

Sundaram Finance Limited

64th Annual Report
2016-17





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 Rajiv C Lochan 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	Chairman
Corporate Social Responsibility Committee	Shobhana Ramachandhran S Ravindran 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
	D Ravindran	Senior Vice President (Sundaram Infotech Solutions)
	S Sivakumar	Vice President & Head – Administration & Corporate Communications
	M J Kulkarni	Vice President & Head – Western Region
	K Sankarakumar	Vice President & Head – Distribution
	V Ananthanarayanan	Chief Information Officer
	N Ramachandran	Vice President & Head – Central & Northern Regions
	H Venkatesan	Senior General Manager – Internal Audit
	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
V Soundararajan	Senior General Manager & Head – Tamil Nadu – North	
C Muralidharan	Senior General Manager & Head – Karnataka	

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. Limited	Sundaram BPO India Limited
	Sundaram Trustee Company Limited	Sundaram BNP Paribas Fund Services Limited
	Sundaram Finance Holdings Limited	Sundaram Insurance Broking Services Limited
	Infreight Logistics Solutions Limited	

Bankers	State Bank of India	Axis Bank Ltd.
	Bank of India	Federal Bank Ltd.
	Canara Bank	The Hongkong and Shanghai Banking Corporation Ltd.
	Indian Bank	Standard Chartered Bank
	HDFC Bank Ltd.	BNP Paribas
	ICICI Bank Ltd	

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 ₹64.8386*
₹One Billion	=	₹100 Crores or ₹10,000 Lakhs	*RBI Reference Rate as on 31.03.2017

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SUNDARAM FINANCE
Enduring values. New age thinking.

A member of the



International Finance & Leasing Association

Board's Report

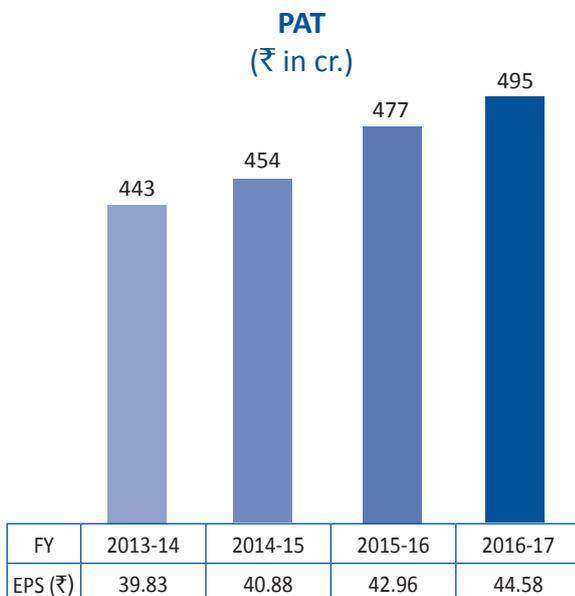
Your directors have pleasure in presenting the 64th Annual Report together with audited accounts for the year ended 31st March 2017. The summarised financial results of the Company are presented here under:

FINANCIAL RESULTS:

(₹ in cr.)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Revenue from Operations	2356.79	2312.39
Other Income	101.49	162.63
Total Revenue	2458.28	2475.02
Less: Total Expenses	1738.08	1791.79
Profit before tax	720.20	683.23
Profit after Tax	495.35	477.28
Surplus brought forward	176.47	162.11
Amount available for appropriation	671.82	639.39
Appropriations to:		
- Statutory Reserve	99.07	95.46
- General Reserve	222.90	222.63
Dividend – Interim	55.55	111.10
Final (Proposed)*	–	11.11
Dividend Tax	8.77	22.62
Surplus carried to balance sheet	285.53	176.47

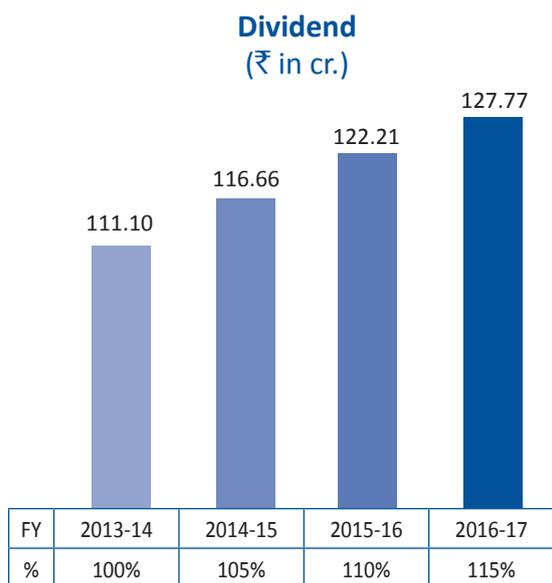
* Will be recognised as a liability on approval by the shareholders at the Annual General Meeting.



DIVIDEND

Your Company paid an interim dividend of ₹5/- per share in March 2017. Your directors are pleased to recommend a final dividend of ₹6.50 per share, which, together with the interim dividend, would aggregate to a total dividend of ₹11.50 per share (115% on the face value of ₹10/-).

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



COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION

Over the decades, your Company has invested in various non-financial services businesses, including several investments in automotive and manufacturing businesses, as a co-promoter along with TVS group companies, many of them leaders in their respective markets. Your Company intends to demerge its non-financial services investments, which would result in ring-fencing the regulated financial services assets of the group. Consequent to the demerger, Sundaram Finance Holdings Limited (SFHL) would be the holding company for all non-financial services investments of your Company.

As per the proposal, all shareholders of your Company would receive one share of SFHL free of cost for every share held in your Company as on the record date. The Appointed Date for the scheme is 1st April, 2016. As a promoter, your Company would hold 26.47% stake in SFHL and the balance 73.53% will be issued to all shareholders of your Company. SFHL will

be listed on the stock exchange, thereby providing a platform for shareholders to participate in the growth prospects of the investee companies.

The demerger process has been initiated through a Composite Scheme of Arrangement as per the requirements of the Companies Act, 2013. The Board of Directors of your Company, at the meeting held on 17th February 2017, approved the draft Composite Scheme of Arrangement and Amalgamation (Scheme), with effect from the Appointed Date, i.e. 1st April 2016. The Scheme, inter alia, envisages the following:

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

Your Company has obtained a 'no-objection' letter from The National Stock Exchange of India Limited, in accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as well as the approval of the Competition Commission of India for the proposed combination under Section 6(2) of the Competition Act, 2002. Necessary steps are being taken to file an application with the National Company Law Tribunal for approval.

CORPORATE GOVERNANCE

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

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

RELATED PARTY TRANSACTIONS

All transactions entered into by the Company with related parties were in the ordinary course of business and on an arm's length basis. The Company did not enter into any material transaction with related parties, under Section 188 of the Companies Act, 2013, during the year. Form AOC-2, as required under Section 134 (3) (h) of the Act, read with Rule 8 (2) of the Companies (Accounts) Rules 2014, is attached as part of this report, vide Annexure III (i). Further, the Company's policy on Related Party Transactions is attached as part of this report, vide Annexure III (ii), as required under the Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

SUNDARAM FINANCE LIMITED

The Annual Report on CSR Activities undertaken by the Company for the Financial Year 2016-17, is annexed with this report, vide Annexure IV.

BUSINESS RESPONSIBILITY REPORT

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

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

The Company has in place a Policy for prevention of Sexual Harassment, in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaints were received during the year 2016-17.

SECRETARIAL AUDIT

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

REMUNERATION TO DIRECTORS / KEY MANAGEMENT PERSONNEL

Disclosure pursuant to Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, together with the statement prescribed under Rule 5 (2) of the said Rules, is annexed, vide Annexure VII.

SUNDARAM FINANCE EMPLOYEE STOCK OPTION SCHEME

Based on the recommendations of the Nomination, Compensation and Remuneration Committee, your Board of Directors has granted, subject to regulatory approvals where necessary, 18,550 stock options to select eligible employees, on 29.05.2017. The disclosure required under SEBI (Share Based Employee Benefits) Regulations, 2014, is furnished, vide Annexure VIII.

EXTRACT OF ANNUAL RETURN

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

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

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

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

Your Company has no activity relating to conservation of energy or technology absorption. During 2016-17, expenditure in foreign currencies amounted to ₹45.75 cr. Foreign Currency earnings amounted to ₹23.27 cr.

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ECONOMY

Global economic growth, after a long period of stagnation, is projected to rise from 3.1 percent in 2016 to 3.5 percent in 2017. However, recent global macro-economic developments are giving rise to uncertainty as well. While the US economy is strengthening, China is slowing and there are serious risks emanating from the Euro-zone, exacerbated by the UK referendum that has popularly come to be known as Brexit. Specifically, a rising dollar could have a significant impact on the broader global economy, including India. Some downside risks to growth are already beginning to emerge, as a few advanced economies opt for inward looking policies to tackle low productivity and high income inequality, which could potentially threaten global economic integration and affect the global economic order, raising the spectre of a rollback of globalisation. Other risks to growth could arise through a quicker than expected increase in US interest rates, financial tightening in emerging markets, as well as some geopolitical factors. Crude oil prices have recovered from their abysmal lows of the recent past and are widely expected to remain at current levels in the near term.

INDIAN ECONOMY

Demonetisation and the passage of the Goods and Services Tax (GST) Bill, were the two events that occupied the headlines for much of the year. While the former evoked a lot of heated debate both in Parliament and in the media, the disruptions caused by this move were only temporary; the intended benefits are expected to flow through in the future. GST is scheduled to be rolled out on July 1, 2017, with most legislative and administrative requirements including the

rates of taxation having been finalised. Introduction of GST is a significant step in the reform of indirect taxation in India. Amalgamating several Central and State taxes into a single tax would mitigate cascading or double taxation, facilitating a common national market. The simplicity of the tax is expected to lead to easier administration and enforcement. From the consumer point of view, the biggest advantage is expected to be in terms of a reduction in the overall tax burden on goods, which on average, is currently estimated at 25%-30%, free movement of goods from one state to another without stopping at state borders for hours, for payment of state tax or entry tax and reduction in paperwork, to a large extent. In the short term, there are apprehensions with regard to the preparedness of businesses, especially in the small and medium segments, to make the transition. As with any change of this magnitude, there are bound to be some initial teething problems, especially with respect to technology, as also with the administrative changes that businesses will have to adapt to. However, in the long run, the overall benefits to consumers, businesses and the economy as a whole, are expected to be substantial.

The GDP numbers, estimated at 7.1% in 2016-17, point to continued buoyancy in the Indian economy, notwithstanding the temporary negative impact of demonetisation on consumption, in November-December 2016. The Government has recently revised the base year for wholesale price index (WPI)-based inflation and the Index of Industrial Production (IIP) to 2011-12 from 2004-05. As per a Government release, "The revision entails shifting the base year to 2011-12 from 2004-05, changing the basket of commodities and assigning new weights to the commodities." The Central Statistics Office (CSO) has already changed the base year for the country's national accounts, including the gross domestic product

(GDP) and the gross value addition (GVA). The retail inflation based on the Consumer Price Index (CPI) is already calculated on the base year of 2011-12.

As per the new series, the annual WPI inflation for 2016-17 stood at 1.7% as against a negative 3.7% in the previous year, while IIP increased by 5.0% versus 3.4% in the previous year. The capital goods segment however, remained sluggish, registering a meagre growth of 1.9% during the year. Capacity utilisation rates continued to remain low and are estimated to have dropped to 72% in the last few quarters, compared to a high of 85% a few years ago, resulting in a virtual absence of fresh investments. Credit growth has been a casualty, as much due to the paucity of fresh investments, as the burgeoning non-performing assets of the Public sector banks in particular. Growth in the services sector, which contributes nearly 54% of the share of GDP, has dropped for the second year in succession to an estimated 7.9% from 9.8% in the previous year. The proverbial silver lining is to be found in the agriculture sector which is estimated to have grown at 4.4%, as compared to 0.8% during the previous year, thanks to a near normal monsoon in most parts of the country. Consumer price index based retail inflation stood at 4.5% in 2016-17, compared to 4.9% in the previous year. India's Current Account Deficit stood at 0.7% of GDP in April – December 2016 compared to 1.4% 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 3.5% of GDP for 2016-17, as compared to 3.9% in the previous year. The Government's efforts in accelerating investments in roads, as well as the rural and agricultural sectors, are beginning to bear fruit and augur well for employment generation as also an overall improvement in the Human Development Indices.

AUTOMOTIVE SECTOR

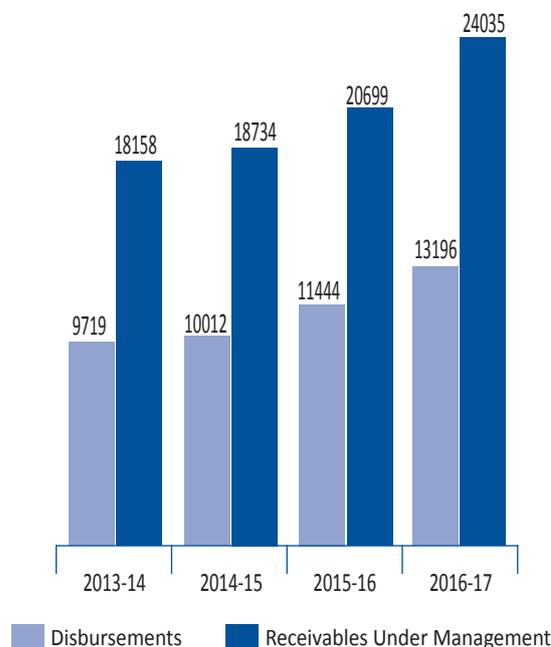
The commercial vehicle sector had a disappointing year, with sales of Medium and Heavy Commercial Vehicles (M&HCV) remaining flat, versus a growth of 30% in the previous year, while sales of Light Commercial Vehicles (LCV) registered a modest growth of 7.4%. Weak replacement buying, subdued freight offtake and uncertainty surrounding the implementation of BS-IV emission norms were amongst the factors contributing to the lacklustre performance of the sector. Sales of Passenger Cars and Utility Vehicles registered a reasonable growth of 9 % (previous year 7%), largely on account of the introduction of several new models, notably in the Utility vehicle segment. Tractor sales registered a healthy growth of 19% against a decline of 11.5% in the previous year, clearly reflecting the positive effects of a near normal monsoon in most parts of the Country.

OPERATING & FINANCIAL PERFORMANCE

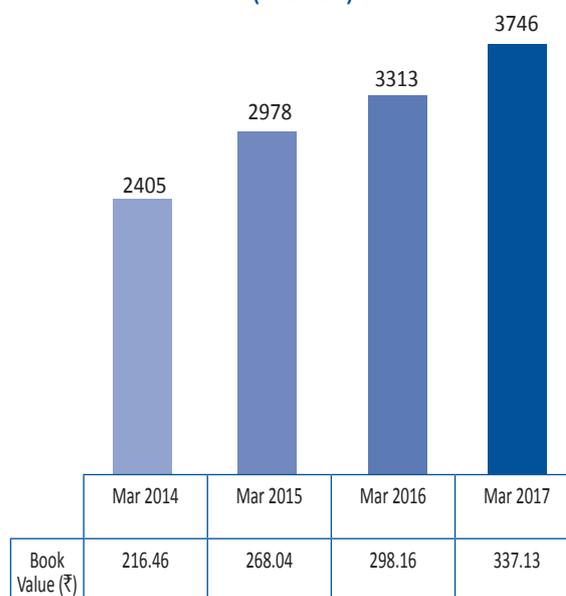
Despite the lack of growth in commercial vehicle sales, your Company's disbursements at ₹13196 cr., registered a healthy growth of 15% over the previous year, driven significantly by a growth of 25% in the LCV segment and strong growth in passenger cars and utility vehicles, construction equipment and tractors. Competition for available business intensified during the year, exerting pressure on margins. Your Company however, was largely able to counter this through the deft and innovative management of its liabilities and maintain its position in all key markets and customer segments. The gross receivables managed by the Company stood at ₹24035 cr., a growth of 16% over the previous year.

Your Company has, as a matter of prudence, adopted the three months norm to classify Non-Performing Assets, from the financial year ended 31st March 2016, well in advance of

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



Own Funds (₹ in cr.)



the regulatory timeline of 31st March 2018. In keeping with the Company's sustained focus on maintaining superior asset quality, the Gross and Net NPAs as at 31st March, 2017, stand reduced to 1.54% and 0.55%, respectively, as against 2.08% and 0.92% respectively, in the previous year, by far the best performing portfolio amongst its peers.

The net profit for the year was ₹495.35 cr. as against ₹477.28 cr. in the previous year, a growth of 3.79%. However, the previous year's net profit included a onetime profit of ₹40.65 cr., arising from the sale of shares in BNP Paribas Sundaram Global Securities Operations Private Ltd, adjusting for which, net profit from continuing operations for the current year, registered a growth of 11.54% over the previous year. The Company's Net-Worth stood at ₹3745.63 cr. as on 31.3.2017. Capital Adequacy (CRAR) at 17.85% 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 ₹6.30 cr. during the year, towards Contingent Provision against Standard Assets.

RESOURCE MOBILISATION

a) Deposits

During the year, your Company mobilised fresh deposits aggregating to ₹456.65 cr. Renewal of deposits during the year amounted to ₹898.13 cr. representing 77% of the matured deposits of ₹1159.57 cr. Deposits outstanding at the year-end were at ₹2411.08 cr. as against ₹2246.27 cr. in the previous year. The Net accretion for the financial year was ₹164.80 cr.

As at 31st March 2017, 5189 deposits amounting to ₹40.68 cr. had matured for payment and were due to be claimed or renewed. After close follow-up, the figures are currently down to 3440 and ₹23.37 cr. respectively.

Continuous efforts are being made to arrange for repayment or renewal of these deposits. There has been no default in repayment of deposits or payment of interest thereon during the year. Investor Relation Services – Deposits continue to enjoy the ISO 9001:2008 certification from Bureau Veritas (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 ₹3554 cr., across various tenors.

c) Bank Finance

As part of the overall funding plan, your Company's working capital limits with Consortium banks were increased to ₹2250 cr. from ₹1800 cr. During the year, your Company also issued several tranches of commercial paper aggregating to ₹15335 cr. The maximum amount outstanding at any time was ₹3975 cr. and the amount outstanding at the end of the year was ₹3630 cr.

d) Assets Securitised / Assigned

During the year, your Company raised resources to the extent of ₹3999 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) and long term borrowings are rated "AA+" (High Degree of Safety), with a "Positive outlook" by ICRA and "Stable Outlook" by CRISIL and India Ratings.

OUTLOOK

The Indian economy is projected to grow at 7.2% in 2017-18, as per most estimates. With headline inflation expected to remain moderate, it is widely expected that RBI will hold the policy rates at current levels. The momentum of economic reforms is likely to continue and it is hoped that the various announcements in the Union Budget 2017, such as the increased allocation for rural sector, increase in farm credit and targeted increase of road and bridge construction activities, will have a salutary impact on the automotive sector. The actual flow through of the 7th Pay Commission recommendations is also likely to stimulate aggregate consumer demand.

As per the estimates of The Society of Indian Automobile Manufacturers (SIAM), sales of M&HCVs are projected to remain flat during FY 2017-18 while LCV sales are expected to grow by 6-9%. Sales of Passenger Cars / Utility Vehicles are projected to grow at 9 to 10%. With diesel prices expected to remain stable, the outlook for the automotive sector appears moderately optimistic. The encouraging forecasts of another normal monsoon augur well for the economy as a whole. Sales of tractors and farm equipment are therefore expected to be buoyant.

Against this backdrop, your Company has drawn up plans to take advantage of the various emerging opportunities, both in infrastructure related areas, as also the broader market. Construction equipment, tractors and farm equipment are projected to register strong growth in sales and present an encouraging growth opportunity. Competitive pressures in the vehicle financing market are likely to remain high, thereby exerting downward pressure on margins. As always, preservation of asset quality remains a key priority. Growth,

with Quality and Profitability, continues to be your Company's abiding philosophy.

INTERNAL FINANCIAL CONTROLS

The Company has a well-established internal financial control and risk management framework, with appropriate policies and procedures, to ensure the highest standards of integrity and transparency in its operations and a strong corporate governance structure, while maintaining excellence in services to all its stakeholders. Appropriate controls are in place to ensure: (a) the orderly and efficient conduct of business, including adherence to policies (b) safeguarding of assets (c) prevention and detection of frauds / errors (d) accuracy and completeness of the accounting records and (e) timely preparation of reliable financial information.

RISK MANAGEMENT

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

Operational risks arising from inadequate or failed internal processes, people and systems or from external events are adequately addressed by the internal control systems. These systems are continuously reviewed, monitored and modified, as necessary. A stable and experienced management team provides much needed continuity and expertise in managing the dynamic changes in the market environment. Process improvements and quality control are on-going activities and are built into the employees' training modules, as well. The Company has well documented Standard Operating Procedures for all processes to ensure better control over transaction processing and regulatory compliance.

