insurance Co. Limited (Refer Note 12(1) of Non-Current Investments).

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

Note 10: Short-term Provisions

| | (₹ in lakhs) | |
|------------------------------|------------------|------------------|
| | 31.03.2016 | 31.03.2015 |
| Employee Benefits | 39,64.56 | 38,45.87 |
| For Non-Performing Assets | 138,24.03 | 103,86.19 |
| For proposed dividend | 11,11.04 | 66,66.23 |
| For tax on proposed dividend | – | 8,22.60 |
| | 188,99.63 | 217,20.89 |

Note 11: Fixed Assets

(₹ in lakhs)

| | GROSS BLOCK AT COST | | | | DEPRECIATION | | | | Balance in Lease Adjustment Account as at 31.03.2016 | NET BLOCK | | | |
|---|---------------------|-----------------|------------------|------------------|------------------|-----------------|-----------------|-----------------|--|------------------|------------------|------------------|------------------|
| | As at 31.03.2015 | Additions | | Deductions | As at 31.03.2016 | Upto 31.03.2015 | Deductions | | | Upto 31.03.2016 | Net Book Value | As at 31.03.2016 | As at 31.03.2015 |
| | | | | | | | | | | | | | |
| i) Tangible Assets | | | | | | | | | | | | | |
| 1 Freehold Land and Buildings | 28,15.55 | 3,72.82 | - | 31,88.37 | 9,59.29 | - | 57.89 | - | 10,17.18 | 21,71.19 | 21,71.19 | 18,56.26 | |
| 2 Leasehold office / Residential Premises | 14,90.01 | - | - | 14,90.01 | 8,76.59 | - | 30.12 | - | 9,06.71 | 5,83.30 | 5,83.30 | 6,13.42 | |
| 3 Plant and Machinery and Computers | 60,84.20 | 3,10.56 | 99.50 | 62,95.26 | 43,31.93 | 87.40 | 4,87.19 | 87.40 | 47,31.72 | 15,63.54 | 15,63.54 | 17,52.27 | |
| 4 Furniture and Fixtures | 23,20.42 | 93.17 | 56.86 | 23,56.73 | 18,97.94 | 54.37 | 1,13.33 | 54.37 | 19,56.90 | 3,99.83 | 3,99.83 | 4,22.48 | |
| 5 Vehicles | 24,87.13 | 4,52.60 | 4,80.49 | 24,59.24 | 12,73.82 | 3,30.04 | 3,46.12 | 3,30.04 | 12,89.90 | 11,69.34 | 11,69.34 | 12,13.31 | |
| 6 Office Equipment | 17,49.03 | 84.43 | 34.04 | 17,99.42 | 11,46.17 | 27.10 | 1,45.79 | 27.10 | 12,64.86 | 5,34.56 | 5,34.56 | 6,02.86 | |
| | 169,46.34 | 13,13.58 | 6,70.89 | 175,89.03 | 104,85.74 | 4,98.91 | 11,80.44 | 4,98.91 | 111,67.27 | 64,21.76 | 64,21.76 | 64,60.60 | |
| 7 Assets on Operating Lease | | | | | | | | | | | | | |
| a) Plant and Machinery and Computers | 16,96.77 | 43.87 | 3,02.58 | 14,38.06 | 8,14.21 | 2,53.52 | 2,55.04 | 2,53.52 | 8,15.73 | 6,22.33 | 6,22.33 | 8,82.56 | |
| b) Vehicles | 372,28.04 | 71,45.47 | 98,50.76 | 345,22.75 | 162,88.49 | 60,33.49 | 57,05.36 | 60,33.49 | 159,60.36 | 185,62.39 | 185,62.39 | 209,39.55 | |
| | 389,24.81 | 71,89.34 | 101,53.34 | 359,60.81 | 171,02.70 | 62,87.01 | 59,60.40 | 62,87.01 | 167,76.09 | 191,84.72 | 191,84.72 | 218,22.11 | |
| 8 Assets on Finance Lease | | | | | | | | | | | | | |
| Plant and Machinery and Computers | 2,06.13 | - | - | 2,06.13 | 2,02.43 | - | 0.52 | - | 2,02.95 | 3.18 | 0.23 | 29.25 | |
| | 560,77.28 | 85,02.92 | 108,24.23 | 537,55.97 | 277,90.87 | 67,85.92 | 71,41.36 | 67,85.92 | 281,46.31 | 256,09.66 | 256,09.66 | 283,11.96 | |
| ii) Intangible Assets | | | | | | | | | | | | | |
| Computer Software | 63,70.13 | 6,39.80 | - | 70,09.93 | 38,00.87 | - | 12,27.97 | - | 50,28.84 | 19,81.09 | 19,81.09 | 25,69.26 | |
| iii) Intangible Assets Under Development | | | | | | | | | | | | | |
| | 2,05.94 | 2,31.65 | 1,81.39 | 2,56.20 | - | - | - | - | - | 2,56.20 | 2,56.20 | 2,05.94 | |
| Grand Total | 626,53.35 | 93,74.37 | 110,05.62 | 610,22.10 | 315,91.74 | 67,85.92 | 83,69.33 | 67,85.92 | 331,75.15 | 278,46.95 | 278,44.00 | 310,87.16 | |
| Previous Year | 691,18.80 | 115,41.55 | 180,07.00 | 626,53.35 | 343,77.64 | 123,41.35 | 95,55.45 | 123,41.35 | 315,91.74 | 310,61.61 | 310,87.16 | 346,64.88 | |

NOTES TO THE ACCOUNTS (Contd.)

- Additions / Deductions to Freehold Land and Buildings in Gross Block include assets transferred to / from Investment Property.
- Additions to Intangible Assets under development in Gross Block include depreciation on assets used for development of Computer software amounting to ₹3.90 lakhs.
- Depreciation on Assets on Finance lease ₹0.52 lakhs (31.03.2015 – ₹8.35 lakhs) has been netted off against Lease Income.
- Building on leasehold land include ₹11,93.63 lakhs (31.03.2015 – ₹11,93.63 lakhs) being the cost of ownership of flats in co-operative societies.
- Free hold Land and Buildings includes ₹11,73.89 lakhs (31.03.2015 – ₹8,38.89 lakhs) representing undivided share of land.
- In accordance with Accounting Standard, AS-26 -Intangible Assets, computer software purchased /developed amounting to ₹6,39.80 Lakhs (31.03.2015 – ₹8,14.28 lakhs) is amortised over their expected useful life of three to five years based on a technical evaluation.
- The depreciation additions for the previous year amounting to ₹95,55.45 lakhs includes ₹4,85.45 lakhs adjusted against Retained earnings on account of Transitional provision as per Schedule II of Companies Act 2013.

Maturity Pattern of the future minimum lease payments is given below:

(₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|--|------------|------------|
| Less than 1 year | 85,85.04 | 97,67.37 |
| Later than 1 year and not later than 5 years | 100,99.09 | 123,42.92 |
| Total | 186,84.13 | 221,10.29 |

Note 12 : Non - Current Investments

(₹ in lakhs)

| | Note No. | Face Value (₹) | As at 31.03.2016 | | As at 31.03.2015 | |
|--|----------|----------------|------------------|-----------|------------------|-----------|
| | | | Holding (Number) | Cost | Holding (Number) | Cost |
| Investment in Equity Instruments: Trade | | | | | | |
| - In Subsidiary Companies | | | | | | |
| Royal Sundaram General Insurance Co. Limited | 1 | 10 | 23,90,85,000 | 641,48.34 | – | – |
| Sundaram Asset Management Company Limited | | 10 | 2,00,00,000 | 184,87.24 | 2,00,00,000 | 184,87.24 |
| Sundaram BNP Paribas Home Finance Limited | | 10 | 5,07,28,473 | 151,57.10 | 5,07,28,473 | 151,57.10 |
| Sundaram Trustee Company Limited | | 10 | 50,000 | 2,28.62 | 50,000 | 2,28.62 |
| Sundaram Finance Distribution Limited | | 10 | 5,00,000 | 65.18 | 5,00,000 | 65.18 |
| Sundaram Insurance Broking Services Limited | | 10 | 5,00,000 | 50.00 | 5,00,000 | 50.00 |
| LGF Services Limited | | 10 | 2,50,000 | 5.00 | 2,50,000 | 5.00 |
| - In Joint Venture Companies | | | | | | |
| Royal Sundaram Alliance Insurance Co. Limited | 1 | | – | – | 15,71,85,000 | 189,57.43 |

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

| | Note No. | Face Value (₹) | As at 31.03.2016 | | As at 31.03.2015 | |
|--|----------|----------------|------------------|-------------------|------------------|------------------|
| | | | Holding (Number) | Cost | Holding (Number) | Cost |
| Investment in Equity Instruments: Non-Trade | | | | | | |
| - In Subsidiary Companies | | | | | | |
| Sundaram BNP Paribas Fund Services Limited | 2&4 | 10 | 1,78,51,530 | 17,85.15 | 4,81,95,000 | 48,19.54 |
| Sundaram Infotech Solutions Limited | 4 | 10 | 1,64,00,000 | 16,40.00 | 1,64,00,000 | 16,40.00 |
| Sundaram Business Services Limited | | 10 | 1,50,00,000 | 15,00.00 | 1,50,00,000 | 15,00.00 |
| Sundaram BPO India Limited | | 10 | 75,41,009 | 11,29.99 | 75,41,009 | 11,29.99 |
| - In Associate Companies | | | | | | |
| Flometallic India Private Limited | 5 | 100000 | 3,800 | 32,50.00 | 3,800 | 32,50.00 |
| The Dunes Oman LLC (FZC) | 6 | 1 | 22,93,725 | 26,94.86 | 22,93,725 | 26,94.86 |
| Sundaram Hydraulics Limited | | 10 | 1,12,50,000 | 11,25.00 | 1,12,50,000 | 11,25.00 |
| Axles India Limited | | 10 | 98,91,754 | 10,15.70 | 98,91,754 | 10,15.70 |
| Turbo Energy Private Limited | | 10 | 25,60,000 | 1,88.41 | 25,60,000 | 1,88.41 |
| Transenergy Limited | | 100 | 1,20,000 | 1,87.50 | 1,20,000 | 1,87.50 |
| Sundaram Dynacast Private Limited | | 10 | 11,70,000 | 1,17.00 | 11,70,000 | 1,17.00 |
| - In Joint Venture Companies | | | | | | |
| BNP Paribas Sundaram Global Securities Operations Private Limited | 3 | | – | – | 36,48,050 | 3,64.92 |
| - In Other Companies | | | | | | |
| Sundaram Clayton Limited | | 5 | 22,73,081 | 14,28.25 | 22,73,081 | 14,28.25 |
| Wheels India Limited | | 10 | 13,33,741 | 8,38.14 | 13,33,741 | 8,38.14 |
| India Motor Parts & Accessories Limited | | 10 | 15,40,784 | 5,77.49 | 15,40,784 | 5,77.49 |
| Sundaram Investments Limited | | 5 | 22,73,085 | 2,90.88 | 22,73,085 | 2,90.88 |
| Lucas-TVS Limited | | 100 | 63,224 | 27.22 | 63,224 | 27.22 |
| Delphi TVS Diesel Systems Limited | | 10 | 2,52,896 | 18.15 | 2,52,896 | 18.15 |
| Brakes India Private Limited | | 100 | 1,59,460 | 15.33 | 1,59,460 | 15.33 |
| Equifax Credit Information Services Private Limited | | 10 | 1,35,00,000 | 13,50.00 | 1,35,00,000 | 13,50.00 |
| Experian Credit Information Company of India Private Limited | | 10 | 1,12,00,000 | 11,20.00 | 1,12,00,000 | 11,20.00 |
| Techtran Polylenses Limited | 4 | 10 | 2,50,000 | 67.50 | 2,50,000 | 67.50 |
| Vishnu Forge Industries Limited | | 10 | 2,97,110 | 45.93 | 2,97,110 | 45.93 |
| TVS Commutation Solutions Limited | | 10 | – | – | 79,100 | 8,77.21 |
| Reliance Industries Limited | | 10 | – | – | 40,850 | 3,47.22 |
| | | | | 1185,53.98 | | 779,86.81 |
| Investment in Preference Shares: Non-Trade | | | | | | |
| Sundaram Hydraulics Limited - 9% Redeemable Cumulative Non-Convertible Preference Shares | 7 | 100 | 3,33,333 | 3,33.33 | 5,00,000 | 5,00.00 |

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

| | Note No. | Face Value (₹) | As at 31.03.2016 | | As at 31.03.2015 | |
|---|----------|----------------|------------------|-------------------|------------------|-------------------|
| | | | Holding (Number) | Cost | Holding (Number) | Cost |
| Investment in Government Securities: | | | | | | |
| Central Government Loans | 4 | 100 | 1,26,64,300 | 125,47.00 | 1,11,64,300 | 110,91.58 |
| State Government Loans | 4 | 100 | 1,26,48,000 | 127,58.63 | 1,26,48,000 | 127,58.62 |
| | | | | 253,05.63 | | 238,50.20 |
| Investment in Mutual Funds: | | | | | | |
| HDFC Debt Fund for Cancer Cure 2014 | 7 | | – | – | 10,00,000 | 1,00.00 |
| Sundaram Mutual Fund | 8 | 10 | – | 10,69.57 | – | 10,69.57 |
| | | | | 10,69.57 | | 11,69.57 |
| Investment in Pass Through Certificates: | | | | | | |
| | | | – | 2,57.08 | – | 4,17.70 |
| Investment Property (net of depreciation) | | | | | | |
| | | | | 73,90.48 | | 76,46.17 |
| | | | | 1529,10.08 | | 1115,70.45 |
| Less: Aggregate provision for diminution in value of investments | | | | | | |
| | | | | 24,44.45 | | 57,91.41 |
| Non-Current Investments (Net) | | | | | | |
| | | | | 1504,65.62 | | 1057,79.04 |

Note:

- 1) During the year, the Company acquired the entire 26% equity stake, being 8,19,00,000 equity shares of ₹10/- each, held by Royal & Sun Alliance Insurance PLC in the equity share capital of Royal Sundaram Alliance Insurance Company Limited (Royal Sundaram), for a total consideration of ₹450,00 lakhs. Consequent to the said acquisition, the holding of the Company in Royal Sundaram increased from 49.90% to 75.90% and Royal Sundaram became the Company's subsidiary effective 29th July 2015. Pursuant to the above acquisition the name of "Royal Sundaram Alliance Insurance Company Limited" changed to "Royal Sundaram General Insurance Co. Limited" effective 17th December 2015.
- 2) In accordance with the scheme of reduction of capital approved by the High Court of Madras and Ministry of Corporate Affairs, Sundaram BNP Paribas Fund Services Limited (SBNPPFS), reduced its paid up Equity Share Capital, effective 1st September 2015. Consequently, the company's investment of ₹48,19.54 lakhs in the equity share capital of SBNPPFS (4,81,95,000 equity shares of ₹10 each) reduced to ₹12,24.15 lakhs (i.e. 1,22,41,530 equity shares of ₹10 each) and the accumulated provision of ₹35,95.39 lakhs has been adjusted against the cost of investment. During the year, the company subscribed to the rights issue of equity shares offered by SBNPPFS.
- 3) In accordance with the terms of the Joint Venture Agreement, the Company sold the entire holdings on 05th August 2015 in 'BNP Paribas Sundaram Global Securities Operations Private Limited' to the Joint Venture partner 'BNP Paribas Securities Services, Paris' for a consideration of ₹44,29.60 lakhs.
- 4) Denotes investment where provision for diminution in value has been made.
- 5) Includes 1100 partly paid shares @ ₹50,000/- per share. (Face value ₹1,00,000 per share)
- 6) Face value in Omani Riyal.
- 7) Reclassified under Current Investments.
- 8) Investments in the growth option of the open-ended schemes of Sundaram Mutual Fund is in compliance with the seed capital requirements stipulated by SEBI Mutual Funds (Amendment) Regulations, 2014 and cannot be redeemed unless the scheme is wound up. 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 ₹253,12.30 lakhs (cost ₹253,05.63 lakhs) and bank deposits of ₹90,86.00 lakhs in favour of trustees representing the deposit holders of the company.

Investments - Categorywise

(₹ in lakhs)

| | Cost | Market Value |
|---|-------------------|--------------|
| Aggregate amount of Quoted Investments (Net of Provision) | 279,73.73 | 981,16.15 |
| Aggregate amount of Unquoted Investments (Net of Provision) | 1151,01.41 | |
| Investment Property | 73,90.48 | |
| Total | 1504,65.62 | |

NOTES TO THE ACCOUNTS (Contd.)

Note 13: Deferred Tax Assets (Net)

(₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|---|-------------------------|-------------------------|
| Deferred Tax Assets | | |
| Depreciation | 49,13.59 | 42,95.52 |
| Provisions against Non-performing Assets | 63,57.24 | 52,38.65 |
| Provisions against Investments | 1,87.71 | 2,15.03 |
| Contingent Provisions against Standard Assets | 19,13.22 | 18,67.65 |
| Income derecognised on Non-performing Assets | 10,56.61 | 7,82.04 |
| Others | 11,29.13 | 17,09.50 |
| | <u>155,57.50</u> | <u>141,08.39</u> |
| Less: Deferred Tax Liabilities | | |
| Hire Purchase Income | 33,74.85 | 30,02.31 |
| Others | 23.30 | 23.30 |
| | <u>33,98.15</u> | <u>30,25.61</u> |
| | <u>121,59.35</u> | <u>110,82.78</u> |

Note 14: Long-term Loans and Advances

(₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|--|--------------------------|--------------------------|
| Secured, Considered good | | |
| Hypothecation Loans | 6441,97.06 | 5982,21.34 |
| Net Investment in Stock-on-hire | 1117,41.29 | 948,08.39 |
| Net investment in lease | 12,21.92 | 12,96.03 |
| Other loans | 24,52.00 | 30,44.41 |
| | <u>7596,12.27</u> | <u>6973,70.17</u> |
| Amount retained on Assets securitised/assigned | 111,95.72 | 60,99.59 |
| Unsecured, Considered good | | |
| Capital Advances | 1,72.83 | 19.72 |
| Deposits | 9,43.82 | 9,50.77 |
| Other loans | 34,40.02 | 32,85.43 |
| | <u>45,56.67</u> | <u>42,55.92</u> |
| Loans and advances to related parties | | |
| A Subsidiary company | 2,00.00 | 2,00.00 |
| Other loans and advances | | |
| Advance Income tax and Tax Deducted at Source (net of provision) | 131,87.32 | 131,54.87 |
| Other advances | 2.95 | 13.59 |
| | <u>131,90.27</u> | <u>131,68.46</u> |
| | <u>7887,54.93</u> | <u>7210,94.14</u> |

The Long-term loans and advances includes Non-performing Assets of ₹50,36.85 lakhs (31.03.2015 – ₹35,07.25 lakhs).