INTERNAL AUDIT

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

In an environment that is rapidly becoming technology and digital oriented, your Company continues to invest in long term people development, for organisational excellence. Part of the enduring Sundaram Finance tradition, over the decades, has been the handing down of wisdom to successive generations of employees. This was achieved largely through an informal, yet effective 'Gurukulam' System, which involved listening, observing and on the job training. However, with growth and scale it has become necessary to find new and innovative solutions to continue the tradition. Your Company has launched the Sundaram Finance Centre of Excellence (CoE). CoE will effectively leverage technology and act as a powerful medium to spread the institutional knowledge and experience to all our employees and accelerate the pace of knowledge transfer across the Sundaram Finance landscape, while still retaining the spirit of our Gurukulam system.

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 located in a different seismic zone, with near real-time data replication.

The Company both develops & maintains robust Business Applications on the Oracle Technology platform, catering to various business verticals such as Hire Purchase, Loans, Leasing, Deposits and Treasury Management and continues to work with Oracle Financials and Hyperion for Financial Accounting and Reporting.

To cater to the ever changing Marketing & Operational needs, the Business Applications are being constantly upgraded with new / enhanced features to facilitate improved Turn-Around-Time & Customer Satisfaction. As part of the digital initiatives, your Company has implemented applications in the functional areas of Lending, Deposits, Compliance, Human Resources and Training.

CONSOLIDATED FINANCIAL STATEMENTS

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

The consolidated net profit for the year was ₹683.48 cr. as against ₹583.17 cr. in the previous year, a growth of 17.20%. The Company's consolidated networth stood at ₹4816.02 cr. as on 31st March 2017.

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 ₹2077 cr. (Previous year - ₹1857 cr.). Disbursements during the year were higher by 5%, at ₹1831 cr. (PY ₹1743 cr.).

The company earned a gross income of ₹923 cr. (PY ₹927 cr.) and reported a profit after tax at ₹154 cr. (PY ₹153 cr.). The loan portfolio under management as at 31st March 2017 stood at ₹7663 cr. as against ₹7510 cr. in the previous year. The gross and net NPA stood at 2.94% and 0.98% respectively as of 31.03.2017. The company proposed a dividend of 35% for the year (PY 35%).

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

Royal Sundaram reported a robust increase of 29.4% in Gross Written Premium (GWP) at ₹2205 cr. as compared to ₹1703 cr. in the previous year. Profit after tax for the year was ₹43.05 cr., as against ₹26.70 cr. in the previous year.

- **Sundaram Asset Management Company Limited**

Sundaram Asset Management Company Limited reported a gross income of ₹260.54 cr. as against ₹229.88 cr. in the previous year. Profit after tax was significantly higher at ₹30.73 cr. as compared to ₹4.42 cr. during the previous year.

The Average Assets under Management amounted to ₹28312 cr. for the year 2016-17 as compared to ₹23346 cr. in the previous year. The company recommended a dividend of 35% for the year, on the paid-up capital of ₹20 cr.

- **Sundaram Trustee Company Limited**

Sundaram Trustee Company Limited earned a gross income of ₹1.23 cr., as against ₹1.00 cr., in the previous year and reported a profit after tax of ₹0.58 cr. for the year, as against ₹0.46 cr. in the previous year. The company

recommended a dividend of 800% for the year as against 700% during the previous year.

- **Sundaram Finance Holdings Limited (formerly Sundaram Finance Distribution Limited)**

Sundaram Finance Holdings Limited reported a gross income of ₹4.84 cr. as against ₹8.14 cr. in the previous year. During the year, the main objects clause in the Memorandum of Association of the company was amended, with a view to engage in the business of investments and the name of the Company was changed from 'Sundaram Finance Distribution Limited' to 'Sundaram Finance Investments Limited' and subsequently, to 'Sundaram Finance Holdings Limited'. The profit after tax for the year was ₹0.48 cr. as against ₹1.00 cr. in the previous year. During February 2017, the paid-up share capital of the company was increased from ₹50.00 lakhs to ₹20.00 cr. by way of a rights issue of 1,95,00,000 equity shares of ₹10/- each. The company proposed a dividend of 10% for the year on the enhanced capital, payable on pro-rata basis, as against 200% during the previous year.

- **LGF Services Limited**

During the year, LGF Services Limited reported a gross income of ₹4.39 cr. as against ₹6.45 cr. in the previous year. The profit after tax for the year was ₹0.83 cr. as against ₹0.82 cr. in the previous year. The company proposed a dividend of 250% for the year, as against 350% during the previous year.

- **Sundaram Infotech Solutions Limited (SISL)**

The company earned total revenue of ₹15.17 cr. as against ₹16.19 cr. in the previous year. The loss after tax for the year was at ₹1.60 cr. as against ₹0.82 cr. in the previous year.

The Board of Directors, at the meeting held on 25th November 2016, approved a draft Scheme of Amalgamation of SISL with your Company with effect from the Appointed Date, i.e. 1st April 2016. Your Company has received the 'no-objection' letter from National Stock Exchange of India Limited for the draft Scheme and steps have been taken to file the application with the National Company Law Tribunal in accordance with the provisions of Section 232 read with Section 230 and other applicable provisions of the Companies Act, 2013.

- **Sundaram BNP Paribas Fund Services Limited**

Sundaram BNP Paribas Fund Services Limited earned an income of ₹32.85 cr. during the year, an increase of 17.70% over the previous year. The company's reported loss was lower at ₹4.62 cr. during the year as against ₹7.93 cr. in the previous year.

- **Sundaram BPO India Limited**

Sundaram BPO India Limited earned a total revenue of ₹17.10 cr. during the year as against ₹16.21 cr. during the previous year. The company reported a loss after tax of ₹0.42 cr. during the year, as against a profit after tax of ₹0.06 cr. in the previous year.

• Sundaram Business Services Limited

During the year, Sundaram Business Services Limited earned a revenue of ₹26.81 cr., as compared to ₹24.41 cr. in the previous year. The company reported a profit of ₹1.22 cr. during the year as against ₹0.01 cr. in the previous year.

BOARD & AUDIT COMMITTEE

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

DIRECTORS

Your Board of Directors has re-appointed Sri T.T. Srinivasaraghavan as Managing Director for a further period of 3 years with effect from 1st April 2018.

Sri Harsha Viji and Sri A.N. Raju retire by rotation and being eligible, offer themselves for re-election.

Sri Aroon Raman, Independent Director of your Company since 2009, resigned his directorship effective 31st October 2016. Your directors place on record the significant contribution made by him to the deliberations of the Board for over seven years.

Sri Rajiv C. Lochan was co-opted as Independent Director on 25th November 2016 and holds office as Additional Director up to the date of the ensuing Annual General Meeting. The Company has received due notice from a member proposing the appointment of Sri Rajiv C. Lochan as Independent Director of the Company.

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, based on the Criteria for Evaluation laid down by the Nomination, Compensation and Remuneration Committee and the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India.

DIRECTORS' RESPONSIBILITY STATEMENT

Your directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. The Company has selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
3. Proper and sufficient care has been exercised for the maintenance of adequate accounting records in

accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4. The annual accounts have been prepared on a going concern basis;
5. Adequate internal financial controls have been put in place and they are operating effectively; and
6. Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

AUDITORS

M/s Brahmayya & Co., Chartered Accountants, Chennai, Statutory Auditors of your Company hold office upto the conclusion of the 64th Annual General Meeting. Section 139(2) of the Companies Act, 2013 read with Rule 6 of the Companies (Audit and Auditors) Rules, 2014 stipulates that no listed company shall re-appoint an audit firm as statutory auditor for more than two terms of five consecutive years. M/s Brahmayya & Co. have been the statutory auditors of your Company since inception and are therefore not eligible for re-appointment.

Your directors recommend the appointment of M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai, as Statutory Auditors of the Company, in accordance with the provisions

of Sections 139, 141 and other applicable provisions of the Companies Act, 2013, to hold office from the conclusion of 64th Annual General Meeting until the conclusion of 69th Annual General Meeting, subject to the approval of the shareholders at the 64th Annual General Meeting and ratification at every Annual General Meeting thereafter.

Your Directors place on record their grateful appreciation of the contribution made and services rendered by M/s Brahmayya & Co. as Statutory Auditors since the inception of the Company.

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board

Chennai 600 002
29.05.2017

S VIJI
Chairman

SFL Policy for Distribution of Dividends

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

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

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

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

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

Report on Corporate Governance

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

I. BOARD OF DIRECTORS

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

The composition of the Board is in conformity with the listing requirements as on 31st March 2017.

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	10	Yes	–	1	1	3	1	1
Sri S. Ram Non-executive Director	00018309	10	Yes	2	1	–	3	1	1
Sri T.T. Srinivasaraghavan Managing Director	00018247	10	Yes	–	–	–	8	–	3
Sri Harsha Viji Deputy Managing Director	00602484	8	Yes	–	–	–	3	–	2
Independent Non-Executive Directors									
Sri N Venkataramani	00001639	9	Yes	1	1	1	5	3	2
Sri P N Venkatachalam	00499442	10	Yes	–	–	1	8	1	9
Sri S Mahalingam	00121727	9	Yes	–	–	2	4	3	5
Sri S Prasad	00063667	10	Yes	–	–	2	2	3	2
Sri Aroon Raman [#]	00201205	4	Yes	–	–	3	1	–	2
Ms Shobhana Ramachandhran	00273837	8	Yes	–	–	2	5	–	1
Sri Rajiv C. Lochan [§]	05309534	5	–	–	–	–	2	–	–
Non-Executive Director									
Sri S Ravindran	00045076	10	Yes	–	–	1	2	–	1
Executive Director									
Sri A N Raju Director (Operations)	00036201	10	Yes	–	–	–	2	1	–

* Audit Committee and Stakeholders' Relationship Committee considered.

[#] Sri Aroon Raman resigned his directorship w.e.f. 31st October 2016

[§] Sri Rajiv C. Lochan has been appointed as Additional Director w.e.f. 25th November 2016

II. BOARD MEETINGS

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

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

29.04.2016	28.09.2016	27.01.2017
30.05.2016	31.10.2016	17.02.2017 *
29.07.2016	25.11.2016	24.03.2017

* 2 meetings

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

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

III. AUDIT COMMITTEE

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

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

Name of the Member		No. of Meetings Attended	Meeting dates
Sri S Prasad	Chairman	10	25.04.2016 23.05.2016
Sri S Ravindran	Member	10	25.07.2016 22.08.2016
Ms Shobhana Ramachandhran	Member	10	21.10.2016 25.11.2016 19.12.2016 20.01.2017 17.02.2017 20.02.2017

The Company Secretary is the Secretary to the Committee.

IV. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee

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

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

Name of the Member		No. of Meetings Attended	Meeting dates
Sri S. Prasad	Chairman	2	06.07.2016
Sri T.T. Srinivasaraghavan	Member	2	&
Sri A.N. Raju	Member	2	13.12.2016

Besides, transfer of shares were approved by resolutions passed in circulation on 24 occasions.

Sri P. Viswanathan, Secretary, is the Compliance Officer. One investor complaint was received and resolved during the year. None was pending unresolved as on 31st March 2017.

V. RISK MANAGEMENT COMMITTEE AND ASSET LIABILITY MANAGEMENT COMMITTEE

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

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

The ALCO is responsible for:

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

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

Name of the Member		No. of RMC Meetings attended	RMC Meeting dates	No. of ALCO Meetings attended	ALCO Meeting dates
Sri T.T. Srinivasaraghavan	Chairman	10	29.06.2016	12	27.04.2016
Sri Srinivas Acharya	Member	8	27.07.2016	8	18.05.2016
Sri Harsha Viji	Member	7	16.08.2016	9	29.06.2016
Sri A.N. Raju	Member	9	23.09.2016	12	27.07.2016
Sri M. Ramaswamy	Member	10	26.09.2016	12	31.08.2016
			27.10.2016		26.09.2016
			07.12.2016		27.10.2016
			09.01.2017		26.11.2016
			14.02.2017		09.01.2017
			30.03.2017		31.01.2017
					24.02.2017
					30.03.2017

VI. SEPARATE MEETING OF INDEPENDENT DIRECTORS

A Separate Meeting of Independent Directors was held on 23rd March 2017 without the attendance of non-independent directors and members of management. All the Independent Directors attended the meeting and:

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

VII. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

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

VIII. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

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

Name of the Member		No. of Meetings Attended	Meeting dates
Sri Aroon Raman (upto 31.10.2016)	Chairman	1	30.05.2016
Ms Shobhana Ramachandhran	Chairman	2	&
Sri S. Ravindran	Member	2	23.03.2017
Sri T. T. Srinivasaraghavan	Member	2	

IX. NOMINATION, COMPENSATION & REMUNERATION COMMITTEE

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

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

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

Name of the Member		No. of Meetings attended	Meeting dates
Sri P N Venkatachalam	Chairman	3	30.05.2016
Sri S Prasad	Member	3	24.11.2016
Sri S Ravindran	Member	3	24.03.2017
Sri Aroon Raman (upto 31.10.2016)	Member	1	

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 2016-17.

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 to the Non-Executive Directors and number of shares held by them are as follows:

Name of the Director	Sitting Fee (₹ in lakhs)	Commission (₹ in lakhs)	Number of Shares held individually (as on 31.03.2017)	Relationship with other Directors
Sri S. Viji	2.50	5.00	9,09,780 ^{(1)*}	Brother of Sri S. Ram and Father of Sri Harsha Viji
Sri S. Ram	2.50	5.00	5,06,788*	Brother of Sri S. Viji
Sri N. Venkataramani	2.35	5.00	—	—
Sri P.N. Venkatachalam	3.35	7.50	—	—
Sri S. Mahalingam	2.35	5.00	— ⁽²⁾	—
Sri S. Prasad	6.05	7.50	— ⁽³⁾	—
Sri S. Ravindran	5.95	7.50	3,89,920 ⁽⁴⁾	—
Sri Aroon Raman [#]	1.35	3.00	— ⁽⁵⁾	—
Ms Shobhana Ramachandhran	4.80	7.50	3,44,720	—
Sri Rajiv C. Lochan ^{\$}	1.35	2.00	—	—

Sri Aroon Raman resigned his directorship w.e.f. 31st October 2016

\$ Sri Rajiv C. Lochan has been appointed as Additional Director w.e.f. 25th November 2016

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 ₹858.28 lakhs as on March 31, 2017. The interest on these deposits paid / credited during the year 2016-17 amounted to ₹80.65 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 2016-17 are as follows:

(₹ in lakhs)

Nature of Payment	Sri T.T. Srinivasaraghavan Managing Director	Sri Harsha Viji* Deputy Managing Director	Sri A N Raju Director (Operations)
Salary and allowances	1,18.75	1,01.98	75.03
Commission	2,60.00	1,50.00	80.00
Contributions to Provident, Superannuation and Gratuity Funds	12.09	8.87	8.16
Perquisites	2.92	1.34	2.27
Stock Options	Nil	Nil	^

* Son of Sri S. Viji, Chairman

^ 2,000 stock options were granted at ₹10/- per share (at par) on 30th May 2016. The said Options would vest on 31st May 2017 and would be exercisable between 1st June 2017 and 31st August 2017

XI. GENERAL BODY MEETINGS

Details relating to last three Annual General Meetings:

Year	Date	Time	Location	No. of Special Resolutions Passed
2016	22nd July 2016	10.00 AM	The Music Academy, New No.168, Old No. 306, TTK Road, Chennai 600 014	Nil
2015	23rd July 2015	11.00 AM	The Music Academy, New No.168, Old No. 306, TTK Road, Chennai 600 014	Two
2014	23rd July 2014	10.00 AM	The Music Academy, New No.168, Old No. 306, TTK Road, Chennai 600 014	Nil

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.

Resolution(s)	Details of Resolution(s)	Resolution(s) Passed on	Total No. of votes in favour	Total No. of votes against	% of votes in favour	% of votes against
Special	Private placement of debentures upto ₹7500 cr. during the FY 2017-18	24.03.2017	6,44,46,606	94,990	99.85	0.15

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

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

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 behavior. The mechanism provides for adequate safeguards against victimisation. Further, no person has been denied access to the Audit Committee.

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

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

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 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 link:

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

XV. MEANS OF COMMUNICATION

- A press meet was organised by the Company on 30th May 2016 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
20th July 2017 (Thursday)	10.00 AM	The Music Academy, New No.168, Old No.306, TTK Road, Chennai 600 014

- Financial Year – 1st April 2017 to 31st March 2018
- Book Closure dates – 6th July 2017 to 20th July 2017 (both days inclusive)
- Date of payment of dividends

Interim	10th March 2017	₹5.00 per share (50%)
Final	21st July 2017	₹6.50 per share (65%)

- 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 2016-17 & 2017-18 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 2016	104	38,348
Shareholders approached for transfer / delivery during 2016-17 and Shares transferred / delivered during 2016-17	9	4,478
Balance as on 31st March 2017	95	33,870

- 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.

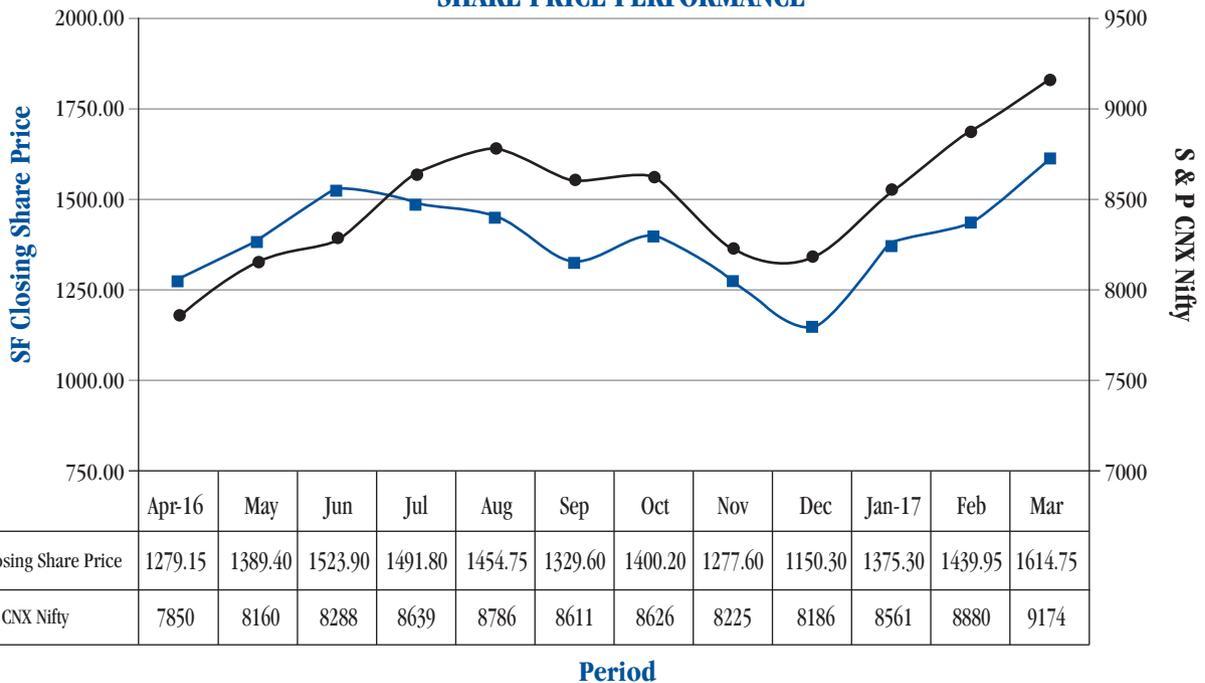
Nature of Dividend	Transferable to IEPF on	Nature of Dividend	Transferable to IEPF on
Final Dividend 2009-10	14th August 2017	Dividend 2013-14	23rd August 2021
Interim Dividend 2010-11	28th February 2018	Interim Dividend 2014-15	2nd March 2022
Final Dividend 2010-11	12th August 2018	Final Dividend 2014-15	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
Interim Dividend 2012-13	10th March 2020	Final Dividend 2015-16	22nd August 2023
Final Dividend 2012-13	18th August 2020	Interim Dividend 2016-17	20th April 2024

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

MARKET PRICE DATA ON THE NATIONAL STOCK EXCHANGE

Month	Apr – 16	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan –17	Feb	Mar	
NSE	High	1324.50	1464.00	1529.90	1575.00	1512.30	1480.40	1456.00	1445.90	1281.00	1400.00	1452.00	1648.00
	Low	1214.95	1260.00	1384.00	1462.60	1420.00	1316.10	1325.00	1126.00	1102.00	1148.00	1340.00	1381.05

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	
Phone	044 2846 0390 to 0395
Fax	044 2846 0129
Email	investor@cameoindia.com
Contact Persons	Mr. R.D. Ramasamy, Director Mr. D. Narasimhan, Joint Manager

Debenture Trustee	IDBI Trusteeship Services Limited Asian Building, Ground Floor, No.17, R. Kamani Marg Ballard Estate, Mumbai – 400 001
Contact Person	Ms. Anjalee Athalye, Assitant Vice President
Phone	022 40807007
Fax	022 66311776
Email	itsl@idbitrustee.com

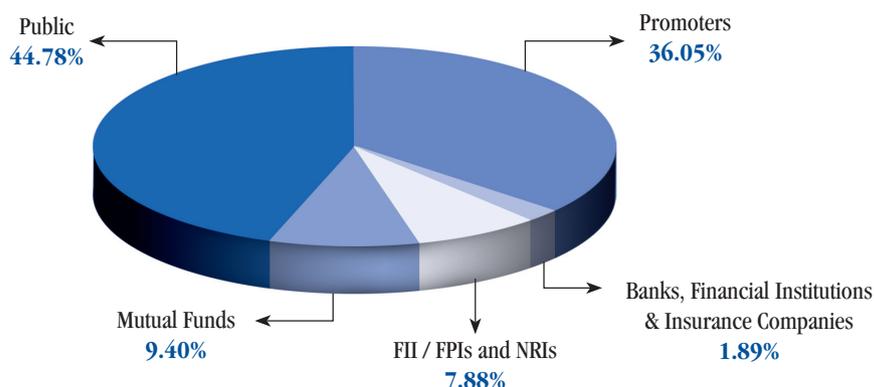
DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2017

No. of Equity Shares Held	Total Shareholders	Total Shares	Total % to Capital
Upto 250	15,920	10,21,157	0.92%
251 to 500	2,433	9,23,450	0.83%
501 to 1000	1,816	13,83,788	1.25%
1001 to 5000	2,277	55,13,605	4.96%
5001 to 10000	439	33,18,065	2.99%
10001 to 50000	473	1,05,58,117	9.50%
50001 to 100000	112	80,14,607	7.21%
100001 and above	197	8,03,71,071	72.34%
Total	23,667	11,11,03,860	100.00%

Total shares held in dematerialised form 94.31%

Public shareholding in dematerialised form 91.24%

SHAREHOLDING PATTERN AS ON 31.03.2017



For your queries / grievances / complaints, please contact:

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

T T Srinivasaraghavan
Managing Director

CRITERIA FOR EVALUATION

(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 shareholder value.
Whether the Company is transparent in all its disclosures on financial data.
5. Grievance redressal mechanism
Whether a proper system is in place to attend to the complaints / grievances from the shareholders, depositors, customers, employees and others quickly and fairly.
6. Existence of integrated Risk Management System
Whether the Company has an integrated risk management system to cover the business risks.
7. Use of Modern technology
Whether the Company has an Integrated IT strategy and whether there is any system for periodical technology upgradation covering both hardware and software.
8. Commitment to CSR
Whether the Company is committed to social causes and CSR and whether there is a system to identify, finance and monitor such social activities.