Advance income tax and tax deducted at source (net of provision) comprise:

(₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|-------------------------------|------------|------------|
| Provision for Income Tax | 938,77.83 | 722,05.65 |
| Income tax paid under dispute | 45,67.64 | 29,14.68 |

Note 15: Other Non-current Assets

(₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|----------------------------|-----------------|-----------------|
| SF Employees Welfare Trust | 3,21.18 | 3,26.06 |
| Other assets | 27,30.28 | 9,85.77 |
| | <u>30,51.46</u> | <u>13,11.83</u> |

Other assets includes Indirect Tax paid under dispute amounting to ₹22,61.29 lakhs (31.03.2015 – ₹9,61.97 lakhs) of which ₹13,19.41 lakhs has been provided.

SUNDARAM FINANCE LIMITED

NOTES TO THE ACCOUNTS (Contd.)

Note 16: Current Investments

(₹ in lakhs)

| | Note No. | Face Value (₹) | As at 31.03.2016 | | As at 31.03.2015 | |
|--|----------|----------------|------------------|------------------|------------------|------------------|
| | | | Holding (Number) | Cost | Holding (Number) | Cost |
| Investment in Preference Shares: Non-Trade | | | | | | |
| Sundaram Hydraulics Limited - 9% Redeemable Cumulative Non-Convertible Preference Shares | 1 | 100 | 1,66,667 | 1,66.67 | – | – |
| Investment in Government Securities: | | | | | | |
| Central Government Loans | 2 | 100 | 1,70,00,000 | 177,89.66 | 1,75,00,000 | 183,02.36 |
| Investment in Mutual Funds: | | | | | | |
| Sundaram Mutual Fund | | 10 | 3,13,26,849 | 100,00.00 | 8,47,60,416 | 250,00.00 |
| HDFC Debt Fund for Cancer Cure 2014 | 1 | 10 | 10,00,000 | 1,00.00 | – | – |
| | | | | 101,00.00 | | 250,00.00 |
| Investment in Pass Through Certificates | | | – | 4,22.93 | – | 7,09.63 |
| Investment in Commercial Paper | | 5,00,000 | 1,000 | 47,51.27 | 500 | 23,56.49 |
| | | | | 332,30.53 | | 463,68.48 |
| Less: Aggregate provision for diminution in value of investments | | | | 72.07 | | – |
| Current Investments (Net) | | | | 331,58.46 | | 463,68.48 |

Note:

- 1) Reclassified from Non-Current Investments.
- 2) Denotes investment where provision for diminution in value has been made.

Investments - Categorywise

(₹ in lakhs)

| | Cost | Market Value |
|---|------------------|--------------|
| Aggregate amount of Quoted Investments (Net of Provision) | 177,17.59 | 177,17.59 |
| Aggregate amount of Unquoted Investments | 154,40.87 | |
| Total | 331,58.46 | |

NOTES TO THE ACCOUNTS (Contd.)

Note 17: Cash and Bank balances

(₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|---|------------------|------------------|
| Cash and cash equivalents: | | |
| Cash on hand | 21,22.12 | 22,31.81 |
| Balances with Banks in Current Accounts | 19,55.79 | 29,35.29 |
| Cheques, drafts on hand | 48,79.91 | 41,45.42 |
| | 89,57.82 | 93,12.52 |
| Bank Deposits | | |
| Upto 12 months maturity | 5,95.04 | 395,19.40 |
| More than 12 months maturity | 454,30.10 | 186,24.00 |
| | 460,25.14 | 581,43.40 |
| Unpaid dividend account | 2,73.45 | 2,15.98 |
| | 552,56.41 | 676,71.90 |

Bank Deposits include ₹369,38.10 lakhs (31.03.2015 – ₹276,33.58 lakhs) provided as collateral for assets securitised.

Note 18: Short-term Loans and Advances

(₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|--|-------------------|-------------------|
| Secured, Considered good | | |
| Hypothecation Loans | 5232,72.11 | 5513,64.31 |
| Net Investment in Stock-on-hire | 830,66.37 | 691,60.33 |
| Net Investment in lease | 7,35.27 | 9,77.17 |
| Trade receivables | 42,50.06 | 26,91.45 |
| Other loans | 11,13.88 | 11,14.06 |
| | 6124,37.69 | 6253,07.32 |
| Amount retained on Assets securitised/assigned | 184,47.85 | 148,74.24 |
| Unsecured, Considered good | | |
| Advance for business assets | 173,16.43 | 296,47.95 |
| Loans and advances to related parties | | |
| Subsidiary companies | 10.62 | 66.31 |
| Joint Venture Company | – | 17.10 |
| Associate Company | 3.32 | 9.59 |
| | 13.94 | 93.00 |
| Trade bills purchased | 5,05.75 | 7,40.11 |
| Other advances | 42,39.94 | 34,64.42 |
| | 6529,61.60 | 6741,27.04 |

Short-term loans and advances includes Non-Performing Assets of ₹242,83.83 lakhs (31.03.2015 – ₹162,81.28 lakhs).

In accordance with Accounting Standard (AS-19) – Leases, the reconciliation between the gross investment in lease (Gross Investment) and the present value of minimum lease payments (MLP) receivables as on 31.03.2016 is as follows:

(₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|--------------------------------|-------------------|-------------------|
| Gross Investment in lease | 2292,36.27 | 1953,76.83 |
| Less: Unearned Finance Charges | 324,72.08 | 291,35.57 |
| | 1967,64.19 | 1662,41.26 |

NOTES TO THE ACCOUNTS (Contd.)

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

(₹ in lakhs)

| | 31.03.2016 | | 31.03.2015 | |
|---|-------------------|-------------------|-------------------|-------------------|
| | Gross Investment | MLP Receivables | Gross Investment | MLP Receivables |
| Less than 1 year | 1015,80.14 | 838,27.48 | 862,11.30 | 701,54.18 |
| Later than 1 year and less than 5 years | 1276,56.13 | 1129,36.71 | 1091,65.53 | 960,87.08 |
| Total | 2292,36.27 | 1967,64.19 | 1953,76.83 | 1662,41.26 |

Note 19: Other Current Assets

(₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|--|------------------|------------------|
| Interest accrued on investments | 9,77.45 | 9,21.80 |
| Income Receivable | 126,22.43 | 137,98.16 |
| SF Employees Welfare Trust | 4.88 | 6.16 |
| Repossessed assets (at realisable value) | 19,15.68 | 28,04.50 |
| Stamps and Stamp papers on hand | 83.96 | 66.43 |
| | 156,04.40 | 175,97.05 |

STATEMENT OF PROFIT AND LOSS

Note 20: Revenue from Operations

(₹ in lakhs)

| | 2015-16 | 2014-15 |
|---|-------------------|-------------------|
| Income from Financing Operations | | |
| Hypothecation Loans / Hire Purchase | 1930,05.75 | 1885,57.39 |
| Assets securitised / assigned | 120,96.88 | 112,65.33 |
| Lease | 103,11.77 | 111,86.30 |
| Others | 6,91.78 | 6,36.06 |
| Recovery of bad debts | 16,87.36 | 13,24.98 |
| | <u>2177,93.54</u> | <u>2129,70.06</u> |
| Income from Investments | | |
| Interest Income | 72,76.18 | 56,06.79 |
| Profit on sale of Non-Current Investments | 84.57 | 10.12 |
| Profit on sale of Current Investments | 9,82.43 | 13,25.36 |
| | <u>83,43.18</u> | <u>69,42.27</u> |
| Income from other Financial Services | 37,64.18 | 39,64.17 |
| Income from other Services | 13,43.24 | 15,07.72 |
| | 2312,44.14 | 2253,84.22 |

Income from Hypothecation Loans / Hire Purchase is net of business origination cost of ₹45,55.07 lakhs (2014-15 – ₹44,65.83 lakhs).

Income from other Services includes net gain on exchange fluctuations of ₹3.01 lakhs (2014-15 – ₹0.83 lakhs).

NOTES TO THE ACCOUNTS (Contd.)

Note 21: Other Income

(₹ in lakhs)

| | 2015-16 | 2014-15 |
|---------------------------------------|-------------------------|-------------------------|
| Interest Receipts | 6,86.75 | 3,17.30 |
| Dividend Income | | |
| Subsidiary companies | 26,25.50 | 27,79.14 |
| Others | <u>73,53.43</u> | <u>42,10.40</u> |
| | 99,78.93 | 69,89.54 |
| Profit on sale of Equity investments* | 41,44.15 | 26,09.36 |
| Rent Receipts | 7,56.89 | 8,16.08 |
| Profit on sale of assets | 33.93 | 1,29.39 |
| Other non-operating income | 6,57.54 | 5,79.41 |
| | <u>162,58.19</u> | <u>114,41.08</u> |

* includes ₹40,64.68 lakhs on sale of equity shares in BNP Paribas Sundaram Global Securities Operations Private Limited, a Joint venture company [2014-15 – ₹26,09.36 lakhs on sale of equity shares in Credit Information Bureau (India) Limited].

Note 22: Finance Costs

(₹ in lakhs)

| | 2015-16 | 2014-15 |
|----------------------------|--------------------------|--------------------------|
| Interest expense | | |
| Non convertible debentures | 701,23.96 | 639,28.86 |
| Term loans | 24,68.01 | 66,16.59 |
| Fixed deposits | 206,82.49 | 180,52.72 |
| Commercial paper | 259,47.79 | 266,72.46 |
| Other interest | 22,60.13 | 9,53.89 |
| | <u>1214,82.38</u> | <u>1162,24.52</u> |
| Other borrowing costs | 2,91.63 | 5,32.73 |
| | <u>1217,74.01</u> | <u>1167,57.25</u> |

Note 23: Employee Benefits

(₹ in lakhs)

| | 2015-16 | 2014-15 |
|---|-------------------------|-------------------------|
| Salaries, bonus and commission | 193,50.34 | 178,44.28 |
| Contribution to Provident and other funds | 11,72.99 | 9,17.33 |
| Employees Stock Options expense | 1,45.73 | 1,15.90 |
| Staff welfare expenses | 5,89.82 | 6,80.83 |
| | <u>212,58.88</u> | <u>195,58.34</u> |

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

(₹ in lakhs)

| Particulars | 31.03.2016 | 31.03.2015 | 31.03.2014 | 31.03.2013 | 31.03.2012 |
|--------------------------------------|------------|------------|------------|------------|------------|
| Defined Benefit Obligation | 27,00.94 | 23,37.74 | 20,63.01 | 17,52.47 | 14,64.54 |
| Plan Assets | 25,85.15 | 22,45.91 | 20,52.86 | 17,32.23 | 13,84.12 |
| Surplus / (deficit) | (1,15.79) | (91.83) | (10.15) | (20.24) | (80.42) |
| Actuarial (gain)/loss on obligations | 1,61.42 | 51.75 | 1,04.50 | 2,84.24 | 3,00.89 |
| Actuarial (gain)/loss on plan assets | 7.71 | — | — | — | 7.02 |

NOTES TO THE ACCOUNTS (Contd.)
Defined Benefit Plans

(₹ in lakhs)

| Description of Benefit Plans | | Funded Gratuity | | Funded Compensation Absences | |
|------------------------------|---|-----------------|------------|------------------------------|------------|
| | | 31.03.2016 | 31.03.2015 | 31.03.2016 | 31.03.2015 |
| A) | Reconciliation of opening and closing balances of the present value of the defined benefit obligation | | | | |
| | Opening Balance :Present value of obligation | 23,37.74 | 20,63.01 | 7,08.58 | 6,82.70 |
| | Current service cost | 2,26.13 | 1,59.30 | 18.50 | 15.41 |
| | Interest cost | 1,78.37 | 1,64.62 | 52.03 | 50.63 |
| | Transfer of funds from Subsidiary companies/transfer within funds | - | - | - | - |
| | Benefits paid | (2,02.72) | (1,00.94) | (86.40) | (70.64) |
| | Actuarial (gain) / loss on obligations | 1,61.42 | 51.75 | 1,55.52 | 30.48 |
| | Closing Balance :Present value of obligation | 27,00.94 | 23,37.74 | 8,48.23 | 7,08.58 |
| B) | Reconciliation of opening and closing balances of the fair value of plan assets | | | | |
| | Opening Balance :Fair value of plan assets | 22,45.91 | 20,52.86 | 6,25.17 | 6,02.96 |
| | Expected return on plan assets | 1,93.85 | 1,82.23 | 55.54 | 51.55 |
| | Contributions made | 3,55.82 | 89.20 | 83.42 | 42.15 |
| | Transfer of funds from Subsidiary companies/transfer within funds | - | 22.56 | - | - |
| | Benefits paid | (2,02.72) | (1,00.94) | (86.40) | (70.64) |
| | Actuarial gain / (loss) on plan assets | (7.71) | - | (0.19) | (0.85) |
| | Closing Balance : Fair value of plan assets | 25,85.15 | 22,45.91 | 6,77.54 | 6,25.17 |
| C) | Reconciliation of present value of defined benefit obligation and fair value of plan assets to the assets and liabilities recognised in the Balance sheet | | | | |
| | Closing Balance :Present value of obligation | 27,00.94 | 23,37.74 | 8,48.23 | 7,08.58 |
| | Closing Balance :Fair value of plan assets | 25,85.15 | 22,45.91 | 6,77.54 | 6,25.17 |
| | Unrecognised past service cost | - | - | - | - |
| | Net Asset/(Liability) recognised in Balance Sheet (included under Other Current Liabilities in Note 9) | (1,15.79) | (91.83) | (1,70.69) | (83.41) |
| D) | Expenses recognised in the Statement of Profit and Loss | | | | |
| | Current service cost | 2,26.13 | 1,59.30 | 18.50 | 15.41 |
| | Interest cost | 1,78.37 | 1,64.62 | 52.03 | 50.63 |
| | Expected return on plan assets | 1,93.85 | 1,82.23 | 55.54 | 51.55 |
| | Net actuarial (gain) / loss recognized | 1,69.13 | 51.75 | 1,55.71 | 31.33 |
| | Total Expenses (included under Employee benefits in Note 23) | 3,79.78 | 1,93.44 | 1,70.70 | 45.82 |
| E) | Actual return on plan assets | | | | |
| | Expected return on plan assets | 1,93.85 | 182.23 | 55.54 | 51.55 |
| | Actuarial gain / (loss) on plan assets | (7.71) | - | (0.19) | (0.85) |
| | Actual return on plan assets | 1,86.14 | 182.23 | 55.35 | 50.70 |
| F) | Actuarial assumptions* | | | | |
| | Discount rate | 8.00% | 8.00% | 7.82% | 7.82% |
| | Expected rate of return on plan assets | 8.35% | 8.00% | 7.82% | 7.82% |
| | Rate of increase in compensation levels | 7.00% | 7.00% | 7.00% | 7.00% |
| | Attrition rate | 1-3% | 1-3% | 6.00% | 6.00% |

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

The actuarial value of sick leave entitlement as on 31.03.2016 is ₹1,30.36 lakhs (31.03.2015 – ₹1,09.65 lakhs) and is provided for in the books of accounts.

NOTES TO THE ACCOUNTS (Contd.)

Other Long Term Benefits

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

(₹ in lakhs)

| | 31.03.2016 | 31.03.2015 | 31.03.2014 | 31.03.2013 | 31.03.2012 |
|---------------------------------|------------|------------|------------|------------|------------|
| Employee assured bonus scheme | 17,78.61 | 17,19.23 | 14,48.85 | 11,45.15 | 8,30.23 |
| Staff Medical Scheme | 3,15.05 | 2,79.46 | 2,14.74 | 1,95.36 | 1,60.12 |
| Retired Employee Medical Scheme | 1,09.77 | 1,09.86 | 1,08.44 | 1,16.67 | 1,15.97 |

Employee Stock Option Scheme - SFESOS

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

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

| Particulars | Grant 7 | Grant 6 |
|--|--------------------------------|--------------------------------|
| Board Meeting Date | 29.05.2015 | 26.05.2014 |
| Options Granted | 14,250 | 18,000 |
| Exercise Price (₹Per share) | 10 | 10 |
| Date of Grant | 29.05.2015 | 26.05.2014 |
| Vesting Date | 31.05.2016 | 31.05.2015 |
| Vesting Period | 12 months | 12 months |
| Exercise Period | 01.06.2016 to 31.08.2016 | 01.06.2015 to 31.08.2015 |
| Market Price on a date immediately prior to Grant Date (₹) | 1,514.30 | 867.75 |
| Intrinsic Value (₹) | 1,504.30 | 857.75 |
| Expenses recognised for 2015-16 (₹ in lakhs) | 1,78.64 | 25.73 |
| The key assumptions used for calculating in Black scholes model are: | | |
| Risk Free interest rate (% per annum) | 7.85 | 8.64 |
| Life of the option | 369 days | 371 days |
| Expected Volatility | 35.11% | 25.20% |
| Fair Value of the Option (₹) | 1,505.06 | 858.59 |

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

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

(₹ in lakhs)

| | 2015-16 | 2014-15 |
|--|------------------|------------------|
| Profit after Tax (as reported) | 477,27.75 | 454,14.36 |
| Add: SFESOS compensation expense included in PAT | 2,04.37 | 1,45.51 |
| Less: SFESOS compensation expense determined under fair value based method | 2,04.48 | 1,45.66 |
| Profit after Tax (adjusted) | <u>477,27.64</u> | <u>454,14.21</u> |
| Basic Earnings per Share of ₹10 each (as reported) (₹) | 42.96 | 40.88 |
| Basic Earnings per Share of ₹10 each (adjusted) (₹) | 42.96 | 40.87 |

NOTES TO THE ACCOUNTS (Contd.)

Note 24: Administrative and Other Expenses

| | (₹ in lakhs) | |
|-------------------------------|-------------------------|-------------------------|
| | 2015-16 | 2014-15 |
| Rent | 12,55.51 | 12,19.47 |
| Rates and taxes | 28,17.62 | 14,19.58 |
| Communication expenses | 10,93.57 | 10,43.81 |
| Electricity expenses | 6,36.57 | 5,85.26 |
| Travelling and conveyance | 15,34.06 | 16,56.07 |
| Outsourcing cost | 41,93.45 | 43,84.74 |
| Insurance | 1,67.31 | 149.33 |
| Contribution to CSR/Donations | 9,98.17 | 7,13.39 |
| Repairs | | |
| - Buildings | 32.27 | 41.15 |
| - Others | 16,59.79 | 1241.25 |
| | <u>16,92.06</u> | <u>12,82.40</u> |
| Stamp Paper & Fees | 13,07.54 | 7,77.47 |
| Miscellaneous expenses* | 39,24.57 | 33,59.03 |
| | <u>196,20.43</u> | <u>165,90.55</u> |

* includes ₹58.64 lakhs (2014-15 – ₹29.61 lakhs) incurred towards the cost of Employee Stock Option Scheme issued under Sundaram Finance Employee Stock Option Scheme 2008 to Senior executives of subsidiary companies.