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

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

Criteria for evaluation of Independent Directors by the entire Board:

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

Criteria for evaluation of the Audit Committee by the Board:

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

SUNDARAM FINANCE LIMITED REMUNERATION POLICY

(as amended on 29th May 2017)

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

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

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

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

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

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

I Definitions

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

II Board Diversity

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

III Remuneration Pattern

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

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

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

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

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

IV Implementation of the Remuneration Policy

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

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

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

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

Auditor's Certificate on Corporate Governance

The Members of SUNDARAM FINANCE LIMITED, Chennai.

We have examined the compliance of the conditions of Corporate Governance by Sundaram Finance Limited, Chennai for the year ended on 31st March, 2017, as stipulated in Regulations 17 to 27 of Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of the conditions of corporate governance is the responsibility of the management. 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: 29th May 2017

Annexure - III (i)

Form No. AOC-2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis
All transactions entered into by the Company during the year with related parties were on an arm's length basis.
2. Details of material contracts or arrangement or transactions at arm's length basis
The transactions entered into by the Company during the year with related parties on an arm's length basis were not material in nature.

Chennai
29th May 2017

S VIJI
Chairman

Annexure III (ii)

Policy on Related Party Transactions

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

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

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

Annual Report on CSR Activities for the Financial Year 2016-17

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

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

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

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

Ms Shobhana Ramachandhran, Chairman

Sri S. Ravindran

Sri T.T. Srinivasaraghavan

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

₹61469.76 lakhs

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

₹1229.40 lakhs

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

(a) Total amount to be spent for the financial year: ₹1237.42 lakhs

(b) Amount unspent, if any - Nil

(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 ₹1237.42 lakhs (including administrative expenses of ₹28 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 ₹1229.40 lakhs.

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

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

Sd/-

Sd/-

Chennai 600 002
Date : 24th April 2017

T.T. Srinivasaraghavan
Managing Director

Shobhana Ramachandhran
Chairman - CSR Committee

Annexure - IV (i)
CSR Amount spent during the period 01.04.2016 to 31.03.2017

(₹ in lakhs)

1	2	3	4	5	6	7	8
Sr No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programmes (1) Local area or other (2) Specify the State and district where projects or programmes were undertaken	Amount outlay (budget) project or programme-wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or program (2) Overheads:	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Promoting education by providing financial assistance to deserving and meritorius students and also Educational Institutions which work for this cause (23 institutions)	Education	Tamilnadu- Chennai	185.50	185.50	185.50	185.50
			Tamilnadu- Devakottai	1.00	1.00	186.50	1.00
			Tamilnadu- Dindigul	5.00	5.00	191.50	5.00
			Tamilnadu- Thiruvendhipuram	1.00	1.00	192.50	1.00
			Tamilnadu - Kanyakumari	50.00	50.00	242.50	50.00
			Tamilnadu - Thiruvannamalai	2.00	2.00	244.50	2.00
			Tamilnadu - Pollachi	1.00	1.00	245.50	1.00
			Tamilnadu - Rathnagiri	1.00	1.00	246.50	1.00
			Tamilnadu - Srirangam	15.00	15.00	261.50	15.00
			Tamilnadu - Thanjavur	60.00	60.00	321.50	60.00
			Karnataka - Bangalore	30.00	30.00	351.50	30.00
	Sponsorships	Tamilnadu	7.24	7.24	358.74	7.24	
2	Environmental sustainability, ecological balance, conservation of natural resources, Solar Projects	Environment	Tamilnadu- Anamalai	13.00	13.00	371.74	13.00
			Tamilnadu- Kanyakumari	1.00	1.00	372.74	1.00
			Tamilnadu-Chennai	26.58	26.58	399.32	26.58
			All over India	131.25	131.25	530.57	131.25
3	Promoting preventive and general health care (17 Institutions)	Health	Tamilnadu-Chennai	434.00	434.00	964.57	434.00
			Tamilnadu-Coimbatore	2.00	2.00	966.57	2.00
			Tamilnadu- Kodaikanal	10.00	10.00	976.57	10.00
			Tamilnadu-Madurai	50.00	50.00	1026.57	50.00
			Tamilnadu-Ranipet	10.00	10.00	1036.57	10.00
			All over India	7.34	7.34	1043.91	7.34
	Sponsorships	Tamilnadu	2.14	2.14	1046.05	2.14	

(₹ in lakhs)

1	2	3	4	5	6	7	8
Sr No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programmes (1) Local area or other (2) Specify the State and district where projects or programmes were undertaken	Amount outlay (budget) project or programme-wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or program (2) Overheads:	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
4	Social Welfare (12 Institutions)	Social Welfare	Tamilnadu-Chennai	35.35	35.35	1081.40	35.35
			Tamilnadu-Ulundurpet	5.00	5.00	1086.40	5.00
			Maharashtra-Mumbai	10.00	10.00	1096.40	10.00
			New Delhi	0.25	0.25	1096.65	0.25
	Sponsorships	Tamilnadu	0.59	0.59	1097.24	0.59	
5	Protection of national heritage, art and culture (8 Institutions)	National Heritage, Art and Culture	Tamilnadu-Chennai	74.21	74.21	1171.45	74.21
			Tamilnadu-Arakonam	0.25	0.25	1171.70	0.25
			Tamilnadu-Kancheepuram	2.00	2.00	1173.70	2.00
			Tamilnadu-Thanjavur	0.25	0.25	1173.95	0.25
			Tamilnadu-Gangaikonda Cholapuram	3.00	3.00	1176.95	3.00
			Karnataka	3.00	3.00	1179.95	3.00
			Maharashtra-Mumbai	1.00	1.00	1180.95	1.00
	Sponsorships	All over India	14.27	14.27	1195.22	14.27	
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. (1 Institution)	Women empowerment	Tamilnadu-Chennai	5.00	5.00	1200.22	5.00
7	Sports Development	Sports	Tamilnadu-Chennai	5.00	5.00	1205.22	5.00
	Sponsorships		Tamilnadu	4.20	4.20	1209.42	4.20
8	Administrative Expenses			28.00	28.00	1237.42	28.00
	TOTAL			1237.42	1237.42		1237.42

Business Responsibility Report for the Financial Year 2016-17

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 : 2016-17
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
587 locations
10. Markets served by the Company – Local / State / National / International
National

Section B: Financial Details of the Company (as on 31.03.2017)

1. Paid up Capital (INR) : ₹111.10 cr.
2. Total Turnover (INR) : ₹2458.28 cr.
3. Total profit after taxes (INR) : ₹495.35 cr.
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)
The Company's total spending on CSR is 2.01% of the average profit after taxes in the previous three financial years.
5. List of activities in which expenditure in 4 above has been incurred:-
 - A. Health
 - B. Education
 - C. Social Welfare
 - D. Environment
 - E. Promotion of culture and heritage

Section C: Other Details

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

Yes.

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

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

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

No.

Section D: BR Information

1. Details of Director / Directors responsible for BR

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

DIN Number	00018247
Name	Sri T T Srinivasaraghavan
Designation	Managing Director

- b) Details of the BR head

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

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

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

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

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

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

* 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 2016-17
Shareholders	1
Depositors	–
Customers	161

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.
3,689
2. Please indicate the Total number of employees hired on temporary / contractual / casual basis.
2,660
3. Please indicate the Number of permanent women employees.
176
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 5 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?
29%

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 ₹1209.42 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 31.03.2017**

[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 31.03.2017 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 31.03.2017 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, 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 Regulations and standards of the following:

- i. Listing Agreements entered into by the Company with the National Stock Exchange of India Limited as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
- ii. Secretarial Standards (SS-1) for Board Meeting and Secretarial Standards (SS-2) for General Meeting issued by The Institute of Company Secretaries of India.

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

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of 'the Act'.

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 company has

- a. issued Redeemable Non-Convertible Debentures on various dates on private placement basis.
- b. redeemed the Redeemable Non-Convertible Debentures on various dates.
- c. passed a Special Resolution through postal ballot on 24.03.2017 for Private Placement of debentures under section 42 of the Companies Act, 2013 upto a sum of ₹7500 cr. during the period from 01.04.2017 to 31.03.2018.
- d. The Board of Directors, at their meeting held on 25th November 2016, approved the Scheme of Amalgamation for the merger of Sundaram Infotech Solutions Limited, a wholly-owned subsidiary, with the Company, effective 1st April 2016. The company has obtained 'no objection' from the National Stock Exchange of India Limited.
- e. The Board of Directors, at their meeting held on 17th February 2017, approved a Composite Scheme of Arrangement and Amalgamation between the Company and its subsidiaries effective 1st April 2016. The Scheme will result in:
 - Merger of Sundaram Insurance Broking Services Limited and Infreight Logistics Solutions Limited ('the Transferor Companies') into the Company;
 - Demerger of the shared services of Sundaram BPO India Limited into the Company; and subsequently,
 - Demerger of the non-core Investments and shared services of the Company into Sundaram Finance Investments Limited (presently Sundaram Finance Holdings Limited)

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

Place : Chennai

Signature :

Date : 27.05.2017

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
Sri S Viji, Chairman	1.47	1.14	-3.23%
Sri S Ram	1.47	1.14	-3.23%
Sri N Venkataramani	1.44	1.12	3.52%
Sri P N Venkatachalam	2.12	1.65	-2.25%
Sri S Mahalingam	1.44	1.12	-
Sri S Prasad	2.65	2.06	3.83%
Sri S Ravindran	2.63	2.05	1.89%
Sri Aroon Raman*	0.85	0.66	N.A.
Ms Shobhana Ramachandhran	2.40	1.87	6.49%
Sri Rajiv C Lochan§	0.65	0.51	N.A.
Sri T T Srinivasaraghavan, Managing Director	74.57	58.16	15.23%
Sri Harsha Viji, Deputy Managing Director	49.49	38.60	67.26%
Sri A N Raju, Director (Operations)	36.42	28.41	7.83%
Sri M Ramaswamy, Chief Financial Officer	26.91	20.99	7.91%
Sri P Viswanathan, Secretary & Compliance Officer	13.13	10.24	-0.22%

* Sri Aroon Raman resigned his directorship w.e.f. 31st October 2016

§ Sri Rajiv C. Lochan has been appointed as Additional Director w.e.f. 25th November 2016

- (iii) The percentage increase in the median remuneration of employee in the financial year: 5%
- (iv) The number of permanent employees on the rolls of the Company: 3,689
- (v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average increase in salaries of employees other than managerial personnel in 2016-17 was 9.92%. Percentage increase in the managerial remuneration for the year was 20.57%.

- (vi) Affirmation that the remuneration is as per the remuneration policy of the company.

The Company affirms that remuneration is as per the remuneration policy of the Company.

(vii) Names of employees who were in receipt of remuneration of at least ₹1.02 cr. during the year 2016-17

Sl. No.	Name of the Employee	Designation	Remuneration (₹ in cr)	Nature of Employment	Qualification and Experience	Date of Commencement of Employment	Age	Last employment	% of equity shares	Relative of any director
1	Sri T.T. Srinivasaraghavan	Managing Director	3.94	Contractual	B.Com, MBA (Gannon University, Pennsylvania). Has nearly 4 decades of experience in Banking and Financial Services. Has held various operational roles in the Company and brings to bear in-depth knowledge of automotive financing. He is the Managing Director of the Company since 2003.	02/09/1996	62	G.E. Capital Services India Limited	0.29	-
2	Sri Harsha Viji	Deputy Managing Director	2.62	Contractual	BCom, ACA MBA (Ann Arbor, Michigan) Has more than a decade experience in areas of specialisation particularly, strategy formulation, joint venture negotiations, new business development etc. He is the Managing Director of Sundaram Asset Management Company Limited.	14/11/2005	42	Mckinsey & Company	1.23	Son of Sri S. Viji, Chairman
3	Sri A.N. Raju	Director (Operations)	1.95	Contractual	BSc (Engineering), MBA 3 decades of experience in Automobiles, Engineering and Financial Sector.	02/07/1997	58	G.E. Capital Services India Limited	0.03	-
4	Sri M. Ramaswamy	Chief Financial Officer	1.44	Others	ACA Science graduate and a member of The Institute of Chartered Accountants of India Has over 3 decades of experience in Finance Industry.	07/06/1986	55	Brahmayya & Co.	0.02	-

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

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

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

S. No	Particulars	Sundaram Finance Employee Stock Option Scheme-2008	
a)	Options Granted from the introduction of the Scheme	1,60,950	
b)	Exercise Price	₹10/- per share (at par)	
c)	Options vested	1,28,000	
d)	Options exercised	1,28,000	
e)	The total number of shares arising as a result of exercise of Option.	1,28,000	
f)	Options lapsed	NIL	
g)	Variation of terms of Options	Not Applicable	
h)	Money realized by exercise of Option (Amount ₹)	12,80,000/-	
i)	Total number of Options in force	32,950	
j)	Employee-wise details of Options granted on 30th May 2016 (Grant 8) & 29th May 2017 (Grant 9)		
	i) Key Managerial Personnel	1. Sri A N Raju, Director (Operations)	4,500
		2. Sri M Ramaswamy, Chief Financial Officer	4,500
		3. Sri P Viswanathan, Secretary & Compliance Officer	3,250
	ii) Any other employee who receives a grant in any one year of Option amounting to 5% or more of Option granted during that year/s:	1. Sri Srinivas Acharya, Managing Director, Sundaram BNP Paribas Home Finance Limited	4,000
	iii) Identified employees who were granted Option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Not Applicable	

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

Form No. MGT-9**Extract of Annual Return as on the financial year ended on 31st March 2017**

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

(i)	CIN	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
Interest income on 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.	79.57%

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	Royal Sundaram General Insurance Co Limited Regd. Office: 21, Patullos Road, Chennai 600 002	U67200TN2000PLC045611	Subsidiary	75.90	2 (87) (ii)
3	Sundaram Asset Management Company Limited Regd. Office: 21, Patullos Road, Chennai 600 002	U93090TN1996PLC034615	Subsidiary	100.00	2 (87) (ii)
4	Sundaram Asset Management Singapore Pte. Limited	Not Applicable	Subsidiary	100.00	2 (87) (ii)
5	Sundaram Trustee Company Limited Regd. Office: 21, Patullos Road, Chennai 600 002	U65999TN2003PLC052058	Subsidiary	100.00	2 (87) (ii)
6	Sundaram Finance Holdings Limited (Formerly Sundaram Finance Distribution Limited) Regd. Office: 21, Patullos Road, Chennai 600 002	U67120TN1993PLC025996	Subsidiary	100.00	2 (87) (ii)
7	LGF Services Limited Regd. Office: 21, Patullos Road, Chennai 600 002	U67190TN2004PLC052384	Subsidiary	100.00	2 (87) (ii)
8	Sundaram Infotech Solutions Limited Regd. Office: 21, Patullos Road, Chennai 600 002	U72200TN2005PLC056969	Subsidiary	100.00	2 (87) (ii)
9	Sundaram Business Services Limited Regd. Office: 21, Patullos Road, Chennai 600 002	U74140TN2005PLC057179	Subsidiary	100.00	2 (87) (ii)
10	Sundaram BPO India Limited Regd. Office: 21, Patullos Road, Chennai 600 002	U74900TN2012PLC087102	Subsidiary	100.00	2 (87) (ii)
11	Sundaram BNP Paribas Fund Services Limited Regd. Office: 21, Patullos Road, Chennai 600 002	U67120TN2008PLC068388	Subsidiary	51.00	2 (87) (ii)
12	Sundaram Insurance Broking Services Limited Regd. Office: 21, Patullos Road, Chennai 600 002	U67100TN2010PLC078063	Subsidiary	100.00	2 (87) (ii)
13	Infreight Logistics Solutions Limited Regd. Office: 21, Patullos Road, Chennai 600 002	U72900TN2000PLC063984	Subsidiary	100.00	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)1
19	Flometallic India Private Limited Regd. Office: No.67, Chamiers Road, Chennai 600 028	U28113TN2010PTC075244	Associate	40.63	2 (6)
20	Dunes Oman LLC (FZC)	Not Applicable	Associate	43.69	2 (6)

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	2,78,69,805	97,292	2,79,67,097	25.17	2,77,47,649	97,292	2,78,44,941	25.06	-0.11
(b)	Central Govt	-	-	-	-	-	-	-	-	-
(c)	State Govt(s)	-	-	-	-	-	-	-	-	-
(d)	Bodies Corp.	1,11,85,738	-	1,11,85,738	10.07	1,11,85,738	-	11,18,57,38	10.07	0.00
(e)	Banks / FI	-	-	-	-	-	-	-	-	-
(f)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	3,90,55,543	97,292	3,91,52,835	35.24	3,89,33,387	97,292	3,90,30,679	35.13	-0.11
(2)	Foreign									
(a)	NRIs - Individuals	10,20,856	-	10,20,856	0.92	10,20,856	-	10,20,856	0.92	0.00
(b)	Other - Individuals	-	-	-	-	-	-	-	-	-
(c)	Bodies Corp.	-	-	-	-	-	-	-	-	-
(d)	Banks / FI	-	-	-	-	-	-	-	-	-
(e)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	10,20,856	-	10,20,856	0.92	10,20,856	-	10,20,856	0.92	0.00
	Total shareholding of Promoter (A)= (A)(1)+(A)(2)	4,00,76,399	97,292	4,01,73,691	36.16	3,99,54,243	97,292	4,00,51,535	36.05	-0.11
B.	Public Shareholding									
(1)	Institutions									
(a)	Mutual Funds	95,60,555	250	95,60,805	8.61	1,04,48,769	250	1,04,49,019	9.40	0.80
(b)	Banks / FI	23,138	800	23,938	0.02	26,110	800	26,910	0.02	0.00
(c)	Central Govt	-	-	-	-	-	-	-	-	-
(d)	State Govt(s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	25,09,934	-	25,09,934	2.26	20,73,433	-	20,73,433	1.87	-0.39
(g)	FII and FPIs	52,54,964	350	52,55,314	4.73	62,43,114	350	62,43,464	5.62	0.90
(h)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(i)	Any Other	-	-	-	-	-	-	-	-	-
	Sub- Total (B)(1)	1,73,48,591	1,400	1,73,49,991	15.62	1,87,91,426	1,400	1,87,92,826	16.91	1.30

	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	1,04,34,210	6,800	1,04,41,010	9.40	1,00,72,859	6,800	1,00,79,659	9.07	-0.33
(ii)	Overseas	-	-	-	-	-	-	-	-	-
(b)	Individuals									
i	Individual shareholders holding nominal shares capital up to ₹1 lakh	89,70,955	21,90,198	1,11,61,153	10.05	93,75,952	19,79,532	1,13,55,484	10.22	0.17
ii	Individual shareholders holding nominal shares capital in excess of ₹1 lakh	2,56,84,422	51,51,782	3,08,36,204	27.75	2,54,72,221	42,33,775	2,97,05,996	26.74	-1.02
(c)	Others (specify)									
	Sundaram Finance Limited Unclaimed Shares Suspense Account. No voting rights in respect of these shares	38,348	-	38,348	0.03	33,870	-	33,870	0.03	0.00
	Trust - Sundaram Finance Employees Welfare Trust	10,08,160	-	10,08,160	0.91	9,93,910	-	9,93,910	0.89	-0.01
	Other Trusts	4,730	-	4,730	0.00	5,864	-	5,864	0.01	0.00
	Clearing Members	71,853	-	71,853	0.06	65,996	-	65,996	0.06	-0.01
	Foreign National	18,720	-	18,720	0.02	18,720	-	18,720	0.02	0.00
	Sub-Total (B)(2)	4,62,31,398	73,48,780	5,35,80,178	48.23	4,60,39,392	62,20,107	5,22,59,499	47.04	-1.19
	Total Public Shareholding (B)= (B)(1)+(B)(2)	6,35,79,989	73,50,180	7,09,30,169	63.84	6,48,30,818	62,21,507	7,10,52,325	63.95	0.11
(C)	Shares held by Custodian for GDRs and ADRs	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	1,03,65,63,88	74,47,472	11,11,03,860	1,00.00	10,47,85,061	63,18,799	11,11,03,860	1,00.00	-

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	1,97,300	0.18	–	1,97,300	0.18	–	0.00
11	Mr Jaideep Chakravarthy	3,80,756	0.34	–	3,80,756	0.34	–	0.00
12	Mr Pradeep Chakravarthy	3,63,544	0.33	–	3,63,544	0.33	–	0.00
13	Mr S Chakravarthy	6,08,884	0.55	–	6,08,884	0.55	–	0.00
14	Mrs Anuradha Raghavan	3,97,264	0.36	–	3,97,264	0.36	–	0.00
15	Mr S Raghavan	106,049	0.10	–	1,03,492	0.09	–	0.00
16	Mrs Usha Raghavan	6,34,992	0.57	–	6,34,992	0.57	–	0.00
17	Mr Barath Rengarajan	5,47,149	0.49	–	5,00,200	0.45	–	-0.04
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	3,46,812	0.31	—	3,53,312	0.32	—	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	—	1,97,776	0.18	—	0.02
29	Mrs Lily Vijayaraghavan & Mr Sharath Vijayaraghavan	1,73,776	0.16	—	1,97,776	0.18	—	0.02
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	1,84,892	0.16	—	1,24,892	0.11	—	-0.05
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

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	
47	Mr Narayanan Ramji	1,06,760	0.10	—	1,06,760	0.10	—	0.00
48	Mr R Ramanujam & Mr R Srikanth	1,77,088	0.16	—	1,77,088	0.16	—	0.00
49	Mr Ananth Ramanujam	5,39,892	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	Mrs Choodamani Narayanan	4,95,744	0.45	—	5,03,094	0.45	—	0.01
64	Mrs Prema Ramanujam	6,43,412	0.58	—	6,43,412	0.58	—	0.00
65	Mrs Aruna Sankaranarayanan	56,840	0.05	—	56,840	0.05	—	0.00
66	Mr S Ram	5,06,788	0.46	—	5,06,788	0.46	—	0.00
67	Mr Harsha Viji	13,66,068	1.23	—	13,66,068	1.23	—	0.00
68	Mr Aditya S Ramanujam	2,21,882	0.20	—	2,21,882	0.20	—	0.00
69	Mr S Viji	9,09,780	0.82	—	9,09,780	0.82	—	0.00

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	
70	Mrs Vijaya Rangarajan	9,03,564	0.81	—	9,03,564	0.81	—	0.00
71	Mr Sriram Viji & Mrs Chitra Viji	3,156	0.00	—	3,156	0.00	—	0.00
72	Mr R. Ramanujam & Mr Ananth Ramanujam	25,600	0.02	—	25,600	0.02	—	0.00
73	Mr Harsha Viji & Mrs Chitra Viji	3,156	0.00	—	3,156	0.00	—	0.00
74	Mrs Nivedita Ram	16,49,516	1.48	—	16,49,516	1.48	—	0.00
75	Mrs Chitra Viji	8,34,034	0.75	—	8,34,034	0.75	—	0.00
76	Mrs Gita Ram	11,39,680	1.03	—	11,39,680	1.03	—	0.00
77	Mr S. Viji & Mrs Chitra Viji	8,684	0.01	—	8,684	0.01	—	0.00
78	Mr Arjun Rangarajan	13,08,270	1.18	—	13,08,270	1.18	—	0.00
79	Mr R. Ramanujam (HUF)	9,992	0.01	—	9,992	0.01	—	0.00
80	Mr Srikanth Ramanujam (HUF)	8,000	0.01	—	8,000	0.01	—	0.00
81	Mr Srivats Ram (HUF)	77,200	0.07	—	77,200	0.07	—	0.00
82	Mr S. Viji (HUF)	1,13,988	0.10	—	1,13,988	0.10	—	0.00
83	Mr S. Viji (HUF)	3,65,924	0.33	—	3,65,924	0.33	—	0.00
84	Miss Anupama Lakshmi Rangarajan	6,09,896	0.55	—	6,09,896	0.55	—	0.00
85	Mr S. Narayanan	4,600	0.00	—	4,600	0.00	—	0.00
86	Mr Narayanan Ramji (HUF)	4,08,480	0.37	—	4,08,480	0.37	—	0.00
87	Mr Srinivasaraghavan Sundaram	4,000	0.00	—	4,000	0.00	—	0.00
88	Mr A.M. Srinivasan & Mr S Kishore	452	0.00	—	452	0.00	—	0.00
89	Mr S Kishore & Mr A M Srinivasan	1,13,612	0.10	—	1,13,612	0.10	—	0.00
90	Mr Srikanth Ramanujam & Mr Ananth Ramanujam	8,30,215	0.75	—	8,30,215	0.75	—	0.00
91	Miss Tarika Ram (Minor)	13,490	0.01	—	13,490	0.01	—	0.00
92	Miss Tulsi S Ramanujam (Minor)	2,11,382	0.19	—	2,11,382	0.19	—	0.00
93	Miss Daya Ambirajan	1,19,650	0.11	—	1,19,650	0.11	—	0.00
94	Master Ranjan Ambirajan	6,744	0.01	—	6,744	0.01	—	0.00
95	Mr R Ramanujam & Mrs Prema Ramanujam	9,736	0.01	—	9,736	0.01	—	0.00
96	Mr T T Rangaswamy (HUF)	49,324	0.04	—	49,324	0.04	—	0.00
97	Mr T T Srinivasaraghavan (HUF)	1,23,192	0.11	—	1,23,192	0.11	—	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	
98	Mr T T Rangaswamy (HUF)	19,368	0.02	—	19,368	0.02	—	0.00
99	Mr T T Narendran (HUF)	95,068	0.09	—	95,068	0.09	—	0.00
100	Mr T T Srinivasaraghavan & Mr T T Narendran	1,10,000	0.10	—	1,10,000	0.10	—	0.00
101	Mr T T Srinivasaraghavan & Mrs Bagyam Raghavan	1,10,000	0.10	—	1,10,000	0.10	—	0.00
102	Mr T T Narendran & Mrs Padmini Narendran	90,000	0.08	—	90,000	0.08	—	0.00
103	Mr T T Narendran & Mrs Padmini Narendran	90,000	0.08	—	90,000	0.08	—	0.00
104	Mrs Vimala Rangaswamy, Mr T T Srinivasaraghavan & Mr T T Venkatraghavan	82,664	0.07	—	82,664	0.07	—	0.00
105	Mr A M Srinivasan	120	0.00	—	120	0.00	—	0.00
106	Mr Vishnu Vijayaraghavan	75,984	0.07	—	75,984	0.07	—	0.00
107	Mrs Lakshmi Vijayaraghavan	40,655	0.04	—	41,155	0.04	—	0.00
108	Mr Sharath Vijayaraghavan	1,74,844	0.16	—	1,74,844	0.16	—	0.00
109	Mr Ananth Ramanujam	30,000	0.03	—	30,000	0.03	—	0.00
110	Miss Gitanjali Jeevan Jose, Rep By M/G Mrs Divya Jeevan Jose	10,000	0.01	—	10,000	0.01	—	0.00
111	Master P Siddhartha Jeevan, Rep By M/G Mrs Divya Jeevan Jose	10,000	0.01	—	10,000	0.01	—	0.00
112	Mr N Krishnan & Mr Akshay Krishnan	3,000	0.00	—	3,000	0.00	—	0.00
113	Mr N Krishnan & Mr Ananth Krishnan	3,000	0.00	—	3,000	0.00	—	0.00
114	Ms Veena Raghavan	1,50,000	0.14	—	75,000	0.07	—	-0.07
115	Mr Shreen Raghavan (HUF)	5,115	0.00	—	5,115	0.00	—	0.00
116	Mrs S Hema	10,34,968	0.93	—	10,34,968	0.93	—	0.00
117	Mrs Kavitha Gorur Keshav & Mr T T Hayagreevan	10,000	0.01	—	10,000	0.01	—	0.00
118	Miss Nakshatra Hayareevan (Minor)	10,000	0.01	—	10,000	0.01	—	0.00
	Total	4,01,73,691	36.16	—	4,00,51,535	36.05	—	-0.11

(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 S Raghavan				
	At the beginning of the year	1,06,049	0.10		
	Sale:				
	16 August 2016	-949	0.00	1,05,100	0.09
	17 August 2016	-1,608	0.00	1,03,492	0.09
	At the end of the Year			1,03,492	0.09
2	Mr Barath Rengarajan				
	At the beginning of the year	5,47,149	0.49		
	Sale:				
	18 April 2016	-19,949	-0.02	5,27,200	0.47
	30 June 2016	-7,000	-0.01	5,20,200	0.47
	01 July 2016	-910	0.00	5,19,290	0.47
	04 July 2016	-620	0.00	5,18,670	0.47
	14 March 2017	-4,000	0.00	5,14,670	0.46
	15 March 2017	-6,000	-0.01	5,08,670	0.46
	20 March 2017	-1,145	0.00	5,07,525	0.46
	21 March 2017	-4,000	0.00	5,03,525	0.45
	22 March 2017	-3,000	0.00	5,00,525	0.45
	24 March 2017	-325	0.00	5,00,200	0.45
	At the end of the Year			5,00,200	0.45
3	Mrs Choodamani Narayanan				
	At the beginning of the year	4,95,744	0.45		
	Purchase:				
	28 September 2016	7,000	0.01	5,02,744	0.45
	29 September 2016	350	0.00	5,03,094	0.45
	At the end of the Year			5,03,094	0.45
4	Mr Shreen Raghavan				
	At the beginning of the year	1,84,892	0.17		
	Sale:				
	01 September 2016	-9,534	-0.01	1,75,358	0.16
	02 September 2016	-5,182	0.00	1,70,176	0.15
	06 September 2016	-6,300	-0.01	1,63,876	0.15
	07 September 2016	-2,500	0.00	1,61,376	0.15
	08 September 2016	-3,849	0.00	1,57,527	0.14
	09 September 2016	-2,000	0.00	1,55,527	0.14
	12 September 2016	-635	0.00	1,54,892	0.14
	28 November 2016	-3,149	0.00	1,51,743	0.14
	29 November 2016	-6,500	-0.01	1,45,243	0.13
	30 November 2016	-18,151	-0.02	1,27,092	0.11
	01 December 2016	-1,700	0.00	1,25,392	0.11
05 December 2016	-500	0.00	1,24,892	0.11	
	At the end of the Year			1,24,892	0.11

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
5	Ms Veena Raghavan At the beginning of the year	1,50,000	0.14		
	Sale: 23 December 2016	-25,000	-0.02	1,25,000	0.11
	28 December 2016	-30,000	-0.03	95,000	0.09
	30 December 2016	-20,000	-0.02	75,000	0.07
	At the end of the Year			75,000	0.07
6	Mrs Lakshmi Vijayaraghavan At the beginning of the year	40,655	0.04		
	Purchase: 21 September 2016	500	0.00	41,155	0.04
	At the end of the Year			41,155	0.04
7	Mrs Lily Vijayaraghavan & Mr Sharath Vijayaraghavan At the beginning of the year	1,73,776	0.16		
	Inter-se Transfer - 23 February 2017	24,000	0.02	1,97,776	0.18
	At the end of the Year			1,97,776	0.18
8	Mrs Lily Vijayaraghavan & Mr Badri Vijayaraghavan At the beginning of the year	1,73,776	0.16		
	Inter-se Transfer - 23 February 2017	24,000	0.02	1,97,776	0.18
	At the end of the Year			1,97,776	0.18
9	Mrs Lily Vijayaraghavan & Ms Sashi Parthasarathy At the beginning of the year	3,46,812	0.31		
	Inter-se Transfer - 23 February 2017	6,500	0.01	3,53,312	0.32
	At the end of the Year			3,53,312	0.32
10	Mrs Lily Vijayaraghavan At the beginning of the year	-			
	Transmission- 27 August 2016	72,000	0.06	72,000	0.06
	Sale: 26 December 2016	-105	0.00	71,895	0.06
	27 December 2016	-9,515	-0.01	62,380	0.06
	28 December 2016	-7,880	-0.01	54,500	0.05
	Inter-se Transfer - 23 February 2017	-24,000	-0.02	30,500	0.03
	23 February 2017	-24,000	-0.02	6,500	0.01
	23 February 2017	-6,500	-0.01	-	-
At the end of the Year			-	-	

(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	ICICI Prudential Mutual Fund				
	At the beginning of the year	21,20,689	1.91		
	Purchase:				
	08 April 2016	2,18,607	0.20	23,39,296	2.11
	Sale:				
	08 April 2016	-3,616	0.00	23,35,680	2.10
	Purchase:				
	15 April 2016	16,738	0.02	23,52,418	2.12
	Sale:				
	15 April 2016	-8,329	-0.01	23,44,089	2.11
	22 April 2016	-7,326	-0.01	23,36,763	2.10
	Purchase:				
	22 April 2016	9,614	0.01	23,46,377	2.11
	29 April 2016	1,15,715	0.10	24,62,092	2.22
	Sale:				
	13 May 2016	-2,48,251	-0.22	22,13,841	1.99
	Purchase:				
	13 May 2016	92,794	0.08	23,06,635	2.08
	20 May 2016	6,623	0.01	23,13,258	2.09
	03 June 2016	2,616	0.00	23,15,874	2.09
	17 June 2016	944	0.00	23,16,818	2.09
	22 July 2016	1,00,000	0.09	24,16,818	2.18
	05 August 2016	77,566	0.07	24,94,384	2.25
	12 August 2016	1,92,810	0.17	26,87,194	2.42
	19 August 2016	95,348	0.09	27,82,542	2.50
	26 August 2016	1,400	0.00	27,83,942	2.51
	09 September 2016	1,24,760	0.11	29,08,702	2.62
	16 September 2016	84,081	0.08	29,92,783	2.70
	23 September 2016	79,813	0.07	30,72,596	2.77
	30 September 2016	71,169	0.06	31,43,765	2.83
	07 October 2016	31,000	0.03	31,74,765	2.86
	14 October 2016	8,442	0.01	31,83,207	2.87
	28 October 2016	5,283	0.00	31,88,490	2.87
	11 November 2016	87,519	0.08	32,76,009	2.95
	18 November 2016	11,683	0.01	32,87,692	2.96
	09 December 2016	6,788	0.01	32,94,480	2.97
	Sale:				
	09 December 2016	-53,170	-0.05	32,41,310	2.92

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:				
	23 December 2016	18,122	0.02	32,59,432	2.94
	06 January 2017	15,000	0.01	32,74,432	2.95
	13 January 2017	38,634	0.03	33,13,066	2.98
	24 February 2017	8,706	0.01	33,21,772	2.99
	02 March 2017	36,303	0.03	33,58,075	3.02
	Sale:				
	24 March 2017	-15,83,573	-1.43	17,74,502	1.60
	Purchase:				
	24 March 2017	16,80,286	1.51	34,54,788	3.11
	At the end of the Year			34,54,788	3.11
2	Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C				
	At the beginning of the year	17,95,606	1.62		
	Purchase:				
	08 April 2016	50,000	0.05	18,45,606	1.66
	Sale:				
	20 May 2016	-5,000	0.00	18,40,606	1.66
	Purchase:				
	03 June 2016	50,000	0.05	18,90,606	1.70
	10 June 2016	63,800	0.06	19,54,406	1.76
	17 June 2016	21,000	0.02	19,75,406	1.78
	Sale:				
	01 July 2016	-2,379	0.00	19,73,027	1.78
	Purchase:				
	05 August 2016	33,000	0.03	20,06,027	1.81
	Sale:				
	12 August 2016	-2,143	0.00	20,03,884	1.80
	19 August 2016	-33,309	-0.03	19,70,575	1.77
	Purchase:				
	16 September 2016	15,000	0.01	19,85,575	1.79
	23 September 2016	20,000	0.02	20,05,575	1.81
	30 September 2016	20,000	0.02	20,25,575	1.82
	16 December 2016	20,000	0.02	20,45,575	1.84
	23 December 2016	3,52,000	0.32	23,97,575	2.16
	30 December 2016	1,00,000	0.09	24,97,575	2.25
	20 January 2017	31,000	0.03	25,28,575	2.28
	Sale:				
	20 January 2017	-20,000	-0.02	25,08,575	2.26

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:				
	03 February 2017	50,000	0.05	25,58,575	2.30
	24 February 2017	40,000	0.04	25,98,575	2.34
	Sale:				
	24 February 2017	-40,000	-0.04	25,58,575	2.30
	02 March 2017	-14,495	-0.01	25,44,080	2.29
	10 March 2017	-1,533	0.00	25,42,547	2.29
	Purchase:				
	10 March 2017	43,662	0.04	25,86,209	2.33
	17 March 2017	1,46,081	0.13	27,32,290	2.46
	24 March 2017	1,07,353	0.10	28,39,643	2.56
	31 March 2017	23,000	0.02	28,62,643	2.58
	At the end of the Year			28,62,643	2.58
3	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
4	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
5	SBI Magnum Fund				
	At the beginning of the year	12,21,351	1.10		
	Sale:				
	08 April 2016	-1,351	0.00	12,20,000	1.10
	Purchase:				
	13 May 2016	1,324	0.00	12,21,324	1.10
	20 May 2016	12,068	0.01	12,33,392	1.11
	27 May 2016	50,000	0.05	12,83,392	1.16
	03 June 2016	1,31,143	0.12	14,14,535	1.27
	10 June 2016	78,226	0.07	14,92,761	1.34
	17 June 2016	59,926	0.05	15,52,687	1.39
	24 June 2016	56,105	0.05	16,08,792	1.44
	30 June 2016	61,745	0.06	16,70,537	1.50
	07 July 2016	1,40,000	0.13	18,10,537	1.63
	29 July 2016	4,205	0.00	18,14,742	1.63
	05 August 2016	1,65,258	0.15	19,80,000	1.78
	14 October 2016	2,70,000	0.24	22,50,000	2.02
	18 November 2016	1,00,000	0.09	23,50,000	2.11
	02 December 2016	8,367	0.01	23,58,367	2.12
	16 December 2016	1,21,633	0.11	24,80,000	2.23

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
	06 January 2017	48,249	0.04	25,28,249	2.27
	31 March 2017	51,751	0.05	25,80,000	2.32
	Sale:				
	24 March 2017	-14,690	-0.01	25,65,310	2.31
	31 March 2017	-75,310	-0.07	24,90,000	2.24
	At the end of the Year			24,90,000	2.24
6	United India Insurance Company Ltd.				
	At the beginning of the year	19,98,733	1.80		
	Sale:				
	08 April 2016	-17,514	-0.02	19,81,219	1.78
	15 April 2016	-4,450	0.00	19,76,769	1.78
	22 April 2016	-33,517	-0.03	19,43,252	1.75
	29 April 2016	-20,524	-0.02	19,22,728	1.73
	06 May 2016	-36,573	-0.03	18,86,155	1.70
	13 May 2016	-43,927	-0.04	18,42,228	1.66
	20 May 2016	-7,213	-0.01	18,35,015	1.65
	27 May 2016	-22,296	-0.02	18,12,719	1.63
	03 June 2016	-49,384	-0.04	17,63,335	1.59
	10 June 2016	-28,392	-0.03	17,34,943	1.56
	17 June 2016	-28,585	-0.03	17,06,358	1.54
	24 June 2016	-17,863	-0.02	16,88,495	1.52
	30 June 2016	-5,116	0.00	16,83,379	1.52
	25 November 2016	-5,288	0.00	16,78,091	1.51
	02 December 2016	-35,486	-0.03	16,42,605	1.48
	09 December 2016	-18,534	-0.02	16,24,071	1.46
	16 December 2016	-8,024	-0.01	16,16,047	1.45
	24 February 2017	-36,486	-0.03	15,79,561	1.42
	02 March 2017	-10,000	-0.01	15,69,561	1.41
	At the end of the Year			15,69,561	1.41
7	Pari Washington Company Pvt. Ltd. A/c. Pari Washington India Master Fund Ltd.				
	At the beginning of the year	11,27,296	1.01		
	Date wise Increase / Decrease	-	-		
	At the end of the Year			11,27,296	1.01
8	Damani Estates and Finance Private Limited				
	At the beginning of the year	10,32,912	0.93		
	Purchase:				
	22 July 2016	1,00,000	0.09	11,32,912	1.02
	Sale:				
	22 July 2016	-1,00,000	-0.09	10,32,912	0.93