Note 25: Provisions and Write Off

| | (₹ in lakhs) | |
|---|------------------------|------------------------|
| | 2015-16 | 2014-15 |
| Provision against non-performing assets (net) | 38,65.45 | 28,76.84 |
| Provision against Repossessed assets | (4,04.47) | 2,75.57 |
| Provision against Investments | | |
| A Subsidiary company | 4,04.73 | 4,82.51 |
| Others | (13.59) | (15.00) |
| Bad Debts | 16,53.87 | 20,42.35 |
| Loss on assets sold/written off | 24,68.31 | 35,57.10 |
| | <u>79,74.30</u> | <u>92,19.37</u> |

NOTES TO THE ACCOUNTS (Contd.)

Note 26: General

26.01 Segment Reporting

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

26.02 In November 2014, the Reserve Bank of India, issued a revised regulatory framework for NBFC's, which inter alia required the asset classification and provisioning norms to be aligned with those for Banks. In March 2015, Reserve Bank of India amended the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms, requiring NBFC's to classify Non-Performing Assets based on 3 months overdues, by the financial year ending 31st March 2018. As a matter of prudence, the Company has adopted the 3 months norm, in advance, for the financial year ended 31st March 2016, as compared to 120 days norm followed in the previous financial year. This has resulted in an additional charge of ₹8,06.05 lakhs (including income de-recognised) to the Profit before tax for the financial year.

26.03 The Particulars of the Company's Joint Venture company as at 31st March 2016 including its percentage holding and its proportionate share of assets, liabilities, income and expenditure of the Joint Venture company are given below: (₹ in lakhs)

| Name of the Joint Venture | | Holding % | Assets | Liabilities | Contingent Liabilities | Capital Commitments |
|---|------------------|----------------------|------------|-------------|------------------------|---------------------|
| Royal Sundaram General Insurance Co. Limited | As at 31.03.2016 | Refer note (a) below | | | | |
| | As at 31.03.2015 | 49.90 | 1399,64.71 | 1126,93.56 | 47,39.36 | 1,89.22 |
| BNP Paribas Sundaram Global Securities Operations Pvt Ltd | As at 31.03.2016 | Refer note (b) below | | | | |
| | As at 31.03.2015 | 49.00 | 31,33.67 | 20,81.38 | 29.96 | 3.50 |

(₹ in lakhs)

| Name of the Joint Venture | 2015-16 | | 2014-15 | |
|--|-----------|-----------|-----------|-----------|
| | Income | Expenses | Income | Expenses |
| Royal Sundaram General Insurance Co. Limited (Refer note (a) below) | 197,95.97 | 199,72.51 | 763,35.17 | 749,29.69 |
| BNP Paribas Sundaram Global Securities Operations Pvt Ltd (refer note (b) below) | 28,78.58 | 25,63.72 | 73,63.75 | 64,75.07 |

Notes:

- Royal Sundaram General Insurance Co. Limited was a Joint Venture company upto 28th July 2015 and has become a subsidiary since then. (Refer Note 12(1) of Non-Current Investments).
- The Company sold the entire holdings in 'BNP Paribas Sundaram Global Securities Operations Private Limited' on 5th August 2015. (Refer Note 12(3) of Non-Current Investments).

26.04 The Company has spent an amount of ₹12,04.65 lakhs (2014-15 – ₹9,13.95 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.

NOTES TO THE ACCOUNTS (Contd.)

26.05 RELATED PARTIES DISCLOSURES:

Related party disclosures, as per Accounting Standard 18 - 'Related Party Disclosures', for the year ended 31st March 2016, are given below:

RELATED PARTIES:

Subsidiary Companies:

Sundaram BNP Paribas Home Finance Ltd.
Sundaram Asset Management Company Ltd.
Sundaram Asset Management Singapore Pte Ltd.
Sundaram Trustee Company Ltd.
Sundaram Business Services Ltd.
Sundaram BPO India Ltd.
Sundaram Insurance Broking Services Ltd.
Sundaram Finance Distribution Ltd.
LGF Services Ltd.
Sundaram BNP Paribas Fund Services Ltd.
Sundaram Infotech Solutions Ltd.
Infreight Logistics Solutions Ltd.

*Royal Sundaram General Insurance Co. Ltd. (Effective from 29-Jul-2015)

Joint Ventures:

Royal Sundaram General Insurance Co. Ltd. (Till 28-Jul-2015)

BNP Paribas Sundaram Global Securities Operations Private Ltd (BNP Paribas Sundaram GSO) (Till 05-Aug-2015)

Key Management Personnel (KMP):

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

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

| | Mr T.T. Srinivasaraghavan | Mr Harsha Viji | Mr A.N. Raju |
|----------|---------------------------|------------------|------------------|
| Father | Mr. T.T. Rangaswamy | Mr. S.Viji | |
| Mother | Mrs. Vimala Rangaswamy | Mrs. Chitra Viji | |
| Wife | Mrs. Bagyam Raghavan | | Mrs. 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

Mr. Harsha Viji

M/s. Athreya Harsha Holdings Private Ltd.

Mrs. Chitra Viji & Mr. Sriram Viji

M/s. Uthirattadhi Sriram Holdings Private Ltd.

* Name changed from Royal Sundaram Alliance Insurance Company Ltd. to Royal Sundaram General Insurance Co. Ltd. effective from 17-Dec-2015.

NOTES TO THE ACCOUNTS (Contd.)

RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED 31ST MARCH 2016

Nature and volume of transactions:

(₹ in lakhs)

| | Subsidiary Companies | Associates / Joint Venture | KMP and Relatives | Enterprises over which KMP and his relatives are exercising significant influence | 2015-16 | 2014-15 |
|--|----------------------|----------------------------|-------------------|---|-----------|----------|
| INCOME | | | | | | |
| Income from Financing Operations | 1,06.31 | 92.24 | — | — | 1,98.55 | 2,45.26 |
| Income from Services | 36,79.90 | 1,90.49 | — | — | 38,70.39 | 36,24.59 |
| Dividend | 26,25.50 | 50,27.49 | — | — | 76,52.99 | 54,31.57 |
| Rent Receipts | 5,97.34 | 55.76 | — | — | 6,53.09 | 6,87.03 |
| Recovery of bad debts | 5.00 | — | — | — | 5.00 | — |
| Other non-operating income | 1,64.12 | 1,38.23 | — | — | 3,02.35 | 1,37.51 |
| EXPENDITURE | | | | | | |
| Interest | 4,66.58 | 1,52.01 | 95.42 | — | 7,14.02 | 7,41.59 |
| Remuneration | — | — | 6,85.74 | — | 6,85.74 | 6,57.77 |
| Support Services | 4,53.19 | — | — | — | 4,53.19 | 4,35.21 |
| Software & Other Expenses | 40.28 | — | — | — | 40.28 | 66.48 |
| Rent Paid | 0.69 | — | — | — | 0.69 | 0.69 |
| Insurance Premium | 93.99 | 39.69 | — | — | 1,33.69 | 1,20.98 |
| DIVIDEND PAID | | | 11,94.57 | 372.75 | 15,67.33 | 14,18.27 |
| ASSETS | | | | | | |
| Purchase of Tangible Assets | — | — | — | — | — | 3.32 |
| Purchases of Software & Licenses | — | — | — | — | — | 9.22 |
| Sale of Fixed Assets/ Software licenses | — | — | — | — | — | 8.02 |
| Investments | 421,56.52 | — | — | — | 421,56.52 | 43,34.30 |
| Disinvestments | — | 3,64.92 | — | — | 3,64.92 | — |
| Loans and Advances Disbursed | 7.37 | — | — | — | 7.37 | 22,00.00 |
| Repayment of Loans and Advances | 7.21 | 1,10.70 | — | — | 1,17.91 | 25,00.00 |
| Insurance Premium | 1,17.36 | — | — | — | 1,17.36 | 1,22.94 |
| LIABILITIES | | | | | | |
| Issue of Non Convertible Debentures | 10,00.00 | — | — | — | 10,00.00 | 10,00.00 |
| Redemption of Non Convertible Debentures | 10,00.00 | — | — | — | 10,00.00 | 15,00.00 |

NOTES TO THE ACCOUNTS (Contd.)

Disclosure of Material Transactions with Related Parties

(₹ in lakhs)

| | Related Parties | 2015-16 | 2014-15 |
|----------------------------------|---|----------|----------|
| INCOME | | | |
| Income from Financing Operations | BNP Paribas Sundaram GSO Private Ltd. | - | 66.83 |
| | Turbo Energy Private Ltd. | 61.93 | 68.70 |
| | Royal Sundaram General Insurance Co. Ltd. | 60.46 | 62.56 |
| | Sundaram Asset Management Company Ltd. | 30.35 | 17.68 |
| Income from Services | Sundaram BNP Paribas Home Finance Ltd. | 11,55.12 | 12,73.63 |
| | Royal Sundaram General Insurance Co. Ltd. | 7,46.56 | 6,71.84 |
| | Sundaram Finance Distribution Ltd. | 4,86.00 | 4,86.00 |
| | Sundaram BNP Paribas Fund Services Ltd. | 5,97.61 | 4,85.83 |
| | Sundaram Infotech Solution Ltd | 1,90.22 | 2,79.00 |
| | LGF Services Ltd. | 2,94.00 | 2,94.00 |
| | Sundaram Asset Management Company Ltd. | 3,88.29 | 68.55 |
| | Turbo Energy Private Ltd. | 11.55 | 59.54 |
| Dividend | The Dunes Oman LLC (FZC) | 37,44.87 | 14,54.01 |
| | Sundaram BNP Paribas Home Finance Ltd. | 17,75.50 | 20,29.14 |
| | Turbo Energy Private Ltd. | 5,76.00 | 5,76.00 |
| | BNP Paribas Sundaram GSO Private Ltd. | 4,26.82 | 3,68.45 |
| | Sundaram Asset Management Company Ltd. | 6,00.00 | 4,60.00 |
| Rent Receipts | Royal Sundaram General Insurance Co. Ltd. | 43.50 | 43.50 |
| | Sundaram Business Services Ltd. | 1,23.49 | 1,58.41 |
| | Sundaram Asset Management Company Ltd. | 1,97.96 | 1,91.24 |
| | Sundaram BNP Paribas Home Finance Ltd. | 1,75.48 | 1,75.68 |
| Recovery of bad debts | Infreight Logistics Solutions Ltd. | 5.00 | - |
| Other non-operating income | Sundaram BNP Paribas Home Finance Ltd. | 97.93 | 69.81 |
| | Royal Sundaram General Insurance Co. Ltd. | 12.63 | 13.40 |
| | Sundaram BNP Paribas Fund Services Ltd. | 19.83 | 14.62 |
| | Sundaram Asset Management Company Ltd. | 23.75 | 17.41 |
| EXPENDITURE | | | |
| Interest | Royal Sundaram General Insurance Co. Ltd. | 6,18.60 | 6,57.84 |
| Support Services | Sundaram BPO India Ltd. | 4,53.19 | 4,27.79 |
| Software Expenses | Sundaram Infotech Solutions Ltd. | 40.28 | 66.48 |
| Rent Paid | Sundaram BNP Paribas Home Finance Ltd. | 0.69 | 0.69 |
| Insurance Premium | Royal Sundaram General Insurance Co. Ltd. | 1,33.69 | 1,20.98 |

NOTES TO THE ACCOUNTS (Contd.)

Disclosure of Material Transactions with Related Parties

(₹ in lakhs)

| | Related Parties | 2015-16 | 2014-15 |
|---|---|------------|----------|
| ASSETS | | | |
| Purchase of Fixed Assets/ Software & Licenses | Sundaram Infotech Solutions Ltd. | – | 9.22 |
| | Sundaram Business Services Ltd. | – | 3.32 |
| Sale of Fixed Assets/ Software Licenses | Sundaram Business Services Ltd. | – | 6.43 |
| | Sundaram BNP Paribas Fund Services Ltd. | – | 1.59 |
| Investments | Sundaram Asset Management Company Ltd. | – | 31,73.40 |
| | Flometallic India Private Ltd. | – | 5,48.90 |
| | Sundaram BNP Paribas Fund Services Ltd. * | (30,34.39) | 6,12.00 |
| | Royal Sundaram General Insurance Co. Ltd. | 451,90.91 | – |
| Disinvestments | BNP Paribas Sundaram GSO Private Ltd. | 3,64.92 | – |
| Loans and Advances Disbursed | BNP Paribas Sundaram GSO Private Ltd. | – | 20,00.00 |
| | Sundaram Asset Management Company Ltd. | 5.29 | – |
| | Sundaram Business Services Ltd. | 1.53 | – |
| Repayment of Loans and Advances | BNP Paribas Sundaram GSO Private Ltd. | – | 25,00.00 |
| | Sundaram Hydraulics Ltd. | 1,10.70 | – |
| Insurance Premium paid in advance | Royal Sundaram General Insurance Co. Ltd. | 1,17.36 | 1,22.94 |
| LIABILITIES | | | |
| Issue of Non Convertible Debentures | Royal Sundaram General Insurance Co. Ltd. | 10,00.00 | 10,00.00 |
| Redemption of Non Convertible Debentures | Royal Sundaram General Insurance Co. Ltd. | 10,00.00 | 15,00.00 |

* Change on account of reduction of capital and Subscription of Shares on Rights Issue.

Balances with Related Parties as at 31st March 2016

(₹ in Lakhs)

| BALANCES OUTSTANDING | Subsidiary Companies | Associates | KMP | Relatives of KMP | Enterprises over which KMP and his relatives are exercising significant influence | 31.03.2016 | 31.03.2015 |
|----------------------------|----------------------|------------|---------|------------------|---|------------|------------|
| ASSETS | | | | | | | |
| Investments | 1041,96.62 | 90,78.47 | – | – | – | 1132,75.09 | 714,83.49 |
| Loans and Advances | 2,49.11 | 52.82 | – | – | – | 3,01.92 | 2,64.03 |
| Other Assets | 4,63.62 | 0.07 | – | – | – | 4,63.70 | 4,38.44 |
| LIABILITIES | | | | | | | |
| Equity Holdings | – | – | 1,71.35 | 5,74.49 | 2,32.97 | 9,78.82 | 9,80.51 |
| Non Convertible Debentures | 60,00.00 | – | – | – | – | 60,00.00 | 60,00.00 |
| Deposits | – | – | 62.50 | 8,91.48 | – | 9,53.98 | 8,77.59 |
| Interest on deposits | – | – | 6.93 | 91.60 | – | 98.53 | 71.76 |
| Interest accrued | 6,23.46 | – | – | – | – | 6,23.46 | 4,44.64 |
| Other Liabilities | 2,63.14 | – | – | – | – | 2,63.14 | 2,59.41 |

NOTES TO THE ACCOUNTS (Contd.)

Disclosure of Material Balances with Related Parties as at 31st March 2016

(₹ in lakhs)

| BALANCES OUTSTANDING | Subsidiary Companies | Associates / Joint Venture | KMP | Relatives of KMP | Enterprises over which KMP and his relatives are exercising significant influence | 31.03.2016 | 31.03.2015 |
|---|----------------------|----------------------------|-----|------------------|---|-------------------|------------------|
| ASSETS | | | | | | | |
| Investments | | | | | | | |
| a) Investments In Equity Shares | | | | | | | |
| Royal Sundaram General Insurance Co. Ltd. # | 641,48.34 | | | | | 641,48.34 | 189,57.43 |
| Sundaram Asset Management Company Ltd. | 184,87.24 | | | | | 184,87.24 | 184,87.24 |
| Sundaram BNP Paribas Home Finance Ltd. | 151,57.10 | | | | | 151,57.10 | 151,57.10 |
| Sundaram BNP Paribas Fund Services Ltd. * | 17,85.15 | | | | | 17,85.15 | 48,19.54 |
| The Dunes Oman LLC (FZC) | | 26,94.86 | | | | 26,94.86 | 26,94.86 |
| Sundaram Infotech Solution Ltd. | 16,40.00 | | | | | 16,40.00 | 16,40.00 |
| Flometallic India Private Ltd. | | 32,50.00 | | | | 32,50.00 | 32,50.00 |
| Axles India Ltd. | | 10,15.70 | | | | 10,15.70 | 10,15.70 |
| Sundaram Hydraulics Ltd. | | 11,25.00 | | | | 11,25.00 | 11,25.00 |
| Sundaram Business Services Ltd. | 15,00.00 | | | | | 15,00.00 | 15,00.00 |
| BNP Paribas Sundaram GSO Private Ltd. | | — | | | | — | 3,64.92 |
| Sundaram BPO India Ltd. | 11,29.99 | | | | | 11,29.99 | 11,29.99 |
| Sundaram Trustee Company Ltd. | 2,28.62 | | | | | 2,28.62 | 2,28.62 |
| Turbo Energy Private Ltd. | | 1,88.41 | | | | 1,88.41 | 1,88.41 |
| Transenergy Ltd. | | 1,87.50 | | | | 1,87.50 | 1,87.50 |
| Sundaram Dynacast Private Ltd. | | 1,17.00 | | | | 1,17.00 | 1,17.00 |
| Sundaram Finance Distribution Ltd. | 65.18 | | | | | 65.18 | 65.18 |
| Sundaram Insurance Broking Services Ltd. | 50.00 | | | | | 50.00 | 50.00 |
| LGF Services Ltd. | 5.00 | | | | | 5.00 | 5.00 |
| Total | 1041,96.62 | 85,78.47 | | | | 1127,75.09 | 709,83.49 |
| b) Investments In Preference Shares | | | | | | | |
| Sundaram Hydraulics Ltd. | | 5,00.00 | | | | 5,00.00 | 5,00.00 |

* Change on account of reduction of capital and Subscription of shares on Rights Issue.

Royal Sundaram General Insurance Co. Ltd. was a Joint Venture company upto 28 July 2015 and became a Subsidiary w.e.f. 29 July 2015.

NOTES TO THE ACCOUNTS (Contd.)

Disclosure of Material Balances with Related Parties as at 31st March 2016 - Contd.