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: 18 November 2016	1,50,000	0.14	11,82,912	1.06
	Sale: 18 November 2016	-1,50,000	-0.14	10,32,912	0.93
	Purchase: 23 December 2016	41,995	0.04	10,74,907	0.97
	Sale: 23 December 2016	-41,995	-0.04	10,32,912	0.93
	At the end of the Year			10,32,912	0.93
9	Sundaram Finance Employees Welfare Trust				
	At the beginning of the year	10,08,160	0.91		
	Transfer: 05 August 2016	-14,250	-0.01	9,93,910	0.90
	At the end of the Year			9,93,910	0.90
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	HDFC Standard Life Insurance Company Limited				
	At the beginning of the year	10,58,716	0.95		
	Purchase: 08 April 2016	1,25,000	0.11	11,83,716	1.07
	15 April 2016	1,05,000	0.09	12,88,716	1.16
	Sale: 29 April 2016	-3,359	0.00	12,85,357	1.16
	Purchase: 06 May 2016	372	0.00	12,85,729	1.16
	13 May 2016	511	0.00	12,86,240	1.16
	20 May 2016	2,544	0.00	12,88,784	1.16
	Sale: 20 May 2016	-1,003	0.00	12,87,781	1.16
	Purchase: 27 May 2016	5,313	0.00	12,93,094	1.16
	Sale: 10 June 2016	-50,000	-0.05	12,43,094	1.12
	Purchase: 17 June 2016	312	0.00	12,43,406	1.12
	24 June 2016	1,210	0.00	12,44,616	1.12
	30 June 2016	360	0.00	12,44,976	1.12
	01 July 2016	1,091	0.00	12,46,067	1.12
	07 July 2016	261	0.00	12,46,328	1.12

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Sale:				
	15 July 2016	-32,090	-0.03	12,14,238	1.09
	22 July 2016	-39,993	-0.04	11,74,245	1.06
	29 July 2016	-33,308	-0.03	11,40,937	1.03
	05 August 2016	-20,000	-0.02	11,20,937	1.01
	19 August 2016	-78,359	-0.07	10,42,578	0.94
	Purchase:				
	02 September 2016	20,111	0.02	10,62,689	0.96
	Sale:				
	09 September 2016	-1,38,762	-0.12	9,23,927	0.84
	16 September 2016	-739	0.00	9,23,188	0.84
	Purchase:				
	23 September 2016	18,661	0.02	9,41,849	0.86
	30 September 2016	7,339	0.01	9,49,188	0.87
	07 October 2016	24,454	0.02	9,73,642	0.89
	Sale:				
	28 October 2016	-2,01,944	-0.18	771698	0.71
	Purchase:				
	16 December 2016	50,000	0.05	8,21,698	0.76
	30 December 2016	26,195	0.02	8,47,893	0.78
	06 January 2017	781	0.00	8,48,674	0.78
	20 January 2017	3,654	0.00	8,52,328	0.78
	27 January 2017	3,583	0.00	8,55,911	0.79
	03 February 2017	10,017	0.01	8,65,928	0.80
	Sale:				
	10 February 2017	-7,632	-0.01	8,58,296	0.79
	17 February 2017	-5,857	-0.01	8,52,439	0.78
	24 February 2017	-24,143	-0.02	8,28,296	0.76
	02 March 2017	-30,868	-0.03	7,97,428	0.73
	10 March 2017	-12,041	-0.01	7,85,387	0.72
	17 March 2017	-73,483	-0.07	7,11,904	0.65
	24 March 2017	-100	0.00	7,11,804	0.65
	31 March 2017	-5,315	0.00	7,06,489	0.65
	Purchase:				
	31 March 2017	3,733	0.00	7,10,222	0.65
	At the end of the Year			7,10,222	0.65

(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	0.00		
	Date wise Increase / Decrease	—	—		
At the end of the Year			3,200	0.00	
6	Sri S Prasad				
	At the beginning of the year - held jointly with others	12,600	0.01		
	Date wise Increase / Decrease	—	—		
At the end of the Year			12,600	0.01	
7	Sri S Ravindran				
	At the beginning of the year				
	(i) held individually	3,89,920	0.35		
	(ii) held jointly with others	2,26,720	0.20		
	Date wise Increase / Decrease	—	—		
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 Date wise Increase / Decrease At the end of the Year held jointly with others	4,40,396 — —	0.40 — —	4,40,396	0.40
9	Sri Rajiv C Lochan [§] At the beginning of the year Date wise Increase / Decrease At the end of the Year	— — —	— — —	—	—
10	Ms Shobhana Ramachandhran At the beginning of the year - held individually Date wise Increase / Decrease At the end of the Year	3,44,720 — —	0.31 — —	3,44,720	0.31
11	Sri T T Srinivasaraghavan, Managing Director At the beginning of the year (i) held as Karta of HUF (ii) held jointly with others (iii) held as Executor / Trustee Date wise Increase / Decrease At the end of the Year (i) held as Karta of HUF (ii) held jointly with others (iii) held as Executor / Trustee	1,23,192 3,26,376 1,10,000 — —	0.11 0.29 0.10 — —	1,23,192 3,26,376 1,10,000	0.11 0.29 0.10
12	Sri Harsha Viji, Deputy Managing Director At the beginning of the year (i) held individually (ii) held jointly with others Date wise Increase / Decrease At the end of the Year (i) held individually (ii) held jointly with others	13,66,068 3,156 — —	1.23 0.00 — —	13,66,068 3,156	1.23 0.00
13	Sri A N Raju, Director (Operations) At the beginning of the year (since 1st June 2014) - held jointly with others Exercise of ESOP -3rd August 2016 At the end of the Year	26,028 — 2,000 —	0.02 — 0.00 —	28,028 28,028	0.03 0.03
14	Sri M Ramaswamy, Chief Financial Officer At the beginning of the year - held individually Exercise of ESOP - 3rd August 2016 Inter-se Transfer - 5th October 2016 At the end of the Year - held jointly with others	21,902 2,000 23,902 —	0.02 0.00 0.02 —	23,902 23,902	0.02 0.02
15	Sri P Viswanathan, Secretary & Compliance Officer At the beginning of the year (i) held individually (ii) held jointly with others Exercise of ESOP - 3rd August 2016 At the end of the Year (i) held individually (ii) held jointly with others	5,983 31,508 1,250 —	0.01 0.03 — —	38,741 5,983 32,758	0.03 0.01 0.03

*Sri Aroon Raman resigned his directorship w.e.f. 31st October 2016

§ Sri Rajiv C. Lochan has been appointed as Additional Director w.e.f. 25th November 2016

V. INDEBTEDNESS

(₹ in lakhs)

	Secured Loans excluding deposits	Unsecured Loans *	Deposits	Total Indebtedness
Indebtedness at the beginning 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
Change in Indebtedness during the financial year				
Addition	4617,74.77	16031,04.15	456,65.38	21105,44.30
Reduction	5985,52.56	13537,38.28	291,85.33	19814,76.17
Net Change	(1367,77.79)	2493,65.87	164,80.05	1290,68.13
Indebtedness at the end of the financial year				
(i) Principal Amount	6782,08.88	4717,67.16	2411,07.54	13910,83.58
(ii) Interest due but not paid	–	–	–	–
(iii) Interest accrued but not due	294,70.27	42,86.96	118,76.69	456,33.92
Total (i + ii + iii)	7076,79.15	4760,54.12	2529,84.23	14367,17.50

* Unsecured Loans includes Commercial Paper and Subordinated Debentures

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

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager			Total
		Sri T.T. Srinivasaraghavan, Managing Director	Sri Harsha Viji, Deputy Managing Director	Sri A N Raju, Director (Operations)	
1	Gross Salary				
	a) Salary as per provisions contained in Section 17 (1) of the Income-tax Act, 1961	1,18.75	1,01.98	75.03	2,95.76
	b) Value of perquisites u/s 17 (2) of the Income-tax Act, 1961	2.92	1.34	2.27	6.52
	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	29.13	29.13
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission	2,60.00	1,50.00	80.00	4,90.00
	– as % of profit	0.57%	0.38%	0.28%	1.24%
	– others, specify	Nil	Nil	Nil	Nil
5	Contributions to Provident, Superannuation and Gratuity Funds	12.09	8.87	8.16	29.12
	Total (A)	3,93.76	2,62.19	1,94.58	8,50.53
	Ceiling as per the Act (10% of Net Profit)				66,45.18

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	2.35	5.00	–	7.35
Sri P N Venkatachalam	3.35	7.50	–	10.85
Sri S Mahalingam	2.35	5.00	–	7.35
Sri S Prasad	6.05	7.50	–	13.55
Sri Aroon Raman	1.35	3.00	–	4.35
Ms Shobhana Ramachandhran	4.80	7.50	–	12.30
Sri Rajiv C Lochan	1.35	2.00	–	3.35
Total (1)				59.10
Other Non-Executive Directors:				
Sri S Viji	2.50	5.00	–	7.50
Sri S Ram	2.50	5.00	–	7.50
Sri S Ravindran	5.95	7.50	–	13.45
Total (2)				28.45
Total B = (1)+(2)				87.55
Total Managerial Remuneration (A)+(B)				9,38.08
Overall Ceiling as per the Act (11% of Net Profits)				73,09.70

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	48.42	57.49	1,05.91
	b) Value of perquisites u/s 17 (2) of the Income-tax Act, 1961	0.58	1.10	1.69
	c) Profits in lieu of salary under Section 17 (3) of the Income-tax Act, 1961	Nil	Nil	Nil
2	Stock Option	18.21	29.13	47.34
3	Sweat Equity	Nil	Nil	Nil
4	Commission	Nil	50.00	50.00
	- as % of profit	Nil	Nil	Nil
	- others, specify	Nil	Nil	Nil
5	Contributions to Provident, Superannuation and Gratuity Funds	5.26	5.94	11.20
	Total	72.47	1,43.67	2,16.14

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 2017.

Financial Highlights

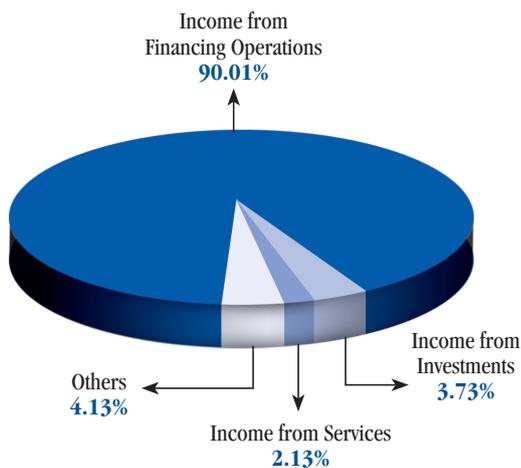
(₹ in Cr.)

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

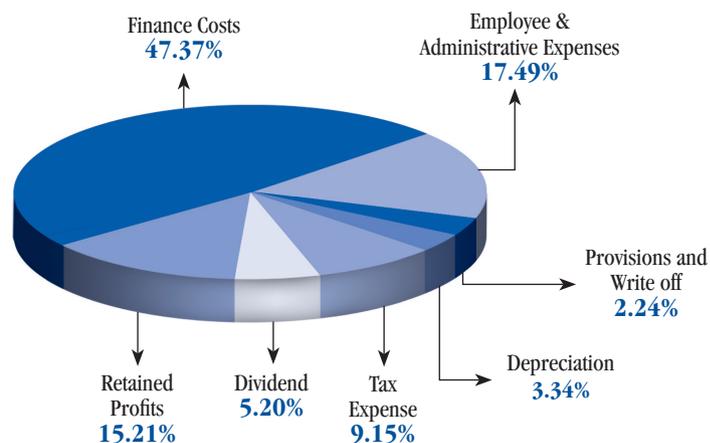
includes net proceeds from SFL Shares Trust of ₹256.56 cr.

Sources and Distribution of Income (2016-17) ₹2458.28 Cr.

SOURCES



DISTRIBUTION



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, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

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

3. Auditor's Responsibility

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

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

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

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

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

4. Opinion

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cashflows 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the Operating Effectiveness of such controls, refer to our separate report in "Annexure B"
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company has disclosed the effect of the pending legal proceedings against it in its financial statements as mentioned in Note 26.07 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 26.12 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.
- iv. the Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 as mentioned in Note 26.04 to the financial statements and the details are in accordance with the books of accounts maintained by the Company.

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

L. Ravi Sankar
Partner

Place: Chennai
Date: 29th May 2017

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 2017 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 value added tax and service tax not deposited are as follows:

Nature of dues	Amount (₹ Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Value added tax	123.55	1993-94 to 2013-14	Assessing Officer
	35.44	1995-96 to 2011-12	Tribunal
	646.27	1998-99 to 2004-05	High Court
Service tax	542.98	2008-09 to 2014-15	Assessing Officer
	9248.94	2001-02 to 2014-15	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 material 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: 29th May, 2017

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

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

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

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

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

L. Ravi Sankar

Partner

Membership No. 25929

Place: Chennai

Date: 29th May, 2017

Balance Sheet

as at 31st March, 2017

(₹ in lakhs)

	Note	March 31, 2017		March 31, 2016	
<u>EQUITY AND LIABILITIES</u>					
Shareholders' funds					
Share capital	2	111,10.39		111,10.39	
Reserves and surplus	3	3634,52.55	3745,62.94	3201,52.10	3312,62.49
Non-current liabilities					
Long-term borrowings	4	6028,89.89		4865,17.11	
Other Long-term liabilities	5	188,59.34		155,68.60	
Long-term provisions	6	97,51.39	6315,00.62	89,08.39	5109,94.10
Current liabilities					
Short-term borrowings	7	3817,22.63		2227,74.39	
Trade Payables	8				
i) total outstanding dues to micro and small enterprises		-		-	
ii) total outstanding dues of creditors other than micro and small enterprises		78,53.92		87,82.63	
Other current liabilities	9	5040,57.47		6465,42.99	
Short-term provisions	10	170,49.19	9106,83.21	188,99.63	8969,99.64
TOTAL EQUITY AND LIABILITIES			<u>19167,46.77</u>		<u>17392,56.23</u>
<u>ASSETS</u>					
Non-current assets					
Fixed assets	11				
Tangible assets		266,27.65		256,06.71	
Intangible assets		10,41.81		22,37.29	
		276,69.46		278,44.00	
Non-current investments	12	1657,38.86		1504,65.62	
Deferred tax assets (net)	13	116,93.54		121,59.35	
Long-term loans and advances	14	9057,19.64		7887,54.93	
Other non-current assets	15	32,00.18	11140,21.68	30,51.46	9822,75.36
Current assets					
Current investments	16	225,78.39		331,58.46	
Cash and Bank balances	17	747,19.49		552,56.41	
Short-term loans and advances	18	6892,48.37		6529,61.60	
Other current assets	19	161,78.84	8027,25.09	156,04.40	7569,80.87
TOTAL ASSETS			<u>19167,46.77</u>		<u>17392,56.23</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 : 29th May, 2017

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, 2017

(₹ in lakhs)

	Note	2016-17	2015-16
REVENUE:			
Revenue from Operations	20	2356,79.24	2312,39.47
Other income	21	101,49.26	162,62.86
TOTAL REVENUE	(A)	<u>2458,28.50</u>	<u>2475,02.33</u>
EXPENSES:			
Finance Costs	22	1164,52.47	1217,74.01
Employee benefits	23	234,62.65	212,58.88
Administrative and Other expenses	24	195,43.09	196,20.43
Provisions and Write Off	25	55,17.26	79,74.30
Depreciation		82,02.06	84,19.68
Contingent Provision against Standard Assets		6,30.29	1,31.68
Total Expenses	(B)	<u>1738,07.82</u>	<u>1791,78.98</u>
Profit Before Tax	(A-B)	720,20.68	683,23.35
Tax expense:			
Current tax		220,19.57	216,72.18
Deferred tax		<u>4,65.81</u>	<u>(10,76.58)</u>
		224,85.38	205,95.60
Profit After Tax		<u>495,35.30</u>	<u>477,27.75</u>
Basic and Diluted Earnings Per Share of ₹10/- each (in ₹)		44.58	42.96
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 : 29th May, 2017

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)

	2016-17		2015-16	
A) CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit	495,35.30		477,27.75	
Add: Lease Equalisation Account	-		28.50	
Provision for Taxation	224,85.38		205,95.60	
	<u>720,20.68</u>		<u>683,51.85</u>	
Add: Financial Cost	1164,52.47	1884,73.15	1217,74.01	1901,25.86
Depreciation		82,02.20		84,20.20
Provision against Investments (net)		13,24.16		3,20.50
Provision against Non - Performing assets (net)		(10,39.88)		34,60.98
Contingent Provisions against Standard Assets		6,30.29		1,31.68
Employee Stock Option Compensation Expenses		2,02.26		2,04.37
(Profit) loss on sale of assets		2,99.36		5,28.97
(Profit) loss on sale of Investments		(17,63.01)		(52,06.49)
Dividend Income		(71,91.47)		(99,78.93)
Effect of Foreign Exchange rates on Cash and Cash Equivalents, net		1.18		(3.01)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		<u>1891,38.24</u>		<u>1880,04.14</u>
(Increase) Decrease in Leased assets - net of sales	(55,69.70)		(38,85.89)	
(Increase) Decrease in Long Term Loans and Advances	(1190,26.84)		(715,57.90)	
(Increase) Decrease in Other Non-Current Assets	(1,53.64)		(17,44.51)	
(Increase) Decrease in Bank deposits	(162,66.22)		153,58.79	
(Increase) Decrease in Short Term Loans and Advances	(362,86.76)		211,65.44	
(Increase) Decrease in Other Current Assets	(5,52.02)		23,95.82	
(Increase) Decrease in SLR Investments (net)	158,52.52		(41,60.83)	
Increase (Decrease) in Other Long-Term Provisions	2,03.47		(26.43)	
Increase (Decrease) in Other Short-Term Provisions	2,87.36		1,18.69	
Increase (Decrease) in Other Long-Term Liabilities	26,29.74		4,72.85	
Increase (Decrease) in Trade Payables	(9,28.70)		36,32.81	
Increase (Decrease) in Other Current Liabilities	130,11.22	(1467,99.57)	123,86.75	(258,44.41)
Cash generated from Operations		<u>423,38.67</u>		<u>1621,59.73</u>
Financial Cost	(1250,35.36)		(1130,13.51)	
Direct Taxes Paid	(198,00.00)	(1448,35.36)	(178,21.38)	(1308,34.89)
NET CASH FROM OPERATING ACTIVITIES (A)		<u>(1024,96.69)</u>		<u>313,24.84</u>

Cash Flow Statement (Contd.)

(₹ in lakhs)

	2016-17	2015-16
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(33,14.50)	(17,52.49)
Sale of Fixed Assets	4,46.62	2,05.86
Proceeds from SFL Share Trust	–	14.45
Purchase/Sale of current investments	(54,69.96)	135,87.65
Purchase/Sale of non-current Investments	(135,07.79)	17,51.22
Dividend Received	71,91.47	99,78.93
Purchase / Sale of Investments in Subsidiaries / Joint Venture/Associates	(43,16.60)	(413,22.30)
NET CASH FROM INVESTING ACTIVITIES (B)	(189,70.76)	(175,36.68)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase (Decrease) in Long Term Borrowings	(306,07.69)	(152,29.27)
Increase (Decrease) in Short Term Borrowings	1596,75.86	219,44.43
Dividend paid (including Corporate Dividend Tax)	(75,43.29)	(208,61.03)
NET CASH FROM FINANCING ACTIVITIES (C)	1215,24.88	(141,45.87)
Effect of Foreign Exchange rates on Cash and Cash Equivalents, net	(1.18)	3.01
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)	57.43	(3,57.71)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	89,57.82	93,12.52
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	90,14.07	89,57.82
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Current Account with Banks	25,70.70	19,55.79
Cash, Cheques & drafts on hand	64,43.37	70,02.03
	90,14.07	89,57.82

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 : 29th May, 2017

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 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.

NOTES TO THE ACCOUNTS (Contd.)