(₹ in lakhs)

| BALANCES OUTSTANDING | Subsidiary Companies | Associates | KMP | Relatives of KMP | Enterprises over which KMP and his relatives are exercising significant influence | 31.03.2016 | 31.03.2015 |
|---|----------------------|------------|---------|------------------|---|----------------|----------------|
| Loans and Advances | | | | | | | |
| a) Intercompany Loans | | | | | | | |
| Sundaram Business Services Ltd. | 2,00.00 | | | | | 2,00.00 | 2,00.00 |
| b) Lease Receivables | | | | | | | |
| Sundaram Infotech Solutions Ltd. | 48.53 | | | | | 48.53 | 35.54 |
| Axles India Ltd. | | 20.71 | | | | 20.71 | 27.76 |
| c) Hypothecation Loans | | | | | | | |
| Sundaram Hydraulics Ltd. | | 32.11 | | | | 32.11 | – |
| Other Assets | | | | | | | |
| Sundaram Hydraulics Ltd. | | – | | | | – | 1,05.78 |
| Royal Sundaram General Insurance Co. Ltd. | 1,44.69 | – | | | | 1,44.69 | 75.79 |
| Sundaram Asset Management Company Ltd. | 1,32.41 | | | | | 1,32.41 | – |
| Sundaram BNP Paribas Fund Services Ltd. | 79.38 | | | | | 79.38 | 56.46 |
| Sundaram Infotech Solution Ltd. | 31.04 | | | | | 31.04 | 92.14 |
| Sundaram BNP Paribas Home Finance Ltd. | 60.96 | | | | | 60.96 | 74.34 |
| Total | 4,48.48 | – | | | | 4,48.48 | 4,04.51 |
| LIABILITIES | | | | | | | |
| Equity Holdings | | | 1,71.35 | 5,74.49 | 2,32.97 | 9,78.82 | 9,86.29 |
| Non Convertible Debentures | | | | | | | |
| Royal Sundaram General Insurance Co. Ltd. | 60,00.00 | | | | | 60,00.00 | 60,00.00 |
| Deposits | | | 62.50 | 8,91.48 | | 9,53.98 | 9,52.15 |
| Interest on deposits | | | 6.93 | 91.60 | | 98.53 | 79.06 |
| Interest accrued | | | | | | | |
| Royal Sundaram General Insurance Co. Ltd. | 6,23.46 | | | | | 6,23.46 | 4,44.64 |
| Other Liabilities | | | | | | | |
| Sundaram BNP Paribas Home Finance Ltd. | 1,43.44 | | | | | 1,43.44 | 1,43.44 |
| Royal Sundaram General Insurance Co. Ltd. | 36.25 | | | | | 36.25 | 36.25 |
| Sundaram Asset Management Company Ltd. | 26.95 | | | | | 26.95 | 26.95 |
| Sundaram BPO India Ltd. | 45.61 | | | | | 45.61 | 40.53 |
| Total | 2,52.25 | | | | | 2,52.25 | 2,47.17 |

(₹ in lakhs)

| Maximum amount outstanding in respect of loans and advances | 2015-16 | 2014-15 |
|---|---------|---------|
| Sundaram Business Services Ltd. | 2,00.25 | 2,00.16 |
| Turbo Energy Private Ltd. | 1,37.35 | 1,59.48 |
| Royal Sundaram General Insurance Co. Ltd. | 1,31.44 | 1,50.63 |
| Sundaram Asset Management Company Ltd. | 91.24 | 54.03 |
| Sundaram Infotech Solutions Ltd. | 59.11 | 45.96 |
| Axles India Ltd. | 47.33 | 39.29 |
| Sundaram Hydraulics Ltd. | 45.63 | – |
| Sundaram BPO India Ltd. | 0.03 | 0.02 |

SUNDARAM FINANCE LIMITED

NOTES TO THE ACCOUNTS (Contd.)

26.06 The pending litigations as on 31st March 2016 have been compiled by the company and reviewed by the Statutory Auditors. The current position of the litigation has been evaluated and the effect thereof has been appropriately disclosed in the financial statements.

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

26.08 Contingent liabilities in respect of

| | (₹ in lakhs) | |
|---|--------------|------------|
| | 31.03.2016 | 31.03.2015 |
| a) On Cheques discounted | 1,43.90 | 3,41.05 |
| b) Claims against the company not acknowledged as debts | 5,58.83 | 6,11.26 |
| c) Tax disputes | 101,18.12 | 84,68.20 |

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

26.09 Estimated amount of contracts remaining to be executed on capital account ₹2,89.49 lakhs (net of advances of ₹3,27.83 lakhs) (31.03.2015 – ₹3,12.65 lakhs, net of advances of ₹6,11.87 lakhs) Investment in Partly paid-up Equity shares ₹5,50.00 lakhs (31.03.2015 – ₹5,50.00 lakhs).

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

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

| | (₹ in lakhs) | |
|---------------------------|--------------|---------|
| | 2015-16 | 2014-15 |
| Statutory Audit | 48.00 | 48.00 |
| Tax Audit | 12.00 | 12.00 |
| Certification | 29.70 | 28.60 |
| Reimbursement of Expenses | 0.21 | 0.14 |

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

26.13 Earnings per share (Basic and diluted)

| | 2015-16 | 2014-15 |
|---|--------------|--------------|
| Profit for the year after taxation (₹ in lakhs) | 477,27.75 | 454,14.36 |
| Number of equity shares of ₹10 each | 11,11,03,860 | 11,11,03,860 |
| Basic and Diluted Earnings Per Share of ₹10 each (in ₹) | 42.96 | 40.88 |
| Amount of Dividend (₹ in lakhs) | | |
| Interim (paid) | 111,10.39 | 49,99.67 |
| Final (proposed) | 11,11.04 | 66,66.23 |
| Amount of Dividend per share of ₹10 each (in ₹) | | |
| Interim (paid) | 10.00 | 4.50 |
| Final (proposed) | 1.00 | 6.00 |

26.14 Expenditure in foreign currency (on payment basis):

| | (₹ in lakhs) | |
|-------------------------------------|--------------|----------|
| | 2015-16 | 2014-15 |
| Interest | 9,34.26 | 1,04.46 |
| On other matters | 23.47 | 6.46 |
| 26.15 Earnings in foreign currency: | | |
| Dividend from an Associate company | 37,44.87 | 14,54.01 |
| Income from other services | 59.84 | 96.17 |

NOTES TO THE ACCOUNTS (Contd.)

Note 27: Disclosures as per Non-Banking Financial Companies-Corporate Governance (Reserve Bank) Directions, 2015.

27.01 Capital to Risk (weighted) Assets Ratio

| Particulars | 31.03.2016 | 31.03.2015 |
|--|------------|------------|
| CRAR (%) | 18.43 | 21.41 |
| CRAR - Tier I Capital (%) | 14.84 | 17.22 |
| CRAR - Tier II Capital (%) | 3.59 | 4.19 |
| Subordinated debt considered as Tier II Capital (₹ in lakhs) | 678,68.00 | 706,10.00 |

27.02 Investments (₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|---|------------|------------|
| Value of Investments | | |
| Gross Value of Investments | | |
| a) In India | 1834,45.75 | 1552,44.07 |
| b) Outside India | 26,94.86 | 26,94.86 |
| Provisions for Depreciation | | |
| a) In India | 25,16.52 | 57,91.41 |
| b) Outside India | — | — |
| Net Value of Investments | | |
| a) In India | 1809,29.23 | 1494,52.66 |
| b) Outside India | 26,94.86 | 26,94.86 |
| Movement of provisions held towards depreciation on investments | | |
| Opening balance | 57,91.41 | 52,42.33 |
| Add: Provisions made during the year | 5,13.18 | 5,64.08 |
| Less: Capital reduction / write-back of excess provisions during the year | 37,88.07 | 15.00 |
| Closing balance | 25,16.52 | 57,91.41 |

27.03 Derivatives

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

| | 31.03.2016 | 31.03.2015 |
|---|-----------------|------------|
| The notional principal of swap agreements | 650,00.00 | 350,00.00 |
| Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements | 1,29.47 | 8.04 |
| 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 | 50.13 | -18.54 |

The details and terms of IRS / FRA / CCIRS (Hedging) are set out below: (₹ in lakhs)

| Derivatives | 31.03.2016 | 31.03.2015 | Benchmark | Terms |
|------------------------|--------------------|------------|-----------|---------------------------------------|
| | Notional Principal | | | |
| Interest Rate Swaps | 300,00.00 | 150,00.00 | OIS | Fixed Receivable v/s Floating Payable |
| Forward Rate Agreement | 200,00.00 | 200,00.00 | USD LIBOR | Fixed Payable v/s Floating Receivable |
| Coupon Only Swap | 150,00.00 | — | USD LIBOR | Fixed Payable v/s Floating Receivable |

NOTES TO THE ACCOUNTS (Contd.)

27.03.02 Exchange Traded Interest Rate (IR) Derivatives : NIL

27.03.03 Qualitative disclosures on risk exposure of derivatives

i) Qualitative disclosures

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

ii) Quantitative disclosures

(₹ in lakhs)

| | Currency Derivatives | | Interest Rate Derivatives | |
|---|----------------------|------------|---------------------------|------------|
| | 31.03.2016 | 31.03.2015 | 31.03.2016 | 31.03.2015 |
| Derivatives (Notional Principal Amount) | | | | |
| For Hedging | 506,58.09 | 211,81.79 | 650,00.00 | 350,00.00 |
| Marked to Market Position | | | | |
| - Asset (+) | - | 2,58.27 | 1,29.47 | 8.04 |
| - Liability (-) | 3,91.67 | - | 79.34 | 26.58 |
| Credit Exposure | 13.16 | 71.07 | 4,00.00 | 3,50.00 |
| Unhedged Exposures | - | - | - | - |

27.04 Disclosures relating to Securitisation

27.04.01 Special Purpose Vehicles (SPVs) and Minimum Retention Requirements

(₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|---|------------|------------|
| No. of SPVs Sponsored by the NBFC for Securitisation Transactions | 10 | 10 |
| Total amount of securitised assets as per books of the SPVs sponsored | 2489,94.19 | 1745,29.40 |
| 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 | 365,37.68 | 242,27.19 |
| Others | 6,80.02 | 11,27.33 |
| Total amount of exposures to securitisation transactions other than MRR | | |
| Off-balance sheet exposures | | |
| Exposures to own securitisations | | |
| First loss | - | - |
| Others | - | - |
| Exposure to third party securitisations | | |
| First loss | - | - |
| Others | - | - |
| On-balance sheet exposures | | |
| Exposures to own securitisations | | |
| First loss | - | - |
| Others | - | - |
| Exposure to third party securitisations | | |
| First loss | - | - |
| Others | - | - |

NOTES TO THE ACCOUNTS (Contd.)

27.04.02 Details of Assignment transactions undertaken (₹ in lakhs)

| | 2015-16 | 2014-15 |
|---|------------|---------|
| No. of accounts | 208,30 | – |
| Aggregate consideration on sale | 1194,88.78 | – |
| Aggregate value (net of provisions) of accounts sold | 1175,32.56 | – |
| Additional consideration realized in respect of accounts transferred in earlier years | – | – |
| Aggregate gain / (loss) over net book value | 19,56.21 | – |

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

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

27.05 Maturity Pattern of certain items of Assets and Liabilities As at March 31, 2016:

(₹ 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 | 110,38.64 | 106,29.10 | 100,88.22 | 337,86.95 | 539,58.55 | 1051,26.02 | – | – | 2246,27.49 |
| Borrowings | 739,00.02 | 925,58.67 | 125,00.00 | 1420,89.49 | 3126,16.29 | 2723,58.07 | 357,10.00 | 565,00.00 | 9982,32.54 |
| Foreign Currency Liabilities | – | – | – | – | 223,32.36 | 168,23.04 | – | – | 391,55.40 |
| Advances | 863,67.31 | 761,06.26 | 797,28.66 | 1849,78.90 | 3251,20.61 | 7387,50.79 | 1099,60.66 | 1,08.65 | 16011,21.84 |
| Investments | 289,93.69 | 12,29.50 | 11,68.22 | 62,79.38 | 88,43.77 | 123,33.10 | 6.76 | 1220,74.80 | 1809,29.23 |
| Foreign Currency Assets | 0.99 | – | – | – | – | – | – | 26,94.86 | 26,95.85 |

NOTES TO THE ACCOUNTS (Contd.)

27.06 Exposures

27.06.01 Exposure to Real Estate Sector (₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|--|-----------------|-----------------|
| Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented | 24,22.94 | 28,18.38 |
| 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 | 5,43.46 | 5,96.64 |
| Investments in Mortgage Backed Securities (MBS) and other securitised exposures - Residential - Commercial Real Estate | — | — |
| Total Exposure to Real Estate Sector | 29,66.40 | 34,15.02 |

27.06.02 Exposure to Capital Market (₹ in lakhs)

| Particulars | 31.03.2016 | 31.03.2015 |
|---|-----------------|-----------------|
| 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) | 28,68.18 | 32,01.81 |
| 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) | — | — |
| Total Exposure to Capital Market | 28,68.18 | 32,01.81 |

NOTES TO THE ACCOUNTS (Contd.)

| | | |
|----------|---|---|
| 27.06.03 | Details of financing of parent company products | NIL |
| 27.06.04 | Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the company | NIL |
| 27.07 | Registration obtained from other financial sector regulators | Insurance Regulatory and Development Authority – Corporate Agency |
| 27.08 | Disclosure of penalties imposed by RBI and other regulators | NIL |

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

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

Migration of ratings during the year : NIL

27.10 Provisions and Contingencies (₹ in lakhs)

| Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account | 2015-16 | 2014-15 |
|--|-----------|-----------|
| Provisions for depreciation on Investments | 3,91.14 | 5,49.08 |
| Provisions towards NPA | 38,65.45 | 28,76.84 |
| Provisions for Standard Assets | 1,31.68 | 4,50.63 |
| Provisions made towards Income tax | 205,95.60 | 197,05.46 |

27.11 Concentration of Deposits (₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|---|------------|------------|
| Total Deposits of twenty largest depositors | 86,06.89 | 70,08.01 |
| % of Twenty largest depositors | 3.83% | 3.64% |

27.12 Concentration of Advances (₹ in lakhs)

| | 2015-16 | 2014-15 |
|--|-----------|-----------|
| Total Advances to twenty largest borrowers | 196,19.90 | 218,46.19 |
| % of Twenty largest borrowers | 1.71% | 2.18% |

27.13 Concentration of Exposures (₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|--|------------|------------|
| Total Exposure to twenty largest borrowers | 454,11.26 | 549,70.13 |
| % of Twenty largest borrowers | 3.21% | 4.02% |

NOTES TO THE ACCOUNTS (Contd.)

27.14 Concentration of NPAs# (₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|---|------------|------------|
| Total Exposure to top four NPA accounts | 21,97.14 | 11,59.02 |

27.15 Sector-wise NPAs as a percentage to Total Advances #

| Sector | 31.03.2016 | 31.03.2015 |
|----------------------|------------|------------|
| Truck Operators | 1.89 | 1.56 |
| Auto Loans | 1.40 | 0.92 |
| Infrastructure Loans | 3.62 | 2.46 |
| Agriculture | 8.07 | 4.18 |
| Others | 2.81 | 1.37 |

27.16 Movement of NPAs# (₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|--|------------|------------|
| Net NPAs to Net Advances (%) | 0.92% | 0.52% |
| Movement of NPAs (Gross) | | |
| Opening balance | 197,88.53 | 154,41.25 |
| Additions during the year | 219,39.62 | 169,28.73 |
| Reductions during the year (including write off) | 124,07.46 | 125,81.45 |
| Closing balance | 293,20.69 | 197,88.53 |
| Movement of Net NPAs | | |
| Opening balance | 71,04.23 | 56,33.77 |
| Additions during the year | 157,08.25 | 100,46.51 |
| Reductions during the year | 100,41.55 | 85,76.05 |
| Closing balance | 127,70.93 | 71,04.23 |
| Movement of provisions of NPAs (excluding provisions on standard assets) | | |
| Opening balance | 126,84.30 | 98,07.48 |
| Provisions made during the year | 62,31.37 | 68,82.22 |
| Write-off / write-back of excess provisions | 23,65.91 | 40,05.40 |
| Closing balance | 165,49.76 | 126,84.30 |

For the year ended 31st March 2016, the company has adopted 3 months norm for recognition of NPAs as against 120 days norm for the earlier year. Hence, the previous year figures are not comparable with those of the current year figures.

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

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

27.19 Customer Complaints

| | 2015-16 | 2014-15 |
|--|---------|---------|
| No. of complaints pending at the beginning of the year | — | — |
| No. of complaints received during the year | 58 | 23 |
| No. of complaints redressed during the year | 55 | 23 |
| No. of complaints pending at the end of the year * | 3 | — |

* Since resolved

NOTES TO THE ACCOUNTS (Contd.)

Note 28: Disclosure on Restructured Accounts

(₹ in lakhs)

| Type of Restructuring Asset Classification Details | | Others | | | | |
|---|--------------------|----------|-------------------|----------|------|---------|
| | | Standard | Sub - Standard | Doubtful | Loss | Total |
| Restructured Accounts as on April 1, 2015 | No. of borrowers | – | – | – | – | – |
| | Amount outstanding | – | – | – | – | – |
| | Provision thereon | – | – | – | – | – |
| Fresh restructuring during the year | No. of borrowers | – | 6 | – | – | 6 |
| | Amount outstanding | – | 4,82.59 | – | – | 4,82.59 |
| | Provision thereon | – | 65.15 | – | – | 65.15 |
| 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 | – | – | – | – | – |
| | Amount outstanding | – | – | – | – | – |
| | Provision thereon | – | – | – | – | – |
| Restructured Accounts as on March 31, 2016 | No. of borrowers | – | 6 | – | – | 6 |
| | Amount outstanding | – | 4,76.09 | – | – | 4,76.09 |
| | Provision thereon | – | 1,19.02 | – | – | 1,19.02 |

Note 29: Disclosure on frauds

During the year, four instances of fraud committed by customers, in the nature of cheating and forgery, aggregating to ₹5,04.17 lakhs were detected and reported to Reserve Bank of India. The amount has been fully provided after considering recoveries to the extent of ₹2,64.69 lakhs, while the company has proceeded legally to recover the balance dues.

Note 30: Previous year figures have been regrouped / reclassified wherever necessary to conform to the current year's presentation.

Signatures to Notes 1 to 30

As per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
Registration No.000511S
L Ravi Sankar
Partner
Membership No.25929
Place : Chennai
Date : 30th May, 2016

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 in terms of Paragraph 9BB of NBFC Prudential Norms (Reserve Bank) Directions, 1998)

(₹ in lakhs)

| | Particulars | Amount Outstanding | Amount Overdue |
|-----|--|-----------------------|-----------------------|
| | Liabilities side: | | |
| (1) | Loans and advances availed by the NBFCs @ | | |
| a | Debtures : Secured | 6483,00.58 | – |
| | : Unsecured | 902,10.00 | – |
| | (other than falling within the meaning of public deposits) | | |
| b | Deferred Credits | – | – |
| c | Term Loans | 391,55.40 | – |
| d | Inter-corporate loans and borrowings | – | – |
| e | Commercial paper | 1034,53.01 | – |
| f | Public Deposits | 2238,04.67 | 33,40.77 [#] |
| g | Other loans | | |
| | – Bank Borrowing | 1562,68.95 | – |
| | – Deposits from Corporates | 8,22.82 | – |
| (2) | Break-up of 1 (f) above (Outstanding public deposits) @ | | |
| 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 | 2238,04.67 | 33,40.77 [#] |

@ Interest accrued but not due and not paid - Nil

Represents unrenewed deposits

(₹ in lakhs)

| | Particulars | Amount Outstanding |
|-------|---|-----------------------|
| | Assets side: | |
| (3) | Break-up of Loans and Advances including bills receivables (other than those included in (4) below) : | |
| a | Secured | 33,66.35 |
| b | Unsecured (including Advance for Business Assets) | 221,41.25 |
| (4) | Break-up of Leased Assets and Stock on hire and hypothecation loans counting towards EL / HP activities : | |
| (i) | Lease assets including lease rentals under sundry debtors | |
| a | Financial Lease | 0.23 |
| b | Operating Lease | 185,00.23 |
| (ii) | Net Stock on hire including hire charges under sundry debtors | |
| a | Assets on hire | 1959,75.33 |
| b | Repossessed Assets | 2,77.97 |
| (iii) | Hypothecation loans counting towards EL / HP activities | |
| a | Loans where assets have been repossessed | 16,37.71 |
| b | Loans other than (a) above | 11898,09.57 |

(₹ in lakhs)

| | Particulars | Amount Outstanding | Market Value * |
|-------|---------------------------------|--------------------|-------------------|
| (5) | Break-up of Investments: | | |
| | Current Investments: | | |
| 1. | Quoted: – Government Securities | 177,89.66 | 177,17.59 |
| 2. | Unquoted: | | |
| (i) | Preference Shares | 1,66.67 | 1,66.67 |
| (ii) | Units of Mutual Funds | 101,00.00 | 101,15.56 |
| (iii) | Others | 51,74.20 | 51,74.20 |
| | Long Term Investments: | | |
| 1. | Quoted: | | |
| (i) | Equity Shares | 29,11.38 | 720,57.65 |
| (ii) | Debentures and Bonds | – | – |
| (iii) | Government Securities | 253,05.63 | 260,58.50 |
| 2. | Unquoted: | | |
| (i) | Shares | | |
| a | Equity | 1156,42.60 | 1662,56.23 |
| b | Preference | 3,33.33 | 3,33.33 |
| (ii) | Government Securities | – | – |
| (iii) | Units of Mutual Funds | 10,69.57 | 10,51.44 |
| (iv) | Bonds | – | – |
| (v) | Others | 2,57.08 | 2,57.08 |
| | Total | 1787,50.12 | 2991,88.25 |

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

| (6) | Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances | (₹ in lakhs) | | |
|-----|---|--------------------------|------------------|--------------------|
| | Category | Amount net of provisions | | |
| | | Secured | Unsecured | Total |
| 1. | Related Parties** | | | |
| a | Subsidiaries | 49.14 | 6,63.61 | 7,12.75 |
| b | Companies in the same group | – | – | – |
| c | Other related parties | 52.82 | 0.07 | 52.89 |
| 2. | Other than related parties | 13931,92.06 | 212,01.18 | 14143,93.24 |
| | Total | 13932,94.02 | 218,64.86 | 14151,58.88 |

| (7) | Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): | (₹ in lakhs) | |
|-----|--|--|--------------------------------|
| | Category | Market Value / Break up or fair value or NAV | Book Value (Net of Provisions) |
| 1. | Related Parties** | | |
| a | Subsidiaries | 1062,20.25 | 1019,95.45 |
| b | Companies in the same group | – | – |
| c | Other related parties | 469,54.14 | 90,78.47 |
| 2. | Other than related parties | 1460,13.86 | 651,59.69 |
| | Total | 2991,88.25 | 1762,33.61 |

** As per Accounting Standard

| (8) | Other Information: | (₹ in lakhs) |
|-------|---|--------------|
| | Particulars | Amount |
| (i) | Gross Non-Performing Assets | |
| a | Related Parties | – |
| b | Other than related parties | 293,20.69 |
| (ii) | Net Non-Performing Assets | |
| a | Related Parties | – |
| b | Other than related parties | 127,70.93 |
| (iii) | Assets acquired in satisfaction of debt (during the year) | 1,63.35 |

SUNDARAM FINANCE LIMITED

Consolidated
Financial
Statements

Consolidated Balance Sheet

as at 31st March, 2016

(₹ in lakhs)

| | Note | March 31, 2016 | | March 31, 2015 | |
|--|---------|------------------|---------------------------|------------------|---------------------------|
| <u>EQUITY AND LIABILITIES</u> | | | | | |
| Shareholders' funds | | | | | |
| Share capital | 2 | 111,10.39 | | 111,10.39 | |
| Reserves and surplus | 3 | 4083,54.13 | 4194,64.52 | 3638,64.78 | 3749,75.17 |
| Minority Interest | | | 604,10.04 | | 409,53.71 |
| Non-current liabilities | | | | | |
| Long-term borrowings | 4 | 8734,18.36 | | 11214,00.49 | |
| Other long-term liabilities | 5 | 1047,31.02 | | 607,77.54 | |
| Long-term provisions | 6 | 242,34.23 | 10023,83.61 | 225,37.28 | 12047,15.31 |
| Current liabilities | | | | | |
| Short-term borrowings | 7 | 2661,61.85 | | 2276,20.95 | |
| Trade Payables | 8 | | | | |
| i) Total outstanding dues to micro and small enterprises | | - | | - | |
| ii) Total outstanding dues of creditors other than micro and small enterprises | | 919,21.76 | | 437,62.86 | |
| Other current liabilities | 9 | 9404,31.61 | | 6620,27.25 | |
| Short-term provisions | 10 | 219,07.53 | 13204,22.75 | 244,89.98 | 9579,01.04 |
| TOTAL EQUITY AND LIABILITIES | | | <u>28026,80.92</u> | | <u>25785,45.23</u> |
| <u>ASSETS</u> | | | | | |
| Non-current assets | | | | | |
| Fixed assets | 11 | | | | |
| Tangible assets | | 326,32.60 | | 339,83.19 | |
| Intangible assets | | 494,83.65 | | 177,58.94 | |
| | | <u>821,16.25</u> | | <u>517,42.13</u> | |
| Non-current investments | 12 | 3069,88.86 | | 1802,45.01 | |
| Deferred tax assets (net) | 13 | 148,79.36 | | 123,03.46 | |
| Long-term loans and advances | 14 | 14507,97.82 | | 13678,24.46 | |
| Other non-current assets | 15 | 121,94.83 | 18669,77.12 | 86,96.86 | 16208,11.92 |
| Current assets | | | | | |
| Current investments | 16 | 956,24.99 | | 928,49.27 | |
| Cash and Bank balances | 17 | 938,24.16 | | 1088,40.79 | |
| Short-term loans and advances | 18 | 7147,09.83 | | 7271,11.41 | |
| Other current assets | 19 | 315,44.82 | 9357,03.80 | 289,31.84 | 9577,33.31 |
| TOTAL ASSETS | | | <u>28026,80.92</u> | | <u>25785,45.23</u> |
| Notes to the Accounts | 1 to 26 | | | | |

As per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
Registration No.000511S

L Ravi Sankar
Partner
Membership No.25929

Place : Chennai
Date : 30th May, 2016

T T Srinivasaraghavan
Managing Director

M Ramaswamy
Chief Financial Officer

S Viji
Chairman

Harsha Viji
Deputy Managing Director

S Prasad
Director

A N Raju
Director (Operations)

P Viswanathan
Secretary & Compliance Officer

Consolidated Statement of Profit and Loss

for the Year Ended 31st March, 2016

(₹ in lakhs)

| | Note | 2015-16 | 2014-15 |
|---|------------|-------------------|-------------------|
| REVENUE: | | | |
| Revenue from Operations | 20 | 4959,22.48 | 4238,20.65 |
| Other income | 21 | 75,49.60 | 56,06.39 |
| Total Revenue | (A) | 5034,72.08 | 4294,27.04 |
| EXPENSES: | | | |
| Finance costs | 22 | 1814,37.43 | 1781,53.31 |
| Insurance claims incurred (net) | | 943,72.34 | 507,30.71 |
| Employee benefits | 23 | 446,63.78 | 404,98.07 |
| Administrative and Other expenses | 24 | 739,24.88 | 485,02.96 |
| Provisions and Write Off | 25 | 89,53.67 | 137,54.93 |
| Depreciation | | 106,33.05 | 112,04.99 |
| Contingent Provision against Standard Assets | | 2,14.94 | 5,88.54 |
| Total expenses | (B) | 4142,00.09 | 3434,33.51 |
| Profit before Tax | | 892,71.99 | 859,93.53 |
| Tax expense: | | | |
| Current tax | | 324,75.55 | 295,54.57 |
| Deferred tax | | (16,92.35) | (8,62.42) |
| | | 307,83.20 | 286,92.15 |
| Net Profit (before adjustment for minority interest) | | 584,88.79 | 573,01.38 |
| Less: Minority Interest | | 78,92.92 | 68,42.93 |
| | | 505,95.87 | 504,58.45 |
| Add: Share of Profit in Associates | | 77,21.58 | 71,29.79 |
| Profit after Tax | | 583,17.45 | 575,88.24 |
| Basic and Diluted Earnings Per Share of ₹10 each (in ₹) | | 52.49 | 51.83 |
| Notes to the Accounts | 1 to 26 | | |

As per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
Registration No.000511S
L Ravi Sankar
Partner
Membership No.25929
Place : Chennai
Date : 30th May, 2016

T T Srinivasaraghavan
Managing Director

M Ramaswamy
Chief Financial Officer

S Viji
Chairman

Harsha Viji
Deputy Managing Director

S Prasad
Director

A N Raju
Director (Operations)

P Viswanathan
Secretary & Compliance Officer

Consolidated Cash Flow Statement

(₹ in lakhs)

| | 2015-16 | | 2014-15 | |
|--|--------------|------------------|--------------|---------------------|
| A CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Net Profit | 583,17.45 | | 575,88.24 | |
| Add: Lease Equalisation Account | 28.50 | | (7.72) | |
| Provision for Taxation | 307,83.20 | | 286,92.15 | |
| | 891,29.15 | | 862,72.67 | |
| Add: Financial Cost | 1814,37.43 | 2705,66.58 | 1781,53.31 | 2644,25.98 |
| Depreciation | | 106,33.57 | | 112,13.34 |
| Profit attributable to Minority Interests | | 78,92.92 | | 68,42.93 |
| Provision against Investments (net) | | (23.33) | | (1,60.91) |
| Provision against Non - Performing assets (net) | | 47,34.26 | | 81,23.92 |
| Contingent Provisions against Standard Assets | | 2,14.94 | | 5,88.54 |
| Employee Stock Option Compensation Expenses | | 2,04.37 | | 1,45.51 |
| (Profit) loss on sale of assets | | 5,15.26 | | 3,48.29 |
| (Profit) loss on sale of Investments | | (84,92.19) | | (81,48.89) |
| Interest / Dividend Income | | (231,29.92) | | (134,29.91) |
| Exchange difference on translation of foreign currency | | 10.36 | | (52.04) |
| Effect of Foreign Exchange rates on Cash and Cash Equivalents, net | | (16.17) | | 2.59 |
| Share of Profits from Associates | | (77,21.58) | | (71,29.79) |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | | 2553,89.07 | | 2627,69.56 |
| (Increase) Decrease in Leased assets - net of sales | (38,85.90) | | (49,67.87) | |
| (Increase) Decrease in Long Term Loans and Advances | (882,39.32) | | (1172,51.51) | |
| (Increase) Decrease in Other Non-Current Assets | (35,02.85) | | (38,05.48) | |
| (Increase) Decrease in Bank deposits | 150,29.96 | | (37,01.10) | |
| (Increase) Decrease in Short Term Loans and Advances | 124,01.58 | | (646,32.29) | |
| (Increase) Decrease in Other Current Assets | (21,99.31) | | (7,34.47) | |
| (Increase) Decrease in SLR Investments (net) | (41,60.82) | | (202,20.95) | |
| Increase (Decrease) in Other Long-Term Provisions | (20.15) | | 49.22 | |
| Increase (Decrease) in Other Short-Term Provisions | 2,00.51 | | 5,98.79 | |
| Increase (Decrease) in Other Long-Term Liabilities | 452,69.26 | | 31,72.30 | |
| Increase (Decrease) in Trade Payables - Current | 481,58.89 | | 83,30.53 | |
| Increase (Decrease) in Other Current Liabilities | 573,95.34 | 764,47.19 | 25,94.51 | (2005,68.32) |
| Net effects from change in holdings in Joint Ventures | | (1064,23.30) | | - |
| Cash generated from Operations | | 2254,12.96 | | 622,01.24 |
| Financial Cost | (1669,81.98) | | (1759,30.50) | |
| Direct Taxes Paid | (273,99.10) | (1943,81.08) | (292,41.06) | (2051,71.56) |
| NET CASH FROM OPERATING ACTIVITIES (A) | | 310,31.88 | | (1429,70.32) |

Consolidated Cash Flow Statement (Contd.)

(₹ in lakhs)

| | 2015-16 | 2014-15 |
|--|--------------------|--------------------|
| B) CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase / Sale of Fixed Assets | (49,42.98) | (30,50.48) |
| Proceeds from SFL Share Trust | 14.45 | 262,50.00 |
| Purchase / Sale of non-current Investments | (191,76.13) | (160,26.72) |
| Purchase/ Sale of current investments | 238,49.31 | 230,35.00 |
| Interest Received | 237,56.57 | 110,39.15 |
| Dividend Received | 69,28.55 | 38,76.67 |
| Purchase/Sale of Investments in Associates | – | (5,48.90) |
| Net effects from change in holdings in Joint Ventures | (407,61.31) | – |
| NET CASH FROM INVESTING ACTIVITIES (B) | (103,31.54) | 445,74.72 |
| C) CASH FLOW FROM FINANCING ACTIVITIES | | |
| Increase (Decrease) in Long Term Borrowings | (594,32.86) | 1539,90.67 |
| Increase (Decrease) in Short Term Borrowings | 552,29.40 | (573,90.04) |
| Dividend paid (including Corporate Dividend Tax) | (235,23.94) | (215,10.36) |
| Increase (Decrease) in Share capital | 5,39.00 | 5,88.00 |
| Net effects from change in holdings in a Joint Venture | 11,37.32 | – |
| NET CASH FROM FINANCING ACTIVITIES (C) | (260,51.08) | 756,78.27 |
| D) Effect of Foreign Exchange rates on Cash and Cash Equivalents, net (D) | 16.17 | (2.59) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)+(D) | (53,34.57) | (227,19.92) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 395,31.34 | 622,51.26 |
| Cash and Cash equivalents on change in holdings in Joint Ventures | 20,49.89 | – |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 362,46.66 | 395,31.34 |
| COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | | |
| Current Account with Banks | 80,66.26 | 87,26.54 |
| Cash, Cheques, drafts on hand | 79,63.66 | 71,65.04 |
| Short Term Deposit | 202,16.74 | 236,39.76 |

As per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
Registration No.000511S

L Ravi Sankar
Partner
Membership No.25929
Place : Chennai
Date : 30th May, 2016

T T Srinivasaraghavan
Managing Director

M Ramaswamy
Chief Financial Officer

S Viji
Chairman

Harsha Viji
Deputy Managing Director

S Prasad
Director

A N Raju
Director (Operations)

P Viswanathan
Secretary & Compliance Officer

Notes to the Consolidated Financial Statements

Note 1: SIGNIFICANT ACCOUNTING POLICIES:

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

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

The financial statements of the subsidiary, Sundaram Asset Management Singapore Pte. Ltd. have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial reporting Standards (FRS).

The financial statements of the associate, The Dunes Oman LLC(FZC) have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards - Board (IASB).

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

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

1.02 Income Recognition:

a) Income from Hypothecation loans, Hire Purchase and Housing loan transactions is accounted on the basis of the Internal Rate of Return method.

On assets securitised / assigned , income is recognised over the life of the underlying assets.

On assets securitised prior to 21st August 2012, income is recognised over the life of the underlying assets based on the method prescribed by RBI vide their guidelines dated 1st February 2006.

b) Lease income is accounted as per the terms of the lease agreements for contracts entered into upto 31st March 2001. Income from leases entered into on or after 1st April, 2001 is accounted as per the Accounting Standard - 19 - 'Leases'.

c) Income from other financing activities and services is recognised on accrual basis.

d) Premium from Insurance business is recognised as income over the contract period or period of risk, as appropriate, after adjusting for unearned premium (unexpired risk) and premium deficiency, if any.

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

f) Sales of Products are recorded when significant risks and rewards of ownership of products are passed on to the customers. Sales are stated at contractual realisable values, net of value added tax and inclusive of resale sales tax and trade discounts and returns if any.

Revenues from software development, which are generally time bound fixed price are recognised over the life of the contract using the proportionate completion method, with contract cost determining the degree of completion.

Revenue from other services is recognised as income on completion.

1.03 Financial Instruments:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

1.04 Fixed Assets and Depreciation / Amortisation:

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

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

Cost of assets given on finance lease is amortised during the lease period for all leased assets acquired prior to 01.04.2001, as recommended in the “Guidance Note on Accounting for Leases (Revised)” issued by the The Institute of Chartered Accountants of India (ICAI). Lease Equalisation Account, which represents the excess / shortfall of annual lease charge when compared with statutory depreciation, is recognised. The value of assets on Finance Lease is further adjusted for the balance in Lease Adjustment Account.

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

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

1.05 Valuation of Investments:

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

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

1.06 Foreign Currency Transactions:

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

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

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

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

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

1.07 Employee Benefits:

A. Short Term Employee Benefits:

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

B. Post employment benefits:

Defined Contribution Plan

i. Provident Fund:

Contributions are made to the company’s Employees Provident Fund Trust and Regional Provident Fund. The interest rate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

payable to the beneficiaries every year is notified by the Government. The company has an obligation to make good the shortfall, if any, between the return from the investment of the trust and the notified interest rate.

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

ii. Superannuation:

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

Defined Benefit Plan

i. Gratuity:

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

ii. Leave Encashment:

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

The expenses and actuarial gain / loss on account of the above benefit plans are recognised in the statement of profit and loss on the basis of actuarial valuation.