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)	
	31.03.2017	31.03.2016
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:

	31.03.2017	31.03.2016
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

	31.03.2017	31.03.2016
a) Capital Reserve		
At the beginning of the year	307,49.79	307,35.34
Add: Proceeds from SFL Share Trust*	—	14.45
At the end of the year	307,49.79	307,49.79
b) Share Options Outstanding Account		
At the beginning of the year	1,78.63	1,28.67
Add: Deferred Employee Compensation Cost	35.73	25.73
Less: Cost of shares transferred on exercise of option	4.87	6.16
Less: Transfer to General Reserve	2,09.49	1,48.24
Add : Granted during the year	1,99.83	2,14.36
Less: Deferred Employee Compensation Cost	33.30	35.73
At the end of the year	1,66.53	1,78.63
c) Statutory Reserve (As per Section 45-IC of the Reserve Bank of India Act, 1934)		
At the beginning of the year	790,76.39	695,30.84
Add: Transfer from Surplus in the Statement of Profit and Loss	99,07.06	95,45.55
At the end of the year	889,83.45	790,76.39
d) General Reserve		
At the beginning of the year	1925,00.00	1700,89.20
Add: Transfer from Share Options Outstanding account	2,09.49	1,48.24
Add: Transfer from Surplus in the Statement of Profit and Loss	222,90.51	222,62.56
At the end of the year	2150,00.00	1925,00.00
e) Surplus in the Statement of Profit and Loss		
At the beginning of the year	176,47.29	162,10.89
Add: Profit for the year	495,35.30	477,27.75
	671,82.59	639,38.64
Less : Appropriations		
Statutory Reserve	99,07.06	95,45.55
General Reserve	222,90.51	222,62.56
Dividend		
Interim	55,55.19	111,10.39
Final (Proposed)	—	11,11.04
Dividend Tax	8,77.05	22,61.81
At the end of the year	285,52.78	176,47.29
	3634,52.55	3201,52.10

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

NOTES TO THE ACCOUNTS (Contd.)

Note 4: Long-term Borrowings

(₹ in lakhs)

Secured

Non-Convertible Debentures

- A Subsidiary company
- Others

Term loans from banks

Unsecured

Subordinated Non-Convertible Debentures

- A Subsidiary company
- Others

Fixed Deposits

	31.03.2017	31.03.2016
	35,70.03	30,00.00
	3313,15.74	2908,58.05
	3348,85.77	2938,58.05
	625,00.00	168,23.04
	15,00.00	15,00.00
	842,10.00	692,10.00
	857,10.00	707,10.00
	1197,94.12	1051,26.02
	6028,89.89	4865,17.11

Maturity Pattern of Non Convertible Debentures and Term Loans from Banks

(₹ in lakhs)

Particulars	As on 31.03.2017				As on 31.03.2016			
	<1 year	1-3 years	>3 years	Total	<1 year	1-3 years	>3 years	Total
Secured Debentures	> 7 to 8	150,00.00	1634,85.79	–	1784,85.79	–	–	–
	> 8 to 9	1170,13.76	918,00.00	150,00.00	2238,13.76	1452,90.34	1234,87.09	–
	> 9 to 10	1076,36.43	446,00.00	–	1522,36.43	1791,52.19	1288,70.96	215,00.00
	> 10 to 11	–	200,00.00	–	200,00.00	300,00.00	200,00.00	–
Total (A)	2396,50.19	3198,85.79	150,00.00	5745,35.98	3544,42.53	2723,58.05	215,00.00	6483,00.58
Unsecured Debentures	> 8 to 9	–	–	150,00.00	150,00.00	–	–	–
	> 9 to 10	–	–	467,10.00	467,10.00	195,00.00	–	467,10.00
	> 10 to 11	–	–	240,00.00	240,00.00	–	–	240,00.00
Total (B)	–	–	857,10.00	857,10.00	195,00.00	–	707,10.00	902,10.00
Secured Term Loans (C)	168,23.04	625,00.00	–	793,23.04	223,32.36	168,23.04	–	391,55.40
Total (A)+(B)+(C)	2564,73.23	3823,85.79	1007,10.00	7395,69.02	3962,74.89	2891,81.09	922,10.00	7776,65.98

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

(₹ in lakhs)

		31.03.2017	31.03.2016
Long Term Borrowings	Note No. 4	4830,95.77	3813,91.09
Other Current Liabilities	Note No. 9	2564,73.25	3962,74.89
		7395,69.02	7776,65.98

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

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

NOTES TO THE ACCOUNTS (Contd.)

Note 5: Other Long-term liabilities

	(₹ in lakhs)	
	31.03.2017	31.03.2016
Interest accrued but not due on borrowings	62,47.73	55,86.73
Other liabilities	126,11.61	99,81.87
	<u>188,59.34</u>	<u>155,68.60</u>

Note 6: Long-term Provisions

	(₹ in lakhs)	
	31.03.2017	31.03.2016
Employee Benefits	8,58.19	6,54.72
For Non Performing Assets	27,34.97	27,25.73
For Standard Assets	61,58.23	55,27.94
	<u>97,51.39</u>	<u>89,08.39</u>

Note 7: Short-term Borrowings

	(₹ in lakhs)	
	31.03.2017	31.03.2016
Secured		
Working capital demand loans and Cash Credit	243,49.85	1275,30.66
Unsecured		
Credit facilities from Banks	322,30.24	287,38.28
Commercial paper	3251,42.54	665,05.45
	<u>3573,72.78</u>	<u>952,43.73</u>
	<u>3817,22.63</u>	<u>2227,74.39</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 31.03.2017 was ₹3630,00.00 lakhs (31.03.2016 - ₹1050,00.00 lakhs).

Maximum amount of face value of commercial paper outstanding at any time during the period was ₹3975,00.00 lakhs (2015-16 - ₹4155,00.00 lakhs).

NOTES TO THE ACCOUNTS (Contd.)

Note 8: Trade Payables

(₹ in lakhs)

	31.03.2017	31.03.2016
i) total outstanding dues to micro and small enterprises	–	–
ii) total outstanding dues of creditors other than micro and small enterprises		
Dealer Balances	46,31.82	63,87.66
Creditors for Expenses	7,62.57	3,78.98
Outstanding Liabilities	24,59.53	20,15.99
	<u>78,53.92</u>	<u>87,82.63</u>

Note 9: Other Current Liabilities

(₹ in lakhs)

	31.03.2017	31.03.2016
Secured		
Non-Convertible Debentures		
- A Subsidiary company	–	15,00.00
- Others	2396,50.21	3529,42.53
Term loans from Banks	168,23.04	223,32.36
Unsecured		
Fixed Deposits	1172,45.04	1161,60.70
Commercial Paper	286,84.38	369,47.55
Non-Convertible Debentures	–	195,00.00
Interest accrued but not due on borrowings	389,15.12	482,44.94
Amount due on Assets Securitised / Assigned	443,94.38	338,53.09
Unpaid matured deposits *	40,68.39	33,40.77
Advance from Customers	63,17.31	45,01.93
Interest accrued on unpaid matured deposits *	4,71.08	3,85.16
Unpaid dividends *	2,44.28	2,73.45
Income received in advance	1,55.16	1,19.16
Other Liabilities	70,89.08	64,41.35
	<u>5040,57.47</u>	<u>6465,42.99</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)

	31.03.2017	31.03.2016
Employee Benefits	42,51.92	39,64.56
For Non-Performing Assets	127,97.27	138,24.03
For proposed dividend	–	11,11.04
	<u>170,49.19</u>	<u>188,99.63</u>

Note 11: Fixed Assets

	(₹ in lakhs)											
	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK			
	As at 31.03.2016	Additions	Deductions	As at 31.03.2017	Upto 31.03.2016	Additions	Deductions	Upto 31.03.2017	Net Book Value	Balance in Lease Adjustment Account as at 31.03.2017	NET BLOCK	
											As at 31.03.2017	As at 31.03.2016
i) Tangible Assets												
1 Freehold Land and Buildings	31,88.37	15,40.77	-	47,29.14	10,17.18	62.72	-	10,79.90	36,49.24	-	21,71.19	
2 Leasehold office / Residential Premises	14,90.01	39.20	1,02.35	14,26.86	9,06.71	45.95	65.81	8,86.85	5,40.01	-	5,83.30	
3 Plant and Machinery and Computers	62,95.26	5,81.51	4,82.46	63,94.31	47,31.72	4,84.30	4,63.14	47,52.88	16,41.43	-	15,63.54	
4 Furniture and Fixtures	23,56.73	1,91.32	96.56	24,51.49	19,56.90	1,20.03	92.92	19,84.01	4,67.48	-	3,99.83	
5 Vehicles	24,59.24	4,49.86	6,22.29	22,86.81	12,89.90	3,45.69	4,27.88	12,07.71	10,79.10	-	11,69.34	
6 Office Equipment	17,99.42	1,11.53	33.90	18,77.05	12,64.86	1,25.94	28.73	13,62.07	5,14.98	-	5,34.56	
7 Assets on Operating Lease	175,89.03	29,14.19	13,37.56	191,65.66	111,67.27	11,84.63	10,78.48	112,73.42	78,92.24	-	64,21.76	
a) Plant and Machinery and Computers	14,38.06	10.21	8,91.22	557.05	8,15.73	1,59.43	5,00.06	4,75.10	81.95	-	6,22.33	
b) Vehicles	345,22.75	91,78.83	107,43.11	329,58.47	159,60.36	53,58.83	70,14.21	143,04.98	186,53.49	-	185,62.39	
8 Assets on Finance Lease	359,60.81	91,89.04	116,34.33	335,15.52	167,76.09	55,18.26	75,14.27	147,80.08	187,35.44	-	191,84.72	
Plant and Machinery and Computers	2,06.13	-	2,06.13	-	2,02.95	0.14	2,03.09	-	-	-	0.23	
Total	537,55.97	121,03.23	131,78.02	526,81.18	281,46.31	67,03.03	87,95.84	260,53.50	266,27.68	-	256,06.71	
ii) Intangible Assets												
Computer Software	70,09.93	4,00.31	0.29	74,09.95	50,28.84	14,38.34	0.29	64,66.89	9,43.06	-	19,81.09	
iii) Intangible Assets Under Development												
	2,56.20	1,11.80	2,69.24	98.75	-	-	-	-	98.75	-	2,56.20	
Grand Total	610,22.10	126,15.34	134,47.55	601,89.88	331,75.15	81,41.37	87,96.13	325,20.39	276,69.49	-	278,44.00	
Previous Year	626,53.35	93,74.37	110,05.62	610,22.10	315,91.74	83,69.33	67,85.92	331,75.15	278,46.95	(2.95)	310,87.16	

NOTES TO THE ACCOUNTS (Contd.)

- a) Additions/Deductions to Freehold Land and Buildings in Gross Block include assets transferred to/from Investment Property.
- b) Depreciation on Assets on Finance lease ₹0.14 lakhs (31.03.2016 - ₹0.52 lakhs) has been netted off against Lease Income.
- c) Building on leasehold land include ₹12,32.82 lakhs (31.03.2016 - ₹11,93.63 lakhs) being the cost of ownership of flats in co-operative societies.
- d) Free hold Land and Buildings includes ₹11,73.89 lakhs (31.03.2016 - ₹11,73.89 lakhs) representing undivided share of land.
- e) In accordance with Accounting Standard, AS-26 - Intangible Assets, computer software purchased / developed amounting to ₹4,00.31 Lakhs (31.03.2016 - ₹6,39.80 lakhs) is amortised over their expected useful life of three to five years based on a technical evaluation.

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

(₹ in lakhs)

	31.03.2017	31.03.2016
Less than 1 year	79,72.38	85,85.04
Later than 1 year and less than 5 years	103,60.04	100,99.09
Total	183,32.42	186,84.13

Note 12 : Non - Current Investments

(₹ in lakhs)

Particulars	Note No.	Face Value (₹)	As at 31.03.2017		As at 31.03.2016	
			Holding (Number)	Cost	Holding (Number)	Cost
Investment in Equity Instruments: Trade - In Subsidiary Companies						
Royal Sundaram General Insurance Co. Limited	1	10	25,12,29,000	664,25.34	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 Holdings Limited	2	10	2,00,00,000	20,15.18	5,00,000	65.18
Sundaram Insurance Broking Services Limited		10	5,00,000	64.36	5,00,000	50.00
LGF Services Limited		10	2,50,000	5.00	2,50,000	5.00

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Particulars	Note No.	Face Value (₹)	As at 31.03.2017		As at 31.03.2016	
			Holding (Number)	Cost	Holding (Number)	Cost
Investment in Equity Instruments: Non-Trade						
- In Subsidiary Companies						
Sundaram BNP Paribas Fund Services Limited	3 & 4	10	2,04,01,530	20,40.15	1,78,51,530	17,85.15
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
Infreight Logistics Solutions Limited	5	10	56,11,200	1.11	—	—
- In Associate Companies						
Flometallic India Private Limited	6	1,00,000	3,800	32,50.00	3,800	32,50.00
Dunes Oman LLC (FZC)	7	1	22,93,725	26,94.86	22,93,725	26,94.86
Sundaram Hydraulics Limited	4	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 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
TVS Investments Limited	8	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
				1230,51.45		1185,53.98
Investment in Preference Shares: Non-Trade						
Sundaram Hydraulics Limited - 9% Redeemable Cumulative Non-Convertible Preference Shares	9	100	1,66,666	1,66.66	3,33,333	3,33.33
Investment in Non-Convertible Debentures: Trade						
Royal Sundaram General Insurance Co. Limited - Unsecured Subordinated Redeemable Non-Convertible Debentures		10,00,000	1,000	100,00.00	—	—

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Particulars	Note No.	Face Value (₹)	As at 31.03.2017		As at 31.03.2016	
			Holding (Number)	Cost	Holding (Number)	Cost
Investment in Government Securities:						
Central Government Loans	4 & 9	100	1,00,14,300	100,88.84	1,26,64,300	125,47.00
State Government Loans	4	100	1,46,48,000	148,12.34	1,26,48,000	127,58.63
				249,01.18		253,05.63
Investment in Mutual Funds:						
HDFC Charity Fund for Cancer Cure 2017		10	30,00,000	3,00.00	–	–
Sundaram Mutual Fund	10	10	–	8,93.95	–	10,69.57
Sundaram Smart Nifty 100 Equal Weight Fund		10	2,69,121	26.91	–	–
Sundaram Banking & PSU Debt Fund		10	1,61,805	41.45	–	–
				12,62.31		10,69.57
Investment in Alternative Investment Fund:						
IFMR FImpact Medium Term Microfinance Fund		1,00,000	1,199	12,00.00	–	–
Sundaram Alternative Opportunities Fund – Nanocap Series I	11	1,00,000	150	1,50.00	–	–
				13,50.00		–
Investment in Pass Through Certificates:						
Investment Property (net of depreciation)				15,68.77	–	2,57.08
				72,77.65		73,90.48
				1695,78.02		1529,10.07
Less: Provision for diminution in value of investments				38,39.16		24,44.45
Non-Current Investments (Net)				1657,38.86		1504,65.62

Notes:

- 1) During the year, the company subscribed to the rights issue of equity shares offered by Royal Sundaram General Insurance Co. Limited to the extent of 1,21,44,000 equity shares of ₹10/- each at a premium of ₹8.75 per share.
- 2) The name of the company "Sundaram Finance Distribution Limited" has been changed to "Sundaram Finance Holdings Limited (SFHL)" with effect from 29th March 2017. During the year, the company had subscribed to the rights issue offered by SFHL to the extent of 1,95,00,000 equity shares at a face value of ₹10/- each.
- 3) During the year, the company has subscribed to the rights issue of equity shares offered by Sundaram BNP Paribas Fund Services Limited of 25,50,000 equity shares at a face value of ₹10/- each.
- 4) Denotes investment where provision for diminution in value has been made.
- 5) During the year, the company has acquired the entire holding in "Infreight Logistics Solutions Limited" from its wholly owned subsidiary "Sundaram Finance Holdings Limited".
- 6) Includes 1100 partly paid shares @ ₹50000/- per share. (Face value ₹100000 per share).
- 7) Face value in Omani Riyal.
- 8) The name of the company "Sundaram Investment Limited" has been changed to "TVS Investments Limited" with effect from 2nd May 2016.
- 9) Reclassified under Current Investments.
- 10) 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.
- 11) During the year, the company, as sponsor of the fund, invested ₹1.5 cr. out of the total commitment of ₹10 cr., in the Sundaram Alternative Opportunities Fund – Nanocap Series I, a category III AIF, of Sundaram Alternative Investment Trust, in compliance with SEBI (Alternative Investment Funds) Regulations, 2012.

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 ₹248,12.30 lakhs (cost ₹250,51.18 lakhs) and bank deposits of ₹121,72.00 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)	277,28.62	1389,60.21
Aggregate amount of Unquoted Investments (Net of Provision)	1307,32.59	
Investment Property (Net of Depreciation)	72,77.65	
Total	1657,38.86	

SUNDARAM FINANCE LIMITED

NOTES TO THE ACCOUNTS (Contd.)

Note 13: Deferred Tax Assets (Net)

(₹ in lakhs)

	31.03.2017	31.03.2016
Deferred Tax Assets		
Depreciation	54,92.27	49,13.59
Provisions against Non-performing Assets	49,87.85	63,57.24
Provisions against Investments	1,55.35	1,87.71
Contingent Provisions against Standard Assets	21,31.34	19,13.22
Income derecognised on Non-performing Assets	9,14.63	10,56.61
Others	16,30.78	11,29.13
	<u>153,12.22</u>	<u>155,57.50</u>
Less: Deferred Tax Liabilities		
Hire Purchase Income	35,95.38	33,74.85
Others	23.30	23.30
	<u>36,18.68</u>	<u>33,98.15</u>
	<u>116,93.54</u>	<u>121,59.35</u>

Note 14: Long-term Loans and Advances

(₹ in lakhs)

	31.03.2017	31.03.2016
Secured, Considered good		
Hypothecation Loans	7289,04.58	6441,97.06
Net Investment in Stock-on-hire	1401,73.35	1117,41.29
Net investment in lease	11,97.02	12,21.92
Other loans	12,89.91	24,52.00
	<u>8715,64.86</u>	<u>7596,12.27</u>
Amount retained on Assets Securitised / Assigned	161,59.50	111,95.72
Unsecured, Considered good		
Capital Advances	1,03.28	1,72.83
Deposits	10,16.36	9,43.82
Other loans	34,69.06	34,40.02
	<u>45,88.70</u>	<u>45,56.67</u>
Loans and advances to related parties		
A Subsidiary company	—	2,00.00
Other loans and advances		
Advance Income tax and Tax Deducted at Source (net of provision)	133,75.92	131,87.32
Other advances	30.66	2.95
	<u>134,06.58</u>	<u>131,90.27</u>
	<u>9057,19.64</u>	<u>7887,54.93</u>

The Long-term loans and advances includes Non-performing Assets of ₹42,52.95 lakhs (31.03.2016 - ₹50,36.85 lakhs)

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

(₹ in lakhs)

	31.03.2017	31.03.2016
Provision for Income Tax	1158,97.40	938,77.83
Income tax paid under dispute	106,32.42	45,67.64

NOTES TO THE ACCOUNTS (Contd.)

Note 15: Other Non-current Assets

(₹ in lakhs)

	31.03.2017	31.03.2016
SF Employees Welfare Trust	3,16.26	3,21.18
Other assets	28,83.92	27,30.28
	32,00.18	30,51.46

Other assets includes Indirect Tax paid under dispute amounting to ₹24,14.93 lakhs (31.03.2016 - ₹22,61.29 lakhs) of which ₹14,71.52 lakhs has been provided.

Note 16: Current Investments

(₹ in lakhs)

Particulars	Note No.	Face Value (₹)	As at 31.03.2017		As at 31.03.2016	
			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	1,66,667	1,66.67
Investment in Government Securities:						
Central Government Loans	1	100	1,50,000	1,50.00	1,70,00,000	177,89.66
Investment in Mutual Funds:						
Sundaram Mutual Fund		10	5,83,31,656	200,00.00	3,13,26,849	100,00.00
HDFC Debt Fund for Cancer Cure 2014		10	—	—	10,00,000	1,00.00
				200,00.00		101,00.00
Investment in Pass Through Certificates			—	13,34.99	—	4,22.93
Investment in Commercial Paper		5,00,000	200	9,26.73	1,000	47,51.27
				225,78.39		332,30.53
Less: Provision for diminution in value of investments				—		72.07
Current Investments (Net)				225,78.39		331,58.46

Note:

- 1) Reclassified from Non-Current Investments.

Investments - Categorywise

(₹ in lakhs)

Particulars	Cost	Market Value
Aggregate amount of Quoted Investments	1,50.00	1,50.99
Aggregate amount of Unquoted Investments	224,28.39	
Total	225,78.39	

NOTES TO THE ACCOUNTS (Contd.)

Note 17: Cash and Bank balances

(₹ in lakhs)

	31.03.2017	31.03.2016
Cash and cash equivalents:		
Cash on hand	14,44.08	21,22.12
Balances with Banks in Current Accounts	25,70.70	19,55.79
Cheques, drafts on hand	49,99.29	48,79.91
	90,14.07	89,57.82
Bank Deposits		
Upto 12 months maturity	454,31.14	5,95.04
More than 12 months maturity	200,30.00	454,30.10
	654,61.14	460,25.14
Unpaid dividend account	2,44.28	2,73.45
	747,19.49	552,56.41

Bank Deposits include ₹499,97.10 lakhs (31.03.2016 - ₹369,38.10 lakhs) provided as collateral for assets securitised.