C. Other Long Term Employee Benefits:

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

D. Employee Stock Options:

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

1.08 Taxation:

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

1.09 Impairment of Assets:

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

1.10 Provisions:

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

1.11 Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit / loss before extraordinary items and tax is adjusted for the effects of transactions of non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating , investing and financing activities of the Company are segregated based on the available information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

1.12 Basis of Consolidation:

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

| Name of the Subsidiary | Country of Incorporation | Proportion of ownership interest (%) |
|---|--------------------------|--------------------------------------|
| Sundaram BNP Paribas Home Finance Limited | India | 50.10 |
| Sundaram Asset Management Company Limited | India | 100.00 |
| Royal Sundaram General Insurance Co. Limited (From 29/07/2015) | India | 75.90 |
| Sundaram Asset Management Singapore Pte Ltd | Singapore | 100.00 |
| Sundaram Trustee Company Limited | India | 100.00 |
| Sundaram Business Services Limited | India | 100.00 |
| Sundaram BPO India Limited | India | 100.00 |
| Sundaram Insurance Broking Services Limited | India | 100.00 |
| Sundaram Finance Distribution Limited | India | 100.00 |
| LGF Services Limited | India | 100.00 |
| Sundaram BNP Paribas Fund Services Limited | India | 51.00 |
| Sundaram Infotech Solutions Limited | India | 100.00 |
| Infreight Logistics Solutions Limited | India | 100.00 |

- b) The accounts of Royal Sundaram General Insurance Co. Ltd have been considered as Joint venture till 30th June 2015 and as subsidiary since then (Refer note 26.02) and ₹6,60.85 lakhs has been considered as the share of profit for the Minority Interest.
- c) The accounts of BNP Paribas Sundaram Global Securities Operations Private Limited have been considered till 31st July 2015 as Joint Venture. (Refer note 26.04).
- d) The company has the following investments in Associates for which the required treatment as per 'Accounting Standard - 23 on Accounting for investments in Associates' has been given in the Consolidated Financial Statements, on the basis of unaudited financial statements.

| Name of the Associate | Country of Incorporation | Proportion of ownership interest (%) |
|-----------------------------------|--------------------------|--------------------------------------|
| Axles India Limited | India | 38.81 |
| Turbo Energy Private Limited | India | 32.00 |
| Transenergy Limited | India | 42.31 |
| Sundaram Dynacast Private Limited | India | 26.00 |
| Sundaram Hydraulics Limited | India | 31.25 |
| Flometallic India Private Limited | India | 40.63 |
| The Dunes Oman LLC (FZC) | Sultanate of Oman | 43.69 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

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

The Consolidated Financial Statements have been prepared by adopting Uniform Accounting Policies except for the following Companies.

a) Sundaram Asset Management Singapore Pte Ltd.

Depreciation is based on the cost of an asset less its residual value and is recognised as an expense in Profit or Loss on a straight line basis over the estimated useful life of the asset.

The company recognises Non-derivative financial assets i.e. loan and receivables / Non-derivative financial liabilities at fair value plus any directly attributable transaction costs. Subsequent to this initial recognition, loans and receivables are measured at amortised cost using the effective interest method (Impairment losses are reduced for Loan and Receivables).

b) Royal Sundaram General Insurance Co. Limited depreciates all its assets using straight-line method of depreciation.

BALANCE SHEET

Note 2: Share Capital

(₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|--|------------------|------------------|
| Authorised capital | | |
| 25,00,00,000 Equity Shares of ₹10/- each | <u>250,00.00</u> | <u>250,00.00</u> |
| Issued, Subscribed and fully paid-up | | |
| 11,11,03,860 Equity Shares of ₹10/- each | 111,10.39 | 111,10.39 |

Reconciliation of number of Equity shares outstanding at the beginning and at the end of the reporting period:

| | 31.03.2016 | 31.03.2015 |
|--------------------------------------|--------------|--------------|
| At the beginning of the year | 11,11,03,860 | 11,11,03,860 |
| Add: Issue of shares during the year | — | — |
| At the end of the year | 11,11,03,860 | 11,11,03,860 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 3: Reserves and Surplus

(₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|--|------------|------------|
| a) Capital Reserve (on Consolidation) | | |
| At the beginning of the year | 5,28.22 | 5,29.05 |
| Less: Sale of holdings in Joint venture | 11.43 | - |
| Add/Less: Change in the value of holdings in Subsidiaries / Associates | 1,81.94 | (0.83) |
| At the end of the year | 6,98.73 | 5,28.22 |
| b) Capital Reserve | | |
| At the beginning of the year | 307,35.34 | 50,79.64 |
| Add: Proceeds from SFL Share Trust * | 14.45 | 256,55.70 |
| At the end of the year | 307,49.79 | 307,35.34 |
| c) Securities Premium Account | 19,52.77 | 19,52.77 |
| d) Share Options Outstanding Account | | |
| At the beginning of the year | 1,28.67 | 84.24 |
| Add: Deferred Employee Compensation Cost | 25.73 | 16.85 |
| Less: Shares transferred on exercise of option | 6.16 | 11.89 |
| Less: Transfer to General Reserve | 1,48.24 | 89.20 |
| Add : Granted during the year | 2,14.35 | 1,54.40 |
| Less: Deferred Employee Compensation Cost | 35.73 | 25.73 |
| At the end of the year | 1,78.62 | 1,28.67 |
| e) Statutory Reserve | | |
| At the beginning of the year | 698,69.25 | 607,22.02 |
| Add: Transfer from Surplus in the Statement of Profit and Loss | 97,73.22 | 91,47.23 |
| At the end of the year | 796,42.47 | 698,69.25 |

*** Proceeds from SFL Share Trust**

During the year, ₹14.45 lakhs was received by the Company on winding up of SFL Share Trust, which has been credited to Capital reserve.

In the previous year, an amount of ₹256,55.70 lakhs received from SFL Shares Trust, on sale of shares held by them in Sundaram Finance Limited, was credited to Capital Reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|---|-------------------|-------------------|
| f) Special Reserve | | |
| At the beginning of the year | 66,79.67 | 52,76.87 |
| Add: Transfer from Surplus in the Statement of Profit and Loss | 13,02.60 | 14,02.80 |
| At the end of the year | 79,82.27 | 66,79.67 |
| g) General Reserve | | |
| At the beginning of the year | 1863,16.87 | 1639,68.80 |
| Add: Transfer from Share Options Outstanding account | 1,48.24 | 89.20 |
| Less: Sale of holdings in Joint Venture | 1,86.21 | — |
| Add: Transfer from Surplus in the Statement of Profit and Loss | 262,88.56 | 222,58.87 |
| At the end of the year | 2125,67.46 | 1863,16.87 |
| h) Foreign Currency Translation Reserve | | |
| At the beginning of the year | 18,30.80 | 15,64.64 |
| Add: Increase during the year | 6,92.19 | 2,66.16 |
| At the end of the year | 25,22.99 | 18,30.80 |
| i) Surplus in the Statement of Profit and Loss | | |
| At the beginning of the year | 658,23.19 | 577,34.75 |
| Add: Change in the value of holdings in Associates/Subsidiaries/JVs | 2,48.32 | (2,43.41) |
| Less: Transfer to Deferred Tax Liability on Special Reserve | — | (18,48.84) |
| Less: Transition provision for depreciation | — | (4,92.95) |
| Add: Profit for the year | 583,17.45 | 575,88.24 |
| | 1243,88.96 | 1127,37.79 |
| Less: Appropriations | | |
| Statutory Reserve | 97,73.22 | 91,47.23 |
| Special Reserve | 13,02.60 | 14,02.80 |
| General Reserve | 262,88.56 | 222,58.87 |
| Dividend | | |
| Interim | 111,10.39 | 49,99.67 |
| Final (Proposed) | 11,11.04 | 66,66.23 |
| Dividend Tax | 27,44.12 | 24,39.80 |
| At the end of the year | 720,59.03 | 658,23.19 |
| | 4083,54.13 | 3638,64.78 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 4: Long-term Borrowings

| | (₹ in lakhs) | |
|---|-------------------|--------------------|
| | 31.03.2016 | 31.03.2015 |
| Secured | | |
| Non-Convertible Debentures | 3999,18.05 | 5762,40.14 |
| Term loans from banks | 2082,70.51 | 2578,98.79 |
| Unsecured | | |
| Subordinated Non-Convertible Debentures | 887,10.00 | 1174,60.50 |
| Fixed Deposits | 1765,19.80 | 1692,62.06 |
| Other borrowings | — | 5,39.00 |
| | <u>8734,18.36</u> | <u>11214,00.49</u> |

Note 5: Other Long-term Liabilities

| | (₹ in lakhs) | |
|--|-------------------|------------------|
| | 31.03.2016 | 31.03.2015 |
| Interest accrued but not due on borrowings | 136,43.10 | 149,58.86 |
| Other liabilities | 910,87.92 | 458,18.68 |
| | <u>1047,31.02</u> | <u>607,77.54</u> |

Note 6: Long-term Provisions

| | (₹ in lakhs) | |
|---------------------------|------------------|------------------|
| | 31.03.2016 | 31.03.2015 |
| Employee Benefits | 8,23.42 | 8,43.58 |
| For Non-Performing Assets | 147,67.78 | 132,65.60 |
| For Standard Assets | 86,43.03 | 84,28.10 |
| | <u>242,34.23</u> | <u>225,37.28</u> |

Note 7: Short-term Borrowings

| | (₹ in lakhs) | |
|--|-------------------|-------------------|
| | 31.03.2016 | 31.03.2015 |
| Secured | | |
| Working capital demand loans and Cash Credit | 1331,76.83 | 673,04.34 |
| Term Loans from Banks | — | <u>300,00.00</u> |
| | 1331,76.83 | 973,04.34 |
| Unsecured | | |
| Credit facilities from Banks | 291,78.97 | 14,27.39 |
| Commercial paper | 1038,06.05 | 1287,10.09 |
| Other loans and advances | — | <u>1,79.13</u> |
| | <u>1329,85.02</u> | 1303,16.61 |
| | <u>2661,61.85</u> | <u>2276,20.95</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 8: Trade Payables

| | (₹ in lakhs) | |
|---|-------------------------|-------------------------|
| | 31.03.2016 | 31.03.2015 |
| (i) total outstanding dues to micro and small enterprises | – | – |
| (ii) total outstanding dues of creditors other than micro and small enterprises | | |
| Dealer Balances | 63,87.66 | 33,63.26 |
| Creditors for Expenses | 807,86.15 | 380,23.43 |
| Outstanding Liabilities | 47,47.95 | 23,76.17 |
| | <u>919,21.76</u> | <u>437,62.86</u> |

Note 9: Other Current Liabilities

| | (₹ in lakhs) | |
|---|--------------------------|--------------------------|
| | 31.03.2016 | 31.03.2015 |
| Secured | | |
| Non-Convertible debentures | 4142,92.53 | 2279,03.05 |
| Term loans from Banks | 949,72.23 | 564,53.10 |
| Unsecured | | |
| Fixed Deposits | 1463,84.58 | 1086,11.98 |
| Commercial Paper | 489,41.90 | 1374,73.10 |
| Non-Convertible debentures | 295,00.00 | – |
| Interest accrued but not due on borrowings | 676,02.34 | 518,99.12 |
| Unpaid dividends * | 2,73.45 | 2,15.98 |
| Income received in advance | 22,22.26 | 13,48.42 |
| Unpaid matured deposits * | 39,43.87 | 22,14.86 |
| Interest accrued on unpaid matured deposits * | 4,48.24 | 3,80.24 |
| Amount due on Assets Securitised / assigned | 357,94.85 | 267,36.85 |
| Advance from Customers | 45,11.41 | 54,04.21 |
| Sundry Creditors for Unexpired Insurance Risk | 839,73.33 | 377,49.06 |
| Other Liabilities | 75,70.62 | 56,37.28 |
| | <u>9404,31.61</u> | <u>6620,27.25</u> |

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

Note 10: Short-term Provisions

| | (₹ in lakhs) | |
|------------------------------|-------------------------|-------------------------|
| | 31.03.2016 | 31.03.2015 |
| Employee Benefits | 51,28.24 | 49,27.71 |
| For Non Performing Assets | 148,28.21 | 111,81.21 |
| For proposed dividend | 11,11.04 | 66,66.23 |
| For tax on proposed dividend | 8,40.04 | 17,14.83 |
| | <u>219,07.53</u> | <u>244,89.98</u> |

(₹ in lakhs)

Note: 11 Fixed Assets

| | GROSS BLOCK AT COST | | | | DEPRECIATION | | | | Net Book Value | Balance in Lease Adjustment Accounts as at 31.03.2016 | NET BLOCK | |
|---|---------------------|------------------------|------------|---------------------------------|------------------|-----------------|------------------------|------------|----------------|---|---------------------------------|-----------------|
| | As at 31.03.2015 | Additions ⁶ | Deductions | Translation Exchange Difference | As at 31.03.2016 | Upto 31.03.2015 | Additions ⁶ | Deductions | | | Translation Exchange Difference | Upto 31.03.2016 |
| i) Tangible Assets | | | | | | | | | | | | |
| 1. Freehold Land and Buildings | 61,23.27 | 12,12.34 | - | - | 73,35.61 | 18,15.63 | 1,04.68 | - | - | 19,20.31 | 54,15.30 | 43,07.64 |
| 2. Leasehold office / Residential Premises | 14,92.37 | - | - | - | 14,92.37 | 8,78.09 | 30.16 | - | - | 9,08.25 | 5,84.12 | 6,14.28 |
| 3. Plant and Machinery and Computers | 121,77.05 | 23,12.43 | 1,54.57 | 0.33 | 143,35.24 | 90,14.26 | 23,94.28 | 1,40.40 | 0.30 | 112,68.44 | 30,66.80 | 31,62.79 |
| 4. Furniture and Fixtures | 51,03.71 | 9,69.49 | 62.10 | 2.12 | 60,13.22 | 36,40.49 | 5,82.29 | 58.92 | 2.11 | 41,65.97 | 18,47.25 | 14,63.22 |
| 5. Vehicles | 33,33.00 | 6,27.50 | 5,82.93 | - | 33,77.57 | 16,51.25 | 4,86.47 | 3,90.90 | - | 17,46.82 | 16,30.75 | 16,81.75 |
| 6. Office Equipment | 32,73.01 | 3,95.78 | 44.86 | 0.22 | 36,24.15 | 22,12.72 | 3,84.72 | 35.08 | 0.21 | 25,62.57 | 10,61.58 | 10,60.29 |
| | 315,02.41 | 55,17.54 | 8,44.46 | 2.67 | 361,78.16 | 192,12.44 | 39,82.60 | 6,25.30 | 2.62 | 225,72.36 | 136,05.80 | 122,89.97 |
| 7. Operating Lease | | | | | | | | | | | | |
| a) Plant and Machinery and Computers | 16,96.42 | 43.86 | 3,02.58 | - | 14,37.70 | 8,14.21 | 2,55.04 | 2,53.52 | - | 8,15.73 | 6,21.97 | 8,82.21 |
| b) Vehicles | 369,84.92 | 71,45.47 | 98,50.76 | - | 342,79.63 | 162,03.15 | 57,05.36 | 60,33.49 | - | 158,75.02 | 184,04.61 | 207,81.77 |
| | 386,81.34 | 71,89.33 | 101,53.34 | - | 357,17.33 | 170,17.36 | 59,60.40 | 62,87.01 | - | 166,90.75 | 190,26.58 | 216,63.98 |
| 8. Assets on Finance Lease | | | | | | | | | | | | |
| a) Plant and Machinery and Computers | 2,06.13 | - | - | - | 2,06.13 | 2,02.44 | 0.52 | - | - | 2,02.96 | 0.22 | 29.24 |
| | 2,06.13 | - | - | - | 2,06.13 | 2,02.44 | 0.52 | - | - | 2,02.96 | 0.22 | 29.24 |
| Total | 703,89.88 | 127,06.87 | 109,97.80 | 2.67 | 721,01.62 | 364,32.24 | 99,43.52 | 69,12.31 | 2.62 | 394,66.07 | 326,32.60 | 339,83.19 |
| ii) Intangible Assets | | | | | | | | | | | | |
| Goodwill (on Consolidation) | 149,89.58 | 310,01.15 | 0.12 | - | 459,90.61 | - | - | - | - | - | 459,90.61 | 149,89.58 |
| Computer Software | 108,68.68 | 38,25.11 | - | - | 146,93.79 | 83,12.31 | 32,94.85 | - | - | 116,07.16 | 30,86.63 | 25,56.37 |
| iii) Intangible Assets Under Development | 2,12.99 | 4,24.70 | 2,31.28 | - | 4,06.41 | - | - | - | - | - | 4,06.41 | 2,12.99 |
| Grand Total | 964,61.13 | 479,57.83 | 112,29.20 | 2.67 | 1331,92.43 | 447,44.55 | 132,38.37 | 69,12.31 | 2.62 | 510,73.23 | 821,19.20 | 517,42.13 |
| Previous Year | 1016,42.34 | 128,73.19 | 180,52.79 | (1.61) | 964,61.13 | 454,13.95 | 119,41.81 | 126,09.92 | (1.28) | 447,44.55 | 517,16.58 | 561,52.12 |

#Additions to Freehold Land and Buildings in Gross Block include assets transferred from Investment Property.

*Finance Lease Depreciation of ₹0.52 lakhs (Previous Year - ₹8.35 lakhs) has been netted off against Lease Income.

@Additions / Deletions due to change in value of holdings under Gross Block is ₹39,34.99 lakhs and under Depreciation is ₹25,47.12 lakhs.

Additions to Intangible Assets under development in Gross Block include depreciation on assets used for development of Computer software amounting to ₹3.90 lakhs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 12: Non-current Investments

(₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|---|--------------------------|--------------------------|
| Investment Property (net of depreciation) | 49,86.68 | 51,95.92 |
| Investment in Equity Instruments | 524,28.19 | 492,32.01 |
| Investment in Preference Shares | 3,33.33 | 5,00.00 |
| Investment in Government securities | 1331,07.74 | 710,90.92 |
| Investment in Debentures or Bonds | 1119,63.71 | 513,47.65 |
| Investment in Mutual Funds | 24,91.20 | 15,49.81 |
| Investment in Pass through certificates | 20,27.53 | 17,73.64 |
| | <u>3073,38.38</u> | <u>1806,89.95</u> |
| Less : Aggregate provision for diminution in value of investments | 3,49.52 | 4,44.94 |
| | <u>3069,88.86</u> | <u>1802,45.01</u> |

Carrying amount of associates includes Capital Reserve on acquisition of shares ₹4,53.64 lakhs (31.03.15– ₹2,71.70 lakhs).

(₹ in lakhs)

| | Cost | Market Value |
|--|--------------------------|--------------|
| Aggregate amount of Quoted Investments | 2618,41.23 | 3345,13.09 |
| Aggregate amount of Unquoted Investments | 401,60.95 | |
| Investment Property | 49,86.68 | |
| Total | <u>3069,88.86</u> | |

Note 13: Deferred Tax Assets (Net)

(₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|---|-------------------------|-------------------------|
| Deferred Tax Assets | | |
| Depreciation | 49,77.35 | 43,08.34 |
| Provisions against Non-performing Assets | 108,72.29 | 93,09.42 |
| Provisions against Investments | 35,58.85 | 11,86.76 |
| Contingent Provisions against Standard Assets | 29,91.30 | 29,16.91 |
| Income derecognised on Non-performing Assets | 10,56.61 | 7,82.04 |
| Others | 12,34.09 | 20,00.74 |
| | <u>246,90.49</u> | <u>205,04.21</u> |
| Less: Deferred Tax Liabilities | | |
| Hire Purchase Income | 33,74.85 | 30,02.31 |
| Others | 64,36.28 | 51,98.44 |
| | <u>98,11.13</u> | <u>82,00.75</u> |
| | <u>148,79.36</u> | <u>123,03.46</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 14: Long-term Loans and Advances

(₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|--|--------------------|--------------------|
| Secured, Considered good | | |
| Hypothecation Loans | 6441,97.06 | 5982,21.34 |
| Mortgage Loans | 6490,85.40 | 6363,92.90 |
| Net Investment in Stock-on-hire | 1117,41.29 | 948,08.39 |
| Net investment in lease | 11,85.93 | 12,70.75 |
| Other loans | 2,85.52 | 2,41.57 |
| | 14064,95.20 | 13309,34.95 |
| Amount retained on Assets securitised/assigned | 134,45.90 | 94,44.61 |
| Unsecured, Considered good | | |
| Capital Advances | 5,32.82 | 4,70.05 |
| Deposits | 22,36.50 | 18,39.94 |
| Other loans | 35,04.92 | 34,28.80 |
| | 62,74.24 | 57,38.79 |
| Other loans and advances | | |
| Advance Income tax and Tax Deducted at Source (net of provision) | 231,63.12 | 208,08.53 |
| Other advances | 14,19.36 | 8,97.58 |
| | 245,82.48 | 217,06.11 |
| | 14507,97.82 | 13678,24.46 |

Note 15: Other Non-current Assets

(₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|----------------------------|------------------|-----------------|
| SF Employees Welfare Trust | 3,21.18 | 3,26.06 |
| Other assets | 118,73.65 | 83,70.80 |
| | 121,94.83 | 86,96.86 |

Note 16: Current Investments

(₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|--|------------------|------------------|
| Investment in Equity Instruments | 29,91.47 | 50,00.34 |
| Investment in Preference Shares | 1,66.67 | — |
| Investment in Government Securities | 257,74.84 | 218,40.13 |
| Investment in Debentures / Bonds / Commercial paper | 279,95.37 | 174,08.16 |
| Investment in Mutual Funds | 332,42.90 | 439,94.66 |
| Investment in Pass through certificates | 7,15.08 | 7,69.92 |
| Investment in Subordinate Tranche Securities | 29.48 | 29.45 |
| Investment in Commercial Paper | 47,51.27 | 23,56.49 |
| Other Current Investments | 29.98 | 14,50.12 |
| | 956,97.06 | 928,49.27 |
| Less: Aggregate provision for diminution in value of investment in Government Securities | 72.07 | — |
| | 956,24.99 | 928,49.27 |

(₹ in lakhs)

| | Cost | Market Value |
|--|------------------|--------------|
| Aggregate amount of Quoted Investments | 516,95.14 | 518,28.95 |
| Aggregate amount of Unquoted Investments | 439,29.85 | |
| Total | 956,24.99 | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 17: Cash and Bank Balances

(₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|--|-------------------------|--------------------------|
| Cash and cash equivalents: | | |
| Cash on hand | 30,83.75 | 30,19.62 |
| Balances with Banks in Current Accounts | 80,66.26 | 87,26.54 |
| Bank Deposits (upto 3 months maturity) | 202,16.74 | 236,39.76 |
| Cheques, drafts on hand | <u>48,79.91</u> | <u>41,45.42</u> |
| | 362,46.66 | 395,31.34 |
| Bank Deposits | | |
| More than 3 months and upto 12 months maturity | 70,93.05 | 404,09.40 |
| More than 12 months maturity | <u>502,11.00</u> | <u>286,84.07</u> |
| | 573,04.05 | 690,93.47 |
| Unpaid dividend account | <u>2,73.45</u> | <u>2,15.98</u> |
| | <u>938,24.16</u> | <u>1088,40.79</u> |

Note 18: Short-term Loans and Advances

(₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|--|--------------------------|--------------------------|
| Secured, Considered good | | |
| Hypothecation Loans | 5232,72.11 | 5513,64.31 |
| Mortgage Loans | 578,27.78 | 491,66.63 |
| Net Investment in Stock-on-hire | 830,66.37 | 691,60.33 |
| Net Investment in lease | 7,22.73 | 9,66.91 |
| Trade receivables | 42,50.06 | 26,91.45 |
| Other loans | <u>5,65.29</u> | <u>6,63.55</u> |
| | 6697,04.34 | 6740,13.18 |
| Amount retained on Assets securitised/assigned | 187,58.27 | 152,34.98 |
| Unsecured, Considered good | | |
| Advance for business assets | 173,16.43 | 296,47.95 |
| Trade bills purchased | 5,05.75 | 7,40.11 |
| Other advances | <u>84,25.04</u> | <u>74,75.19</u> |
| | 262,47.22 | 378,63.25 |
| | <u>7147,09.83</u> | <u>7271,11.41</u> |

Note 19: Other Current Assets

(₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|--|-------------------------|-------------------------|
| Interest accrued on investments | 33,02.00 | 20,68.41 |
| Income Receivable | 262,38.30 | 239,86.34 |
| SF Employees Welfare Trust | 4.88 | 6.16 |
| Repossessed assets (at realisable value) | 19,15.68 | 28,04.50 |
| Stamps and Stamp papers on hand | <u>83.96</u> | <u>66.43</u> |
| | <u>315,44.82</u> | <u>289,31.84</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

STATEMENT OF PROFIT AND LOSS

Note 20: Revenue from Operations

| | (₹ in lakhs) | |
|---|-------------------|-------------------|
| | 2015-16 | 2014-15 |
| Income from Financing Operations | | |
| Hypothecation Loans / Hire Purchase | 1930,05.75 | 1885,57.39 |
| Mortgage Loans | 855,34.65 | 857,61.38 |
| Assets securitised / assigned | 144,26.67 | 143,60.59 |
| Lease | 102,21.32 | 111,30.44 |
| Others | 1,44.07 | 6,13.91 |
| Recovery of bad debts | 16,82.48 | 13,26.58 |
| | 3050,14.94 | 3017,50.29 |
| Insurance Premium earned (Net) | 1219,08.28 | 649,70.99 |
| Income from Investments | | |
| Interest Income | 280,96.04 | 174,55.85 |
| Profit on sale of Non-Current Investments | 14,28.60 | 6,90.16 |
| Profit on sale of Current Investments | 36,04.67 | 50,59.72 |
| | 331,29.31 | 232,05.73 |
| Investment Management and Advisory fee | 233,21.73 | 148,58.61 |
| Income from other Financial Services | 26,87.13 | 38,11.99 |
| Income from other Services | 84,53.48 | 132,22.50 |
| Loan processing & other fees | 13,08.36 | 18,71.67 |
| Sale of products | 99.25 | 1,28.87 |
| | 4959,22.48 | 4238,20.65 |

Note 21: Other Income

| | (₹ in lakhs) | |
|--------------------------------------|-----------------|-----------------|
| | 2015-16 | 2014-15 |
| Interest Receipts | 7,12.36 | 5,12.45 |
| Dividend Income | 24,16.73 | 15,76.54 |
| Profit on sale of Equity investments | 36,74.29 | 26,09.36 |
| Rent Receipts | 1,57.94 | 2,06.94 |
| Profit on sale of assets | 49.07 | 1,42.76 |
| Other non-operating income | 5,39.21 | 5,58.34 |
| | 75,49.60 | 56,06.39 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 22: Finance Costs

(₹ in lakhs)

| | 2015-16 | 2014-15 |
|--|-------------------|-------------------|
| Interest expense | | |
| Non convertible debentures | 893,13.72 | 827,20.81 |
| Term loans | 282,18.32 | 360,02.16 |
| Fixed deposits | 303,69.05 | 254,31.11 |
| Commercial paper | 306,40.56 | 319,30.81 |
| Other interest | 22,86.17 | 10,14.51 |
| | 1808,27.82 | 1770,99.40 |
| Other borrowing costs | 6,32.15 | 10,18.14 |
| Less:- Net gain/(loss) on foreign currency transaction | 22.54 | (35.77) |
| | 6,09.61 | 10,53.91 |
| | 1814,37.43 | 1781,53.31 |

Note 23: Employee Benefits

(₹ in lakhs)

| | 2015-16 | 2014-15 |
|---|------------------|------------------|
| Salaries, bonus and commission | 402,57.99 | 362,74.50 |
| Contribution to Provident and other funds | 24,91.79 | 19,66.85 |
| Employees Stock Options expense | 1,45.73 | 1,15.90 |
| Staff welfare expenses | 17,68.27 | 21,40.82 |
| | 446,63.78 | 404,98.07 |

Note 24: Administrative and Other Expenses

(₹ in lakhs)

| | 2015-16 | 2014-15 |
|--|------------------|------------------|
| Rent | 38,06.59 | 31,79.43 |
| Rates and taxes | 32,20.93 | 16,36.10 |
| Communication expenses | 23,13.62 | 19,26.41 |
| Electricity expenses | 14,11.73 | 12,67.78 |
| Travelling and conveyance | 29,00.92 | 30,82.51 |
| Outsourcing cost | 242,92.05 | 154,93.23 |
| Insurance | 3,71.68 | 3,61.29 |
| Contribution to CSR/Donations | 13,90.47 | 10,59.23 |
| Repairs | | |
| - Buildings | 32.27 | 41.15 |
| - Others | 49,57.64 | 36,20.50 |
| | 49,89.91 | 36,61.65 |
| Marketing and related expenses | 196,73.04 | 94,04.50 |
| Exchange (gain)/loss on foreign currency translation (net) | (3.54) | 1,51.71 |
| Miscellaneous expenses | 95,57.48 | 72,79.12 |
| | 739,24.88 | 485,02.96 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**Note 25: Provisions and Write Off**

(₹ in lakhs)

| | 2015-16 | 2014-15 |
|---|-----------------|------------------|
| Provision against non-performing assets (net) | 51,38.73 | 78,48.35 |
| Provision against Repossessed assets | (4,04.47) | 2,75.57 |
| Provision against Investments (net) | 47.31 | (1,60.91) |
| Bad Debts | 17,03.06 | 22,24.34 |
| Loss on assets sold/written off | 24,69.04 | 35,67.58 |
| | 89,53.67 | 137,54.93 |

Note 26: General

- 26.01 In November 2014, the Reserve Bank of India, issued a revised regulatory framework for NBFC's, which inter alia required the asset classification and provisioning norms to be aligned with those for Banks. In March 2015, Reserve Bank of India amended the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms, requiring NBFC's to classify Non-Performing Assets based on 3 months overdues, by the financial year ending 31st March 2018. As a matter of prudence, the Company has adopted the 3 months norm, in advance, for the financial year ended 31st March 2016, as compared to 120 days norm followed in the previous financial year. This has resulted in an additional charge of ₹8,06.05 lakhs (including income de-recognised) to the Profit before tax for the financial year.
- 26.02 During the year, the Company acquired the entire 26% equity stake, being 8,19,00,000 equity shares of ₹10/- each, held by Royal & Sun Alliance Insurance PLC in the equity share capital of Royal Sundaram Alliance Insurance Company Limited (Royal Sundaram), for a total consideration of ₹450,00 lakhs. Consequent to the said acquisition, the holding of the Company in Royal Sundaram increased from 49.90% to 75.90% and Royal Sundaram became the Company's subsidiary effective 29th July 2015. Pursuant to the above acquisition the name of "Royal Sundaram Alliance Insurance Company Limited" changed to "Royal Sundaram General Insurance Co. Limited" effective 17th December 2015.
- 26.03 In accordance with the scheme of reduction of capital approved by the High Court of Madras and Ministry of Corporate Affairs, Sundaram BNP Paribas Fund Services Limited (SBNPPFS), reduced its paid up Equity Share Capital, effective 1st September 2015. Consequently, the company's investment of ₹48,19.54 lakhs in the equity share capital of SBNPPFS (4,81,95,000 equity shares of ₹10 each) reduced to ₹12,24.15 lakhs (i.e. 1,22,41,530 equity shares of ₹10 each) and the accumulated provision of ₹35,95.39 lakhs has been adjusted against the cost of investment.
- 26.04 In accordance with the terms of the Joint Venture Agreement, the Company sold the entire holdings on 05th August 2015 in BNP Paribas Sundaram Global Securities Operations Private Limited' to the Joint Venture partner 'BNP Paribas Securities Services, Paris' for a consideration of ₹44,29.60 lakhs.
- 26.05 In accordance with the directions of IRDAI, Royal Sundaram General Insurance Co. Limited, together with other non-life insurance companies, participates in the Indian Motor Third Party Declined Risk Insurance Pool [DR Pool], a multilateral reinsurance arrangement in respect of specified commercial vehicles and where the policy issuing member insurer cede the insurance premium to the DR pool (based on underwriting policy approved by IRDAI). The DR Pool is administered by General Insurance Corporation of India ('GIC').

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

Accordingly, based on the statements received for the period ended December 31, 2015 the Company combines its proportionate share of the premium, claims and pool administrator fees with similar items in its financial statements, on a line-by-line basis. For the calendar quarter ended 31st March 2016, the premium, claims and pool administrator fees have been considered based on the management estimate. The difference, if any, between the estimates and the actual for the said quarter shall be recognized in the calendar quarter in which the Pool Administrator makes available the audited statement.

- 26.06 The pending litigations as on 31st March 2016 have been compiled by the company and reviewed by the Statutory Auditors. The current position of the litigation has been evaluated and the effect thereof has been appropriately disclosed in the financial statements.
- 26.07 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.

(₹ in lakhs)

26.08 Segment Reporting

| Business Segments | Asset Financing | | Insurance | | Other Operations | | Eliminations | | Consolidated Total | |
|---|-----------------|-------------|------------|------------|------------------|-----------|--------------|-----------|--------------------|-------------|
| | 2015-16 | 2014-15 | 2015-16 | 2014-15 | 2015-16 | 2014-15 | 2015-16 | 2014-15 | 2015-16 | 2014-15 |
| REVENUE | | | | | | | | | | |
| Segment Revenue | 3192,26.19 | 3158,92.43 | 1417,53.08 | 756,11.49 | 349,43.21 | 323,16.73 | - | - | - | - |
| Inter segment sales | 1,19.46 | 99.93 | 10,94.01 | 6,44.29 | 123,06.63 | 107,39.02 | 135,20.10 | 114,83.24 | - | - |
| Total Revenue | 3193,45.65 | 3159,92.36 | 1428,47.09 | 762,55.78 | 472,49.84 | 430,55.75 | 135,20.10 | 114,83.24 | 4959,22.48 | 4238,20.65 |
| RESULT | | | | | | | | | | |
| Segment Result | 754,25.80 | 754,27.48 | 37,57.06 | 13,59.02 | 20,64.30 | 38,61.13 | 22,12.66 | 12,36.33 | 834,59.82 | 818,83.96 |
| Unallocated income (net of expense) | - | - | - | - | - | - | - | - | 58,12.17 | 41,09.57 |
| Profit before tax | - | - | - | - | - | - | - | - | 892,71.99 | 859,93.53 |
| Less: Income tax | - | - | - | - | - | - | - | - | 307,83.20 | 286,92.15 |
| Add: Share of Profit in Associates | - | - | - | - | - | - | - | - | 77,21.58 | 71,29.79 |
| Less: Minority Interest | - | - | - | - | - | - | - | - | 78,92.92 | 68,42.93 |
| Profit after Tax | - | - | - | - | - | - | - | - | 583,17.45 | 575,88.24 |
| OTHER INFORMATION | | | | | | | | | | |
| Segment Assets | 24707,30.19 | 23926,10.42 | 3001,81.35 | 1379,15.75 | 249,88.40 | 289,81.07 | 361,81.19 | 188,87.18 | 27597,18.75 | 25406,20.06 |
| Unallocated Assets | - | - | - | - | - | - | - | - | 429,62.17 | 379,25.17 |
| Total Assets | 20822,24.89 | 20404,32.95 | 2473,01.68 | 1126,93.54 | 72,55.20 | 90,85.11 | 159,26.49 | 79,76.30 | 23208,55.28 | 21542,35.30 |
| Segment Liabilities | - | - | - | - | - | - | - | - | 19,51.08 | 83,81.05 |
| Unallocated Liabilities | - | - | - | - | - | - | - | - | 23228,06.36 | 21626,16.35 |
| Total Liabilities | 109,07.73 | 119,30.71 | 65,93.51 | 4,38.85 | 10,51.50 | 6,69.43 | - | - | 185,52.74 | 130,38.99 |
| Capital Expenditure | 83,18.34 | 89,61.11 | 11,23.40 | 2,70.56 | 10,98.74 | 18,78.49 | - | - | 105,40.48 | 111,10.16 |
| Depreciation | 91,56.49 | 142,64.73 | - | - | 12.12 | 78.74 | - | - | 91,68.61 | 143,43.47 |
| Non-cash expenses other than depreciation | - | - | - | - | - | - | - | - | - | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

26.09 Additional information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary/Associates/Joint Ventures (₹ in lakhs)

| Name of the Entity | Net Assets, i.e., total assets minus total liabilities | | Share in profit or loss | |
|--|--|-------------------|-------------------------------------|------------------|
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount |
| Sundaram Finance Ltd. | 60.87 | 3312,62.49 | 65.48 | 477,27.75 |
| Subsidiaries: | | | | |
| Indian: | | | | |
| Sundaram BNP Paribas Home Finance Ltd. | 8.05 | 438,27.01 | 10.50 | 76,51.40 |
| Sundaram Asset Management Company Ltd. | 2.46 | 134,11.67 | 0.61 | 4,41.88 |
| Sundaram Trustee Company Ltd. | 0.01 | 61.59 | 0.06 | 45.97 |
| Sundaram Business Services Ltd. | 0.12 | 6,63.72 | 0.00 | 0.69 |
| Sundaram BPO India Ltd. | 0.18 | 9,99.34 | 0.01 | 5.57 |
| Sundaram Insurance Broking Services Ltd. | 0.01 | 64.19 | 0.01 | 4.98 |
| Sundaram Finance Distribution Ltd. | 0.27 | 14,55.00 | 0.14 | 1,00.23 |
| LGF Services Ltd. | 0.07 | 3,75.48 | 0.11 | 82.48 |
| Sundaram BNP Paribas Fund Services Ltd. | 0.22 | 12,23.98 | (0.56) | (4,04.63) |
| Sundaram Infotech Solutions Ltd. | 0.15 | 7,91.26 | (0.11) | (81.75) |
| Infreight Logistics Solutions Ltd. | (0.09) | (5,12.77) | 0.00 | (2.18) |
| Royal Sundaram General Insurance Co. Ltd. * | 7.99 | 435,04.44 | 2.80 | 20,43.51 |
| Foreign: | | | | |
| Sundaram Asset Management Singapore Pte Ltd. | 0.04 | 2,33.73 | (0.76) | (5,51.61) |
| Minority Interests in Subsidiaries | 11.10 | 604,10.04 | 10.83 | 78,92.92 |
| Associates: | | | | |
| Indian: | | | | |
| Axles India Ltd. | 0.58 | 31,67.98 | 0.64 | 4,63.43 |
| Turbo Energy Private Ltd. | 5.24 | 285,21.40 | 5.12 | 37,33.56 |
| Transenergy Ltd. | 0.06 | 3,50.22 | 0.02 | 12.53 |
| Sundaram Dynacast Private Ltd. | 0.12 | 6,42.49 | 0.26 | 1,87.15 |
| Sundaram Hydraulics Ltd. | 0.04 | 2,02.62 | (0.24) | (1,77.45) |
| Flometallic India Private Ltd. | 0.78 | 42,37.34 | 1.02 | 7,43.67 |
| Foreign: | | | | |
| The Dunes Oman LLC (FZC) | 1.72 | 93,43.28 | 3.78 | 27,58.70 |
| Joint Ventures: | | | | |
| Indian: | | | | |
| BNP Paribas Sundaram Global Securities Operations Private Ltd. | — | — | 0.29 | 2,09.32 |
| | 100.00 | 5442,36.50 | 100.00 | 728,88.09 |
| Adjustment arising out of consolidation | | (643,61.94) | | (66,77.72) |
| Total | | 4798,74.56 | | 662,10.37 |

* Was a Joint Venture upto 28th July 2015 and subsidiary thereafter.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**26.10 RELATED PARTIES DISCLOSURES:**

Related party disclosures, as per Accounting Standard 18 - 'Related Party Disclosures', for the year ended 31st March 2016, are given below:

Related Parties:**Associates:**

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

Key Management Personnel (KMP):

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

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

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

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

Mr. Harsha Viji

M/s. Athreya Harsha Holdings Private Ltd.