Note 18: Short-term Loans and Advances

(₹ in lakhs)

	31.03.2017	31.03.2016
Secured, Considered good		
Hypothecation Loans	5507,03.52	5232,72.11
Net Investment in Stock-on-hire	921,56.29	830,66.37
Net Investment in lease	7,33.76	7,35.27
Trade receivables	68,22.39	42,50.06
Other loans	10,66.66	11,13.88
	6514,82.62	6124,37.69
Amount retained on Assets securitised/assigned	232,19.14	184,47.85
Unsecured, Considered good		
Advance for business assets	110,14.07	173,16.43
Loans and advances to related parties		
Subsidiary companies	2,10.92	10.62
Associate Company	3.40	3.32
	2,14.32	13.94
Trade bills purchased	6,77.12	5,05.75
Other advances	26,41.10	42,39.94
	6892,48.37	6529,61.60

Short-term loans and advances includes Non-Performing Assets of ₹198,21.10 Lakhs (31.03.2016 - ₹242,83.83 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 31.03.2017 is as follows:

(₹ in lakhs)

	31.03.2017	31.03.2016
Gross Investment in lease	2734,83.22	2292,36.27
Less: Unearned Finance Charges	392,22.96	324,72.08
	2342,60.26	1967,64.19

NOTES TO THE ACCOUNTS (Contd.)

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

(₹ in lakhs)

	31.03.2017		31.03.2016	
	Gross Investment	MLP Receivables	Gross Investment	MLP Receivables
Less than 1 year	1124,50.20	928,89.89	1015,80.14	838,27.48
Later than 1 year and less than 5 years	1610,33.02	1413,70.37	1276,56.13	1129,36.71
Total	2734,83.22	2342,60.26	2292,36.27	1967,64.19

Note 19: Other Current Assets

(₹ in lakhs)

	31.03.2017	31.03.2016
Interest accrued on investments	4,65.57	9,77.45
Income Receivable	137,06.38	126,22.43
SFL Employees Welfare Trust	4.93	4.88
Reposessed assets (at realisable value)	19,12.20	19,15.68
Stamps and Stamp papers on hand	89.76	83.96
	161,78.84	156,04.40

STATEMENT OF PROFIT AND LOSS

Note 20: Revenue from Operations

(₹ in lakhs)

	2016-17	2015-16
Income from Financing Operations		
Hypothecation Loans / Hire Purchase	1936,23.83	1930,05.75
Assets securitised / assigned	157,64.02	120,96.88
Lease	94,25.51	103,11.77
Others	4,67.91	6,91.78
Recovery of bad debts	19,89.76	16,87.36
	2212,71.03	2177,93.54
Income from Investments		
Interest Income	74,36.16	72,76.18
Profit on sale of Non-Current Investments	9,12.83	79.90
Profit on sale of Current Investments	8,20.81	9,82.43
	91,69.80	83,38.51
Income from other Financial Services	38,15.08	37,64.18
Income from other Services	14,23.33	13,43.24
	2356,79.24	2312,39.47

Income from Hypothecation Loans / Hire Purchase is net of business origination cost of ₹58,93.81 lakhs (2015-16 - ₹45,55.07 lakhs).

Income from other Services includes net loss on exchange fluctuations of ₹1.18 lakhs (2015-16 net gain of ₹3.01 lakhs)

NOTES TO THE ACCOUNTS (Contd.)

Note 21: Other Income

	(₹ in lakhs)	
	2016-17	2015-16
Interest Receipts	14,19.40	6,86.75
Dividend Income		
Subsidiary companies	23,58.00	26,25.50
Others	48,33.47	73,58.10
	<u>71,91.47</u>	<u>99,83.60</u>
Profit on sale of investments*	29.37	41,44.15
Rent Receipts	7,66.01	7,56.89
Profit on sale of assets	2,01.46	33.93
Other non-operating income	5,41.55	6,57.54
	<u>101,49.26</u>	<u>162,62.86</u>

* 2015-16 includes ₹40,64.68 lakhs on sale of equity shares in BNP Paribas Sundaram Global Securities Operations Private Limited, a Joint venture company.

Note 22: Finance Costs

	(₹ in lakhs)	
	2016-17	2015-16
Interest expense		
Non convertible debentures	654,18.47	701,23.96
Term loans	63,30.08	24,68.01
Fixed deposits	217,37.97	206,82.49
Commercial paper	210,20.88	259,47.79
Other interest	17,18.69	22,60.13
	<u>1162,26.09</u>	<u>1214,82.38</u>
Other borrowing costs	2,26.38	2,91.63
	<u>1164,52.47</u>	<u>1217,74.01</u>

Note 23: Employee Benefits

	(₹ in lakhs)	
	2016-17	2015-16
Salaries, bonus and commission	215,00.23	193,50.34
Contribution to Provident and other funds	13,18.25	11,72.99
Employees Stock Options expense	1,36.67	1,45.73
Staff welfare expenses	5,07.50	5,89.82
	<u>234,62.65</u>	<u>212,58.88</u>

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

	(₹ in lakhs)				
Particulars	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Defined Benefit Obligation	32,51.28	27,00.94	23,37.74	20,63.01	17,52.47
Plan Assets	31,42.73	25,85.15	22,45.91	20,52.86	17,32.23
Surplus / (deficit)	(1,08.55)	(1,15.79)	(91.83)	(10.15)	(20.24)
Actuarial (gain)/loss on obligations	2,48.58	1,61.42	51.75	1,04.50	2,84.24
Actuarial (gain)/loss on plan assets	9.47	7.71	-	-	-

NOTES TO THE ACCOUNTS (Contd.)

Defined Benefit Plans

(₹ in lakhs)

Description of Benefit Plans		Funded Gratuity		Funded Compensation Absences	
		31.03.2017	31.03.2016	31.03.2017	31.03.2016
A)	Reconciliation of opening and closing balances of the present value of the defined benefit obligation				
	Opening Balance :Present value of obligation	27,00.94	23,37.74	8,48.22	7,08.57
	Current service cost	2,05.16	2,26.13	21.46	18.50
	Interest cost	2,11.48	1,78.37	63.40	52.03
	Transfer of funds from Subsidiary companies/transfer within funds	—	—	—	—
	Benefits paid	(1,14.88)	(2,02.72)	(74.96)	(86.40)
	Actuarial (gain) / loss on obligations	2,48.58	1,61.42	61.12	1,55.52
	Closing Balance :Present value of obligation	32,51.28	27,00.94	9,19.24	8,48.22
B)	Reconciliation of opening and closing balances of the fair value of plan assets				
	Opening Balance :Fair value of plan assets	25,85.15	22,45.91	6,77.54	6,25.17
	Expected return on plan assets	2,16.76	1,93.85	58.34	55.54
	Contributions made	4,65.17	3,55.82	1,71.06	83.42
	Transfer of funds from Subsidiary companies/transfer within funds	—	—	—	—
	Benefits paid	(1,14.88)	(2,02.72)	(74.96)	(86.40)
	Actuarial gain / (loss) on plan assets	(9.47)	(7.71)	4.15	(0.19)
	Closing Balance : Fair value of plan assets	31,42.73	25,85.15	8,36.13	6,77.54
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	32,51.28	27,00.94	9,19.24	8,48.22
	Closing Balance :Fair value of plan assets	31,42.73	25,85.15	8,36.13	6,77.54
	Unrecognised past service cost	—	—	—	—
	Net Asset/(Liability) recognised in Balance Sheet (included under Other Current Liabilities in Note 9)	(1,08.55)	(1,15.79)	(83.11)	(1,70.68)
D)	Expenses recognised in the Statement of Profit and Loss				
	Current service cost	2,05.16	2,26.13	21.46	18.50
	Interest cost	2,11.48	1,78.37	63.40	52.03
	Expected return on plan assets	2,16.76	1,93.85	58.34	55.54
	Net actuarial (gain) / loss recognized	2,58.05	1,69.13	56.97	1,55.71
	Total Expenses (included under Employee benefits in Note 23)	4,57.93	3,79.78	83.49	1,70.70
E)	Actual return on plan assets				
	Expected return on plan assets	2,16.76	1,93.85	58.34	55.54
	Actuarial gain / (loss) on plan assets	(9.47)	(7.71)	4.15	(0.19)
	Actual return on plan assets	2,07.29	1,86.14	62.49	55.35
F)	Actuarial assumptions*				
	Discount rate	7.25%	8.00%	7.29%	7.82%
	Expected rate of return on plan assets	8.00%	8.35%	7.29%	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 31.03.2017 is ₹1,36.22 lakhs (31.03.2016 - ₹1,30.36 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)

	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Employee assured bonus scheme	18,46.85	17,78.61	17,19.23	14,48.85	11,45.15
Staff Medical Scheme	63.71	3,15.05	2,79.46	2,14.74	1,95.36
Retired Employee Medical Scheme	1,05.96	1,09.77	1,09.86	1,08.44	1,16.67

Employee Stock Option Scheme - SFESOS

The Board has approved issue of stock options in a manner provided in the SEBI (Share Based Employee Benefits) Regulations, 2014 as follows:

Particulars	Grant 8	Grant 7
Board Meeting Date	30.05.2016	29.05.2015
Options Granted	14400	14250
Exercise Price (₹Per share)	10	10
Date of Grant	30.05.2016	29.05.2015
Vesting Date	31.05.2017	31.05.2016
Vesting Period	12 months	12 months
Exercise Period	01.06.2017 to 31.08.2017	01.06.2016 to 31.08.2016
Market Price on a date immediately prior to Grant Date	13,97.70	15,14.30
Intrinsic Value	13,87.70	15,04.30
Expenses recognised for 2016-17 (₹in lakhs)	1,66.53	35.73

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

Risk Free interest rate (% per annum)	7.47	7.85
Life of the option	368 days	369 days
Expected Volatility	34.15%	35.11%
Fair Value of the Option (₹)	1,388.43	1,505.06

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)

	2016-17	2015-16
Profit after Tax (as reported)	495,35.30	477,27.75
Add: SFESOS compensation expense included in PAT	2,02.25	2,04.37
Less: SFESOS compensation expense determined under fair value based method	2,02.36	2,04.48
Profit after Tax (adjusted)	495,35.19	477,27.64
Basic Earnings per Share of ₹10/- each (as reported) (₹)	44.58	42.96
Basic Earnings per Share of ₹10/- each (adjusted) (₹)	44.58	42.96

NOTES TO THE ACCOUNTS (Contd.)

Note 24: Administrative and Other Expenses

(₹ in lakhs)

	2016-17	2015-16
Rent	13,37.74	12,55.51
Rates and taxes	21,79.29	28,17.62
Communication expenses	11,35.22	10,93.57
Electricity expenses	6,62.44	6,36.57
Travelling and conveyance	15,75.92	15,34.06
Outsourcing cost	42,82.02	41,93.45
Insurance	1,67.10	1,67.31
Contribution to CSR/Donations	10,05.82	9,98.17
Repairs		
- Buildings	55.29	32.27
- Others	19,02.66	16,59.79
	1957.95	16,92.06
Stamp Paper & Fees	14,77.68	13,07.54
Miscellaneous expenses*	37,61.91	39,24.57
	195,43.09	196,20.43

* Includes ₹65.59 lakhs (2015-16 - ₹58.64 lakhs) incurred towards the cost of Employee Stock Option Scheme issued under Sundaram Finance Employee Stock Option Scheme 2008 to executives of Subsidiary Companies

Note 25: Provisions and Write Off

(₹ in lakhs)

	2016-17	2015-16
Provision against non-performing assets (net)	(10,17.52)	38,65.45
Provision against Repossessed assets	(22.35)	(4,04.47)
Provision against Investments		
A Subsidiary company	2,34.82	4,04.73
Others	10,34.73	(13.59)
Bad Debts	52,87.58	41,22.18
	55,17.26	79,74.30

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 The Board of Directors, at its meeting held on 25th November 2016, approved the Scheme of Amalgamation for the merger of Sundaram Infotech Solutions Limited, a wholly-owned subsidiary, with the Company, effective 1st April 2016.

The Company has obtained a 'no objection' letter from the National Stock Exchange of India Limited, in accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Application has been filed by Sundaram Infotech Solutions Limited with the National Company Law Tribunal for approval.

On approval, the Scheme will be given effect to in the Books, effective 1st April 2016.

26.03 The Board of Directors, at its meeting held on 17th February 2017, approved a composite Scheme of Arrangement and Amalgamation between the Company and its subsidiaries effective 1st April 2016. The Scheme will result in:

- Merger of Sundaram Insurance Broking Services Limited and Infreight Logistics Solutions Limited into the Company;
- Demerger of the shared services of Sundaram BPO India Limited into the Company; and subsequently
- Demerger of the non-core investments and shared services of the Company into Sundaram Finance Holdings Limited.

The Company has obtained a 'no objection' letter from the National Stock Exchange of India Limited, in accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and approval from the Competition Commission of India for the transactions contemplated in the composite Scheme of Arrangement and Amalgamation. Necessary steps are being taken to file an application with the National Company Law Tribunal for approval.

On approval, the Scheme will be given effect to in the Books, effective 1st April 2016.

26.04 Disclosure of Specified Bank Notes (SBN) - Pursuant to Ministry of Corporate Affairs Notification G.S.R.308 Dated 30th March, 2017.

(₹ in lakhs)

	SBN	Other Denomination Notes	Total
Closing Cash in hand as on 08/11/2016	6,51.86	26.36	6,78.22
(+) Permitted Receipts	—	76,56.07	76,56.07
(-) Permitted Payments	—	1,43.72	1,43.72
(-) Amount Deposited in Banks	6,51.86	72,66.02	79,17.88
Closing cash in hand as on 30/12/2016	—	2,72.69	2,72.69

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 2017, 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 Holdings Ltd.*
LGF Services Ltd.
Sundaram BNP Paribas Fund Services Ltd.
Sundaram Infotech Solutions Ltd.
Infreight Logistics Solutions Ltd.
Royal Sundaram General Insurance Co. Ltd.

Associates:

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

Key Management Personnel:

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.

* Formerly known as Sundaram Finance Distribution Limited

NOTES TO THE ACCOUNTS (Contd.)

RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED 31ST MARCH 2017

The nature and volume of transactions for the year ended 31st March 2017 with the above related parties are as follows.

(₹ in lakhs)

Particulars	Subsidiary Companies	Associates / Joint Venture	KMP and Relatives	Enterprises over which KMP and his relatives are exercising significant influence	2016-17	2015-16
INCOME						
Income from Financing Operations	4,00.00	78.09	—	—	4,78.09	1,98.55
Income from Services *	41,94.55	11.72	—	—	42,06.27	38,70.39
Dividend	23,58.00	31,22.20	—	—	54,80.20	76,52.99
Rent Receipts	6,09.83	47.87	—	—	6,57.70	6,53.09
Profit on sale of Investment	14.20	—	—	—	14.20	—
Recovery of bad debts	—	—	—	—	—	5.00
Other non-operating income	2,09.71	2.92	—	—	2,12.63	3,02.35
EXPENDITURE						
Interest	3,66.14	—	94.07	—	4,60.21	7,14.02
Remuneration	—	—	8,58.12	—	8,58.12	6,85.74
Support Services	5,77.22	—	—	—	5,77.22	4,53.19
Software & Other Expenses	24.84	—	—	—	24.84	40.28
Rent Paid	6.98	—	—	—	6.98	0.69
Insurance Premium	1,28.45	—	—	—	1,28.45	1,33.69
Discounting Charges	17.06	—	—	—	17.06	—
DIVIDEND PAID			4,48.18	1,39.78	5,87.96	15,67.33
ASSETS						
Investments	145,47.47	—	—	—	145,47.47	421,56.52
Disinvestments	50.00	1,66.67	—	—	2,16.67	3,64.92
Loans and Advances Disbursed	7.46	—	—	—	7.46	7.37
Repayment of Loans and Advances	7.67	—	—	—	7.67	1,17.91
Insurance Premium paid in advance	1,15.97	—	—	—	1,15.97	1,17.36
LIABILITIES						
Issue of Non Convertible Debentures	25,52.97	—	—	—	25,52.97	10,00.00
Redemption of Non Convertible Debentures	15,00.00	—	—	—	15,00.00	10,00.00
Discounting Charges	17.06	—	—	—	17.06	—

* Includes Mutual Fund Brokerage of ₹4,61.26 lakhs (2015-16 - ₹3,21.47 lakhs) received from Sundaram Mutual

NOTES TO THE ACCOUNTS (Contd.)

Disclosure of Material Transactions with Related Parties

(₹ in lakhs)

Particulars	Related Parties	2016-17	2015-16
INCOME			
Income from Financing Operations	Royal Sundaram General Insurance Co. Ltd.	3,26.64	60.46
	Turbo Energy Private Ltd.	62.57	61.93
	Sundaram Asset Management Company Ltd.	35.03	30.35
Income from Services	Royal Sundaram General Insurance Co. Ltd.	10,78.88	7,46.56
	Sundaram BNP Paribas Home Finance Ltd.	10,75.10	11,55.12
	Sundaram Asset Management Company Ltd.	8,64.62	3,88.29
	Sundaram BNP Paribas Fund Services Ltd.	6,99.23	5,97.61
	Sundaram Infotech Solution Ltd	1,94.56	1,90.22
	Sundaram Finance Holdings Ltd.	1,56.00	4,86.00
	LGF Services Ltd.	1,24.80	2,94.00
	Turbo Energy Private Ltd.	11.72	11.55
Dividend	Dunes Oman LLC (FZC)	22,66.83	37,44.87
	Sundaram BNP Paribas Home Finance Ltd.	17,75.50	17,75.50
	Sundaram Asset Management Company Ltd.	3,60.00	6,00.00
	Flometallic India Private Limited	3,25.00	1,62.50
	Turbo Energy Private Ltd.	2,56.00	5,76.00
	BNP Paribas Sundaram Global Securities Operations Private Ltd.	–	4,26.82
Rent Receipts	Sundaram Asset Management Company Ltd.	1,99.30	1,97.96
	Sundaram BNP Paribas Home Finance Ltd.	1,74.60	1,75.48
	Sundaram Business Services Ltd.	1,26.29	1,23.49
Recovery of bad debts	Infreight Logistics Solutions Ltd.	–	5.00
Profit on sale of Investment	LGF Services Limited	14.20	–
Other non-operating income	Sundaram BNP Paribas Home Finance Ltd.	1,29.15	97.93
	Sundaram BNP Paribas Fund Services Ltd.	28.47	19.83
	Sundaram Asset Management Company Ltd.	22.72	23.75
	Royal Sundaram General Insurance Co. Ltd.	15.97	12.63
EXPENDITURE			
Interest	Royal Sundaram General Insurance Co. Ltd.	3,66.14	6,18.60
Support Services	Sundaram BPO India Ltd.	5,77.22	4,53.19
Software Expenses	Sundaram Infotech Solutions Ltd.	24.84	40.28
Rent Paid	Sundaram BNP Paribas Home Finance Ltd.	1.23	0.69
	Royal Sundaram General Insurance Co. Ltd.	5.76	–
Insurance Premium	Royal Sundaram General Insurance Co. Ltd.	1,28.45	1,33.69
Discounting Charges	Royal Sundaram General Insurance Co. Ltd.	17.06	–

NOTES TO THE ACCOUNTS (Contd.)

Disclosure of Material Transactions with Related Parties

(₹ in lakhs)

Particulars	Related Parties	2016-17	2015-16
ASSETS			
Sale of Fixed Assets/ Software Licenses	Sundaram BNP Paribas Fund Services Ltd.	8.35	–
Investments	Sundaram Finance Holdings Ltd.	19,50.00	–
	Royal Sundaram General Insurance Co. Ltd.	122,77.00	451,90.91
	Sundaram BNP Paribas Fund Services Ltd.	2,55.00	(30,34.39)
	Sundaram Insurance Broking Services Ltd.	64.36	–
	Infreight Logistics Solutions Ltd.	1.11	–
Disinvestments	BNP Paribas Sundaram Global Securities Operations Private Ltd.	–	3,64.92
	Sundaram Insurance Broking Services Ltd.	50.00	–
	Sundaram Hydraulics Limited	1,66.67	–
Loans and Advances Disbursed	Sundaram Asset Management Company Ltd.	5.43	5.29
	Sundaram Business Services Ltd.	1.46	1.53
Repayment of Loans and Advances	Sundaram Hydraulics Limited	–	1,10.70
	Sundaram Asset Management Company Ltd.	5.58	4.90
	Sundaram Business Services Ltd.	1.50	1.67
Insurance Premium paid in advance	Royal Sundaram General Insurance Co. Ltd.	1,15.97	1,17.36
LIABILITIES			
Issue of Non Convertible Debentures	Royal Sundaram General Insurance Co. Ltd.	25,52.97	10,00.00
Redemption of Non Convertible Debentures	Royal Sundaram General Insurance Co. Ltd.	15,00.00	10,00.00
Discounting Charges	Royal Sundaram General Insurance Co. Ltd.	17.06	–

Balances with Related Parties as at 31st March 2017

(₹ in Lakhs)

BALANCES OUTSTANDING	Subsidiary Companies	Associates	KMP	Relatives of KMP	Enterprises over which KMP and his relatives are exercising significant influence	31.03.2017	31.03.2016
ASSETS							
Investments	1086,92.98	89,11.80	–	–	–	1176,04.78	1132,75.09
Loans and Advances	3,30.79	39.73	–	–	–	3,70.52	3,01.92
Other Assets	8,15.85	–	–	–	–	8,15.85	4,63.70
LIABILITIES							
Equity Holdings	–	–	1,71.55	5,74.49	2,32.97	9,79.01	9,78.82
Non Convertible Debentures	50,70.03	–	–	–	–	50,70.03	60,00.00
Deposits	–	–	63.50	9,02.98	–	9,66.48	9,53.98
Interest on deposits	–	–	13.02	85.11	–	98.13	98.53
Interest accrued	2,06.02	–	–	–	–	2,06.02	6,23.46
Other Liabilities	2,72.99	–	–	–	–	2,72.99	2,63.14

NOTES TO THE ACCOUNTS (Contd.)