Mrs. Chitra Viji & Mr. Sriram Viji

M/s. Uthirattadhi Sriram Holdings Private Ltd.

Related Party Transactions For The Year Ended 31st March 2016

Nature and volume of transactions:

(₹ in lakhs)

| | Associates | KMP and Relatives | Enterprises over which KMP and his relatives are exercising significant influence | 2015-16 | 2014-15 |
|----------------------------------|------------|-------------------|---|----------|----------|
| INCOME | | | | | |
| Income from Financing Operations | 75.64 | — | — | 75.64 | 79.91 |
| Income from Services | 11.55 | — | — | 11.55 | 59.54 |
| Dividend | 46,00.67 | — | — | 46,00.67 | 22,83.98 |
| Rent Receipts | 44.88 | — | — | 44.88 | 43.52 |
| Other non-operating income | 1.65 | — | — | 1.65 | 2.98 |
| EXPENDITURE | | | | | |
| Interest | — | 95.42 | — | 95.42 | 83.75 |
| Remuneration | — | 6,85.74 | — | 6,85.74 | 6,57.77 |
| DIVIDEND PAID | | 11,94.57 | 3,72.75 | 15,67.33 | 14,18.27 |
| ASSETS | | | | | |
| Investments | — | — | — | — | 5,48.90 |
| Repayment of Loans and Advances | 1,10.70 | — | — | 1,10.70 | — |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Disclosure of Material Transactions with Related Parties

(₹ in lakhs)

| | | 2015-16 | 2014-15 |
|----------------------------------|--------------------------------|----------|----------|
| INCOME | | | |
| Income from Financing Operations | Turbo Energy Private Ltd. | 61.93 | 68.70 |
| | Axles India Ltd. | 9.94 | 2.96 |
| Income from Services | Turbo Energy Private Ltd. | 11.55 | 59.54 |
| Dividend | The Dunes Oman LLC (FZC) | 37,44.87 | 14,54.01 |
| | Turbo Energy Private Ltd. | 5,76.00 | 5,76.00 |
| Rent Receipts | Turbo Energy Private Ltd. | 44.88 | 43.52 |
| Other non-operating income | Turbo Energy Private Ltd. | 1.65 | 2.98 |
| ASSETS | | | |
| Investments | Flometallic India Private Ltd. | – | 5,48.90 |
| Repayment of Loans and Advances | Sundaram Hydraulics Ltd. | 1,10.70 | – |

Balances with Related Parties as at 31st March 2016

(₹ in lakhs)

| BALANCES OUTSTANDING | Associates | KMP | Relatives of KMP | Enterprises over which KMP and his relatives are exercising significant influence | 31.03.2016 | 31.03.2015 |
|----------------------|------------|---------|------------------|---|------------|------------|
| ASSETS | | | | | | |
| Investments | 90,78.47 | – | – | – | 90,78.47 | 90,78.47 |
| Loans and Advances | 52.82 | – | – | – | 52.82 | 27.76 |
| Other Assets | 0.07 | – | – | – | 0.07 | 1,11.68 |
| LIABILITIES | | | | | | |
| Equity Holdings | – | 1,71.35 | 5,74.49 | 2,32.97 | 9,78.82 | 9,80.51 |
| Deposits | – | 62.50 | 8,91.48 | – | 9,53.98 | 8,77.59 |
| Interest on deposits | – | 6.93 | 91.60 | – | 98.53 | 71.76 |

Disclosure of Material Balances with Related Parties as at 31st March 2016

(₹ in lakhs)

| BALANCES OUTSTANDING | Associates | KMP | Relatives of KMP | Enterprises over which KMP and his relatives are exercising significant influence | 31.03.2016 | 31.03.2015 |
|-------------------------------------|-----------------|-----|------------------|---|-----------------|-----------------|
| ASSETS | | | | | | |
| Investments | | | | | | |
| a) Investments In Equity | | | | | | |
| Shares | | | | | | |
| The Dunes Oman LLC (FZC) | 26,94.86 | | | | 26,94.86 | 26,94.86 |
| Flometallic India Private Ltd. | 32,50.00 | | | | 32,50.00 | 32,50.00 |
| Axles India Ltd. | 10,15.70 | | | | 10,15.70 | 10,15.70 |
| Sundaram Hydraulics Ltd. | 11,25.00 | | | | 11,25.00 | 11,25.00 |
| Turbo Energy Private Ltd. | 1,88.41 | | | | 1,88.41 | 1,88.41 |
| Transenergy Ltd. | 1,87.50 | | | | 1,87.50 | 1,87.50 |
| Sundaram Dynacast Pvt. Ltd. | 1,17.00 | | | | 1,17.00 | 1,17.00 |
| Total | 85,78.47 | | | | 85,78.47 | 85,78.47 |
| b) Investments in Preference Shares | | | | | | |
| Sundaram Hydraulics Ltd. | 5,00.00 | | | | 5,00.00 | 5,00.00 |
| Loans and Advances | | | | | | |
| a) Hypothecation Loans | | | | | | |
| Sundaram Hydraulics Ltd. | 32.11 | | | | 32.11 | – |
| b) Lease Receivables | | | | | | |
| Axles India Ltd. | 20.71 | | | | 20.71 | 27.76 |
| Other assets | | | | | | |
| Turbo Energy Private Ltd. | 0.07 | | | | 0.07 | 1,05.78 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

26.11 Contingent liabilities in respect of (₹ in lakhs)

| | 31.03.2016 | 31.03.2015 |
|---|------------|------------|
| a) On Cheques discounted | 1,43.90 | 3,41.05 |
| b) Tax disputes | 257,67.34 | 138,43.81 |
| c) Claims against the company not acknowledged as debts | 6,30.69 | 7,57.75 |

26.12 Earnings per share (Basic and diluted)

| | 2015-2016 | 2014-2015 |
|--|--------------|--------------|
| Profit for the year after taxation (₹ in lakhs) | 583,17.45 | 575,88.24 |
| Number of equity shares of ₹10 each | 11,11,03,860 | 11,11,03,860 |
| Basic and Diluted Earnings | | |
| Per Share of ₹10 each (in ₹) | 52.49 | 51.83 |
| Amount of Dividend (₹ in lakhs) | | |
| Interim (paid) | 111,10.39 | 49,99.67 |
| Final (proposed) | 11,11.04 | 66,66.23 |
| Amount of Dividend per share of ₹10 each (in ₹) | | |
| Interim (paid) | 10.00 | 4.50 |
| Final (proposed) | 1.00 | 6.00 |

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

Signatures to Notes 1 to 26

As per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
Registration No.000511S
L Ravi Sankar
Partner
Membership No.25929
Place : Chennai
Date : 30th May, 2016

T T Srinivasaraghavan
Managing Director

M Ramaswamy
Chief Financial Officer

S Viji
Chairman

Harsha Viji
Deputy Managing Director

S Prasad
Director

A N Raju
Director (Operations)

P Viswanathan
Secretary & Compliance Officer

Independent Auditors' Report to the Members of Sundaram Finance Limited

1. Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of SUNDARAM FINANCE LIMITED ("the Holding Company"), its subsidiaries, (together referred as "the Group") which comprise the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Consolidated Financial Statements

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

3. Auditor's Responsibility

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

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

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

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

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

4. Opinion

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

- a) in the case of the Balance Sheet, of the state of affairs of the Group including its Associates, as at March 31, 2016;

- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. Other Matters

- a) We did not audit the financial statements of four subsidiaries, whose financial statements reflect total assets of ₹3049,11.73 lakhs as at 31st March, 2016, total revenues of ₹1634,51.68 lakhs and net cash flows amounting to ₹7,19.09 lakhs for the year ended on that date, as considered in the consolidated financial statements. We did not audit the financial statements of one jointly controlled entity for which the total revenue of ₹28,78.58 lakhs and net cash flows of ₹1,60.62 lakhs are considered in the consolidated financial statements. The total revenue and net cash flows of the jointly controlled entity included are upto the date the investment was held (i.e. 5th August, 2015). These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and the jointly controlled entity, and our report in terms of sub-sections (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.
- b) The consolidated financial statements also include the Group's share of net profit of ₹42,19.22 lakhs for the year ended 31st March, 2016, in respect of five associates, whose financial statements are unaudited. The consolidated financial statements also include the Group's share of net profit of ₹35,02.36 lakhs for the year ended 31st March, 2016, in respect of two associates, whose financial information is unaudited. These financial statements / financial information are unaudited and 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 associates, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid associates, is based solely on such unaudited financial statements / financial information.

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 certified by the Management.

6. Report on Other Legal and Regulatory Requirements

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Holding Company and its subsidiaries incorporated in India are disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our "Annexure A".

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. the Consolidated financial statements disclose the effect of pending litigations on the consolidated financial position of the Group – as mentioned in Note 26.06;
- ii. based on the current assessment of the long term contracts, in the ordinary course of business, the Group has made provision for losses as explained in Note 26.07 of the Notes to the Accounts. In respect of the Holding Company, the derivative contracts being in the nature of hedge contracts, the company does not anticipate any material losses from the

same. The derivative contracts pertaining to a subsidiary company are short term in nature and no material losses are anticipated from the same by that company;

- iii. 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, 2016

For **BRAHMAYYA & CO**
Chartered Accountants
Firm Regn. No.000511S
L. Ravi Sankar
Partner
Membership No. 25929

“Annexure A” to the Auditors’ Report Referred to in Paragraph 6 of Our Report of Even Date

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Sundaram Finance Limited (hereinafter referred to as “the Holding Company”) and its subsidiary companies, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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.

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 insofar as it relates to three subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India, while the internal financial controls over financial reporting relating to six associate companies have been certified by the Management of the respective companies.

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

For **BRAHMAYYA & CO**
Chartered Accountants
Firm Regn. No.000511S

L. Ravi Sankar
Partner

Place: Chennai
Date: 30th May, 2016

Membership No. 25929

Form AOC-I
(Pursuant to first proviso 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 statements of Subsidiaries/Associate companies/Joint Ventures
Part "A": Subsidiaries

| Sl. No. | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
|---------|--|---|---|---|----------------------------------|------------------------------------|----------------------------|---|---------------------------------------|----------------------|--|-------------------------------------|---------------------------------------|--|
| 1. | Name of the subsidiary | Sundaram BNP Paribas Home Finance Limited | Sundaram Asset Management Company Limited | Sundaram Asset Management Singapore Pte Limited | Sundaram Trustee Company Limited | Sundaram Business Services Limited | Sundaram BPO India Limited | Sundaram Insurance Broking Services Limited | Sundaram Finance Distribution Limited | IGF Services Limited | Sundaram BNP Paribas Fund Services Limited | Sundaram Infotech Solutions Limited | Infreight Logistics Solutions Limited | Royal Sundaram General Insurance Co. Limited @ |
| 2. | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| 3. | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. | NA | NA | SGD - Exchange rate as on 31/03/2016- ₹49.14 | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| 4. | Share capital | 101,25.44 | 20,00.00 | 26,67.83 | 5.00 | 15,00.00 | 8,95.13 | 50.00 | 50.00 | 25.00 | 35,00.30 | 16,40.00 | 5,61.12 | 315,00.00 |
| 5. | Reserves & surplus | 773,53.63 | 114,11.67 | (24,34.10) | 56.59 | (8,36.28) | 1,04.21 | 14.19 | 14,05.00 | 3,50.48 | (11,00.33) | (8,48.74) | (10,73.89) | 258,18.10 |
| 6. | Total assets | 7673,39.55 | 189,01.59 | 3,98.67 | 1,12.05 | 12,30.93 | 12,48.72 | 64.45 | 16,06.96 | 4,93.44 | 33,70.49 | 10,76.49 | 4.97 | 3046,19.79 |
| 7. | Total Liabilities | 6798,60.48 | 54,89.91 | 1,64.95 | 50.46 | 5,67.20 | 2,49.38 | 0.26 | 1,51.96 | 1,17.96 | 9,70.52 | 2,85.24 | 5,17.74 | 2473,01.68 |
| 8. | Investments | 268,50.39 | 39,78.19 | - | 90.41 | - | 35.59 | 5.29 | 9,68.49 | 1,39.90 | 13,19.35 | 2,08.57 | - | 2717,83.87 |
| 9. | Turnover | 927,26.38 | 229,88.28 | 5,15.62 | 99.51 | 24,41.16 | 16,21.29 | 7.64 | 8,14.06 | 6,44.58 | 27,91.06 | 16,19.39 | 0.55 | 1628,36.00 |
| 10. | Profit/(Loss) before taxation | 233,29.72 | 12,40.94 | (5,51.61) | 65.98 | 5.63 | 2.23 | 7.22 | 1,23.66 | 1,24.37 | (7,39.64) | (83.76) | (2.18) | 36,11.65 |
| 11. | Provision for taxation | 80,57.50 | 7,99.07 | - | 20.01 | 4.94 | (3,34) | 2.24 | 23.43 | 41.89 | 53.76 | (2.01) | - | 9,45.19 |
| 12. | Profit/(Loss) after taxation | 152,72.22 | 4,41.88 | (5,51.61) | 45.97 | 0.69 | 5.57 | 4.98 | 1,00.23 | 82.48 | (7,93.40) | (81.75) | (2.18) | 26,66.46 |
| 13. | Proposed Dividend | 35,43.91 | 3,60.00 | - | 35.00 | - | - | - | 1,00.00 | 87.50 | - | - | - | - |
| 14. | % of shareholding | 50.10% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 51.00% | 100.00% | 100.00% | 75.90% |

Name of the Subsidiary Company which is yet to commence operations: Sundaram Insurance Broking Services Limited.

@ Royal Sundaram General Insurance Co. Limited was a Joint Venture company upto 28th July 2015 and became a subsidiary since then and Consolidated Profit after tax includes our share of loss of ₹37.74 lakhs for the period Apr-Jun 15.

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 | Axles India Limited* | Turbo Energy Private Limited * | Transenergy Limited * | Sundaram Dynacast Private Limited* | Sundaram Hydraulics Limited* | Flometallic India Private Limited * | The Dunes Oman LLC (EFC) * |
|--|---|--------------------------------|-----------------------|------------------------------------|------------------------------|-------------------------------------|----------------------------|
| 1. Latest audited Balance Sheet Date | 31-03-2016 | 31-03-2016 | 31-03-2016 | 31-03-2016 | 31-03-2016 | 31-03-2016 | 31-03-2016 |
| 2. Shares of Associate held by the company on the year end | | | | | | | |
| Number | 98,91,754 | 25,60,000 | 1,20,000 | 11,70,000 | 1,12,50,000 | 3,250 | 22,93,725 |
| Amount of Investment in Associates | 10,15.70 | 1,88.41 | 1,87.50 | 1,17.00 | 11,25.00 | 32,50.00 | 26,94.86 |
| Extent of Holding % | 38.81% | 32.00% | 42.31% | 26.00% | 31.25% | 40.63% | 43.69% |
| 3. Description of how there is significant influence | By Virtue of Holdings being 20% or more | | | | | | |
| 4. Reason why the Associate / Joint Venture is not consolidated | NA | NA | NA | NA | NA | NA | NA |
| 5. Networth attributable to Shareholding as per latest audited Balance Sheet | 31,67.98 | 285,21.40 | 3,50.22 | 6,42.49 | 2,02.62 | 42,37.34 | 93,43.28 |
| 6. Profit / Loss for the year | | | | | | | |
| i. Considered in Consolidation | 4,63.43 | 38,50.82 | 14.97 | 2,08.42 | (1,77.45) | 7,76.75 | 27,58.70 |
| ii. Not Considered in Consolidation | 7,30.71 | 81,82.98 | 20.41 | 5,93.19 | (3,02.61) | 11,35.25 | 35,55.55 |

* considered on the basis of unaudited financial statements / details.

In accordance with the terms of the Joint Venture Agreement, the Company sold the entire holdings on 05th August 2015 in 'BNP Paribas Sundaram Global Securities Operations Private Limited' to the Joint Venture partner 'BNP Paribas Securities Services, Paris' for a consideration of ₹44,29,60 lakhs and Consolidated Profit after tax includes our share of profit of ₹2,09,32 lakhs for the period Apr-Jul 2015.

As per our report of even date attached
For **Brahmayya & Co.**,

Chartered Accountants
Registration No.0005115

L Ravi Sankar
Partner

Membership No.25929

Place : Chennai

Date : 30th May, 2016

S Viji
Chairman

T T Srinivasaraghavan
Managing Director

Harsha Viji
Deputy Managing Director

S Prasad
Director

A N Raju
Director (Operations)

P Viswanathan
Secretary & Compliance Officer

M Ramaswamy
Chief Financial Officer

Sundaram Finance Branch Network – 569 Branches