Disclosure Of Material Balances With Related Parties as at 31st March 2017

(₹ in Lakhs)

BALANCES OUTSTANDING	Subsidiary Companies	Associates	KMP	Relatives of KMP	Enterprises over which KMP and his relatives are exercising significant influence	31.03.2017	31.03.2016
ASSETS							
Investments							
a) Investments In Equity Shares							
Royal Sundaram General Insurance Co. Ltd	664,25.34					664,25.34	641,48.34
Sundaram Asset Management Company Ltd.	184,87.24					184,87.24	184,87.24
Sundaram BNP Paribas Home Finance Ltd.	151,57.10					151,57.10	151,57.10
Sundaram BNP Paribas Fund Services Ltd.	20,40.15					20,40.15	17,85.15
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
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 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 Holdings Ltd.	20,15.18					20,15.18	65.18
Sundaram Insurance Broking Services Ltd.	64.36					64.36	50.00
LGF Services Ltd.	5.00					5.00	5.00
Total	1086,92.98	85,78.47				1172,71.45	1127,75.09
b) Investments In Preference Shares							
Sundaram Hydraulics Ltd.		3,33.33				3,33.33	5,00.00
c) Investments In Non-Convertible Debentures							
Royal Sundaram General Insurance Co. Ltd.	100,00.00					100,00.00	—

NOTES TO THE ACCOUNTS (Contd.)

Disclosure Of Material Balances With Related Parties as at 31st March 2017

(₹ in Lakhs)

BALANCES OUTSTANDING	Subsidiary Companies	Associates	KMP	Relatives of KMP	Enterprises over which KMP and his relatives are exercising significant influence	31.03.2017	31.03.2016
Loans and Advances							
a) Intercompany Loans							
Sundaram Business Services Ltd.	2,00.00					2,00.00	2,00.00
b) Lease Receivables							
Sundaram BNP Paribas Fund Services Ltd.	89.49					89.49	–
Sundaram Infotech Solutions Ltd.	40.69					40.69	48.53
Axles India Ltd.		15.36				15.36	20.71
c) Hypothecation Loans							
Sundaram Hydraulics Ltd.		24.37				24.37	32.11
Other Assets							
Royal Sundaram General Insurance Co. Ltd.	5,12.50					5,12.50	1,44.69
Sundaram Asset Management Company Ltd.	1,77.31					1,77.31	1,32.41
Sundaram BNP Paribas Fund Services Ltd.	50.89					50.89	79.38
Sundaram BNP Paribas Home Finance Ltd.	39.33					39.33	60.96
Sundaram Infotech Solution Ltd.	22.00					22.00	31.04
Total	8,02.03					8,02.03	4,48.48
LIABILITIES							
Equity Holdings			171.55	5,74.49	2,32.97	9,79.02	9,78.82
Non Convertible Debentures							
Royal Sundaram General Insurance Co. Ltd.	50,70.03					50,70.03	60,00.00
Deposits			63.50	9,02.98		9,66.48	9,53.98
Interest on deposits			13.02	85.11		98.14	98.53
Interest accrued							
Royal Sundaram General Insurance Co. Ltd.	2,06.02					2,06.02	6,23.46
Other Liabilities							
Sundaram BNP Paribas Home Finance Ltd.	1,44.02					1,44.02	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.	51.27					51.27	45.61
Remuneration payable			60.21			60.21	48.85
Total	2,58.49		60.21			3,18.70	3,01.10

(₹ in Lakhs)

Maximum amount outstanding in respect of Loans and Advances	2016-17	2015-16
Sundaram Business Services Ltd	2,00.00	2,00.25
Sundaram BNP Paribas Fund Services Ltd	89.49	–
Sundaram Infotech solutions Ltd	53.90	59.11
Axles India Ltd	50.97	47.33
Sundaram Hydraulics Limited	31.51	45.63

NOTES TO THE ACCOUNTS (Contd.)

26.06 The Company has spent an amount of ₹12,37.42 lakhs (2015-16 - ₹12,04.65 lakhs) towards Corporate Social Responsibility (CSR) under Sec 135 of the Companies Act 2013, in the various areas covered under the regulatory provisions like healthcare, education, environment and protection of art and culture.

26.07 The pending litigations as on 31st March 2017 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.

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

26.09 Contingent liabilities in respect of (₹ in lakhs)

	31.03.2017	31.03.2016
a) On Cheques discounted	99.79	1,43.90
b) Claims against the company not acknowledged as debts	5,71.46	5,58.83
c) Tax disputes	98,24.11	101,18.12

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

26.10 Estimated amount of contracts remaining to be executed on capital account ₹6,11.15 lakhs (net of advances of ₹2,28.11 lakhs) (31.03.2016 - ₹2,89.49 lakhs, net of advances of ₹3,27.83 lakhs). Uncalled liability on partly paid equity shares of ₹5,50 lakhs (31.03.2016 - ₹5,50 lakhs) and Uncalled sponsor commitment in Alternate Investment Fund Schemes of Sundaram Mutual Fund ₹13,50 lakhs (31.03.2016 - Nil).

26.11 Final dividend of ₹72,21.75 lakhs (₹6.50 per share) has been recommended by the Board for the year ended 31st March 2017. The Central Government vide notification dated 30.03.2016 has amended the Companies (Accounting Standards) Rules, 2006. According to the amended Rule, the dividend declared after the Balance Sheet date shall not be recorded as a liability in the previous year. Therefore, the Company has not recorded ₹81,59.47 lakhs as liability for proposed dividend including dividend distribution tax as at 31st March 2017. However, the same will be recognised as liability on approval of the shareholders in the Annual General Meeting.

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

NOTES TO THE ACCOUNTS (Contd.)

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

(₹ in lakhs)

	2016-17	2015-16
Statutory Audit	60.00	48.00
Tax Audit	15.00	12.00
Certification	30.20	29.70
Reimbursement of Expenses	0.12	0.21

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

26.15 Earnings per share (Basic and diluted)

	2016-17	2015-16
Profit for the year after taxation (₹ in lakhs)	495,35.30	477,27.75
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 ₹)	44.58	42.96
Amount of Dividend (₹ in lakhs)		
Interim (paid)	55,55.19	111,10.39
Final (proposed)	72,21.75	11,11.04
Amount of Dividend per share of ₹10/- each (in ₹)		
Interim (paid)	5.00	10.00
Final (proposed)	6.50	1.00

(₹ in lakhs)

26.16 Expenditure in foreign currency (on payment basis):

	2016-17	2015-16
Interest	45,65.84	9,34.26
On other matters	9.05	23.47

26.17 Earnings in foreign currency

	2016-17	2015-16
Dividend from an Associate company	22,66.83	37,44.87
Income from other services	59.73	59.84

NOTES TO THE ACCOUNTS (Contd.)

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

27.01 Capital to Risk (weighted) Assets Ratio

Particulars	31.03.2017	31.03.2016
CRAR (%)	17.85	18.43
CRAR - Tier I Capital (%)	14.35	14.84
CRAR - Tier II Capital (%)	3.50	3.59
Subordinated debt considered as Tier II Capital (₹ in lakhs)	780,26.00	678,68.00

27.02 Investments (₹ in lakhs)

	31.03.2017	31.03.2016
Value of Investments		
Gross Value of Investments		
a) In India	1894,61.55	1834,45.75
b) Outside India	26,94.86	26,94.86
Provisions for Depreciation		
a) In India	38,39.16	25,16.52
b) Outside India	—	—
Net Value of Investments		
a) In India	1856,22.39	1809,29.23
b) Outside India	26,94.86	26,94.86
Movement of provisions held towards depreciation on investments		
Opening balance	25,16.52	57,91.41
Add: Provisions made during the year	14,36.22	5,13.18
Less: Capital reduction / write-back of excess provisions during the year	1,13.57	37,88.07
Closing balance	38,39.16	25,16.52

27.03 Derivatives

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

	31.03.2017	31.03.2016
The notional principal of swap agreements	150,00.00	650,00.00
Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	17.34	1,29.47
Collateral required by NBFC upon entering into swaps	—	—
Concentration of credit risk arising from the swaps	100% with Banks	
The fair value of the swap book	17.34	50.13

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

Derivatives	31.03.2017	31.03.2016	Benchmark	Terms
	Notional Principal			
Interest Rate Swaps	-	300,00.00	OIS	Fixed Receivable v/s Floating Payable
Forward Rate Agreement	-	200,00.00	USD LIBOR	Fixed Payable v/s Floating Receivable
Coupon Only Swap	150,00.00	150,00.00	USD LIBOR	Fixed Payable v/s Floating Receivable

NOTES TO THE ACCOUNTS (Contd.)

27.03.02 Exchange Traded Interest Rate (IR) Derivatives : NIL

27.03.03 Qualitative disclosures on risk exposure of derivatives

i) Qualitative disclosures

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

ii) Quantitative disclosures

(₹ in lakhs)

	Currency Derivatives		Interest Rate Derivatives	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
i) Derivatives (Notional Principal Amount)				
For Hedging	912,89.56	506,58.09	150,00.00	650,00.00
ii) Marked to Market Position				
- Asset (+)	–	–	17.34	129.47
- Liability (-)	49,55.85	3,91.67	–	79.34
iii) Credit Exposure	65,24.82	13.16	75.00	4,00.00
iv) Unhedged Exposures	–	–	–	–

27.04 Disclosures relating to Securitisation

27.04.01 Special Purpose Vehicles (SPVs) and Minimum Retention Requirements

(₹ in lakhs)

	31.03.2017	31.03.2016
No. of SPVs Sponsored by the NBFC for Securitisation Transactions	13	10
Total amount of securitised assets as per books of the SPVs sponsored	3358,16.58	2489,94.19
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	494,59.50	365,37.68
Others	29,03.76	6,80.02
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)

	2016-17	2015-16
No. of accounts	16,158	20,830
Aggregate consideration on sale	1461,16.60	1194,88.78
Aggregate value (net of provisions) of accounts sold	1423,92.87	1175,32.56
Additional consideration realized in respect of accounts transferred in earlier years	–	–
Aggregate gain / (loss) over net book value	37,23.73	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, 2017:

(₹ 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	119,82.50	95,42.04	103,23.34	362,82.94	531,82.62	1197,94.12	–	–	2411,07.55
Borrowings	181,17.01	224,73.70	375,00.00	880,10.11	4839,56.38	3198,85.79	392,10.00	615,00.00	10706,53.00
Foreign Currency Liabilities	–	–	–	–	168,23.04	625,00.00	–	–	793,23.04
Advances	906,26.90	774,43.49	826,07.91	1984,41.01	3527,41.71	8409,88.89	1478,97.14	–	17907,47.05
Investments	214,06.65	10,94.87	11,76.25	40,72.11	71,87.74	154,19.40	2,51.11	1277,36.62	1783,44.75
Foreign Currency Assets	23.43	–	–	–	–	–	–	26,94.86	27,18.29

NOTES TO THE ACCOUNTS (Contd.)

27.06 Exposures

27.06.01 Exposure to Real Estate Sector (₹ in lakhs)

Particulars	31.03.2017	31.03.2016
Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	18,00.61	24,22.94
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
Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
- Residential	-	-
- Commercial Real Estate	-	-
Total Exposure to Real Estate Sector	18,00.61	29,66.40

27.06.02 Exposure to Capital Market (₹ in lakhs)

Particulars	31.03.2017	31.03.2016
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)	31,52.68	28,68.18
Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e where the primary security other than shares/convertible bonds/ convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
Bridge loans to companies against expected equity flows / issues	-	-
All exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	31,52.68	28,68.18

NOTES TO THE ACCOUNTS (Contd.)

27.06.03 Details of financing of parent company products : NIL

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

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

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

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

Instrument	ICRA	CRISIL	INDIA RATINGS
Deposits	AAA	AAA	–
Debentures	AA+	AA+	–
Subordinated Debentures	AA+	AA+	AA+
Long Term Bank Loans	AA+	–	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	2016-17	2015-16
Provisions for depreciation on Investments	12,69.55	3,91.14
Provisions towards NPA	(10,17.52)	38,65.45
Provisions for Standard Assets	6,30.23	1,31.68
Provisions made towards Income tax	224,85.38	205,95.60

27.11 Concentration of Deposits (₹ in lakhs)

	31.03.2017	31.03.2016
Total Deposits of twenty largest depositors	100,70.61	86,06.89
% of Twenty largest depositors	4.18%	3.83%

27.12 Concentration of Advances (₹ in lakhs)

	2016-17	2015-16
Total Advances to twenty largest borrowers	222,40.41	196,19.90
% of Twenty largest borrowers	1.69%	1.71%

27.13 Concentration of Exposures (₹ in lakhs)

	31.03.2017	31.03.2016
Total Exposure to twenty largest borrowers	446,77.03	454,11.26
% of Twenty largest borrowers	2.84%	3.21%

NOTES TO THE ACCOUNTS (Contd.)

27.14 Concentration of NPAs (₹ in lakhs)

	31.03.2017	31.03.2016
Total Exposure to top four NPA accounts	20,81.17	21,97.14

27.15 Sector-wise NPAs as a percentage to Total Advances

Sector	31.03.2017	31.03.2016
Truck Operators	1.35	1.89
Auto Loans	1.13	1.40
Infrastructure Loans	2.02	3.62
Agriculture	5.35	8.07
Others	2.38	2.81

27.16 Movement of NPAs (₹ in lakhs)

	31.03.2017	31.03.2016
Net NPAs to Net Advances (%)	0.55%	0.92%
Movement of NPAs (Gross)		
Opening balance	293,20.69	197,88.53
Additions during the year	130,96.44	219,39.62
Reductions during the year (including write off)	183,43.09	124,07.46
Closing balance	240,74.04	293,20.69
Movement of Net NPAs		
Opening balance	127,70.93	71,04.23
Additions during the year	96,87.15	157,08.25
Reductions during the year	139,16.28	100,41.55
Closing balance	85,41.80	127,70.93
Movement of provisions of NPAs (excluding provisions on standard assets)		
Opening balance	165,49.76	126,84.30
Provisions made during the year	34,09.29	62,31.37
Write-off / write-back of excess provisions	44,26.81	23,65.91
Closing balance	155,32.24	165,49.76

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

	2016-17	2015-16
No. of complaints pending at the beginning of the year	3	-
No. of complaints received during the year	160	58
No. of complaints redressed during the year	161	55
No. of complaints pending at the end of the year *	2	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, 2016	No. of borrowers	–	6	–	–	6
	Amount outstanding	–	4,76.09	–	–	4,76.09
	Provision thereon	–	1,19.02	–	–	1,19.02
Fresh restructuring during the year	No. of borrowers	–	2	–	–	2
	Amount outstanding	–	89.84	–	–	89.84
	Provision thereon	–	22.46	–	–	22.46
Upgradations to restructured standard category during the year	No. of borrowers	5	–	–	–	5
	Amount outstanding	3,47.56	–	–	–	3,47.56
	Provision thereon	86.89	–	–	–	86.89
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, 2017	No. of borrowers	–	3	–	–	3
	Amount outstanding	–	2,18.38	–	–	2,18.38
	Provision thereon	–	54.59	–	–	54.59

Note 29: Disclosure on frauds

During the year, a fraud committed by an outsourced employee, in the nature of cheating and forgery, to the extent of ₹24.14 lakhs was detected and reported to Reserve Bank of India. The Company has provided for the amount and has proceeded legally to recover the 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 : 29th May, 2017

T T Srinivasaraghavan
Managing Director

M Ramaswamy
Chief Financial Officer

S Viji
Chairman

Harsha Viji
Deputy Managing Director

S Prasad
Director

A N Raju
Director (Operations)

P Viswanathan
Secretary & Compliance Officer

SUNDARAM FINANCE LIMITED

SCHEDULE

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

(₹ in lakhs)

	Particulars	Amount Outstanding	Amount Overdue
(1)	Liabilities side: Loans and advances availed by the NBFCs®		
a	Debentures : Secured	6039,86.02	–
	: Unsecured	899,96.96	–
	(other than falling within the meaning of public deposits)		
b	Deferred Credits	–	–
c	Term Loans	793,42.37	–
d	Inter-corporate loans and borrowings	–	–
e	Commercial paper	3538,26.92	–
f	Public Deposits	2524,84.19	45,39.47 [#]
g	Other loans		
	- Bank Borrowing	565,81.00	–
	- Deposits from Corporates	5,00.04	–
(2)	Break-up of (1)(f) above (Outstanding public deposits)®		
a	In the form of Unsecured debentures	–	–
b	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	–	–
c	Other public deposits	2524,84.19	45,39.47 [#]

@ Interest accrued but not due and hence not paid

Represents unrenewed deposits and interest accrued thereon

(₹ in lakhs)

	Particulars	Amount Outstanding
(3)	Assets side: Break-up of Loans and Advances including bills receivables (other than those included in (4) below):	
a	Secured	21,98.97
b	Unsecured (including Advance for Business Assets)	160,93.87
(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	–
b	Operating Lease	179,09.63
(ii)	Net Stock on hire including hire charges under sundry debtors	
a	Assets on hire	2335,15.58
b	Repossessed Assets	3,23.12
(iii)	Hypothecation loans counting towards EL / HP activities	
a	Loans where assets have been repossessed	15,89.08
b	Loans other than (a) above	13106,34.83

(₹ in lakhs)

	Particulars	Amount Outstanding	Market Value *
(5)	Break-up of Investments:		
	Current Investments:		
1.	Quoted: – Government Securities	1,50.00	1,50.99
2.	Unquoted:		
(i)	Preference Shares	1,66.67	1,66.67
(ii)	Units of mutual funds	200,00.00	200,04.96
(iii)	Investment in Pass Through Certificates	13,34.99	13,34.99
(iv)	Investment in Commercial paper	9,26.74	9,26.74
	Long Term Investments:		
1.	Quoted:		
(i)	Equity Shares	29,11.38	1131,01.84
(ii)	Government Securities	249,01.18	255,57.70
(iii)	Units of mutual funds	3,00.00	3,00.66
2.	Unquoted:		
(i)	Shares		
a	Equity	1201,40.07	1918,31.92
b	Preference	1,66.66	1,66.66
(ii)	Government Securities	–	–
(iii)	Units of mutual funds	9,62.31	11,37.22
(iv)	Bonds	–	–
(v)	Others		
	Investment in Pass Through Certificates	15,68.77	15,68.77
	Investment in Non-Convertible Debentures	100,00.00	100,00.00
	Investment in Alternative Investment Fund	13,50.00	14,15.76
	Total	1848,78.77	3676,64.88

* 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	1,30.79	2,00.00	3,30.79
b	Companies in the same group	41.85	–	41.85
c	Other related parties	–	–	–
2.	Other than related parties	15507,23.83	156,36.37	15663,60.19
	Total	15508,96.47	158,36.37	15667,32.83

(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	1346,22.74	1162,58.10
b	Companies in the same group	1676,52.37	129,80.54
c	Other related parties	–	–
2.	Other than related parties	653,89.77	518,00.99
	Total	3676,64.88	1810,39.63

** As per Accounting Standard

(8)	Other Information:	(₹ in lakhs)
	Particulars	Amount
(i)	Gross Non-Performing Assets	
a	Related Parties	–
b	Other than related parties	240,74.05
(ii)	Net Non-Performing Assets	
a	Related Parties	–
b	Other than related parties	85,41.80
(iii)	Assets acquired in satisfaction of debt (during the year)	1,58.00

SUNDARAM FINANCE LIMITED

*Consolidated
Financial
Statements*

Consolidated Balance Sheet

as at 31st March, 2017

(₹ in lakhs)

	Note	March 31, 2017		March 31, 2016	
<u>EQUITY AND LIABILITIES</u>					
Shareholders' funds					
Share capital	2	111,10.39		111,10.39	
Reserves and surplus	3	4704,91.80	4816,02.19	4083,54.13	4194,64.52
Minority Interest			680,87.55		604,10.04
Non-current liabilities					
Long-term borrowings	4	10591,92.70		8734,18.36	
Other long-term liabilities	5	1200,68.56		1047,31.02	
Long-term provisions	6	262,96.23	12055,57.49	242,34.23	10023,83.61
Current liabilities					
Short-term borrowings	7	4446,63.65		2682,90.43	
Trade Payables	8				
i) Total outstanding dues to micro and small enterprises		-		-	
ii) Total outstanding dues of creditors other than micro and small enterprises		974,48.17		919,21.76	
Other current liabilities	9	7588,70.54		9404,31.61	
Short-term provisions	10	193,91.06	13203,73.42	219,07.53	13225,51.33
TOTAL EQUITY AND LIABILITIES			30756,20.65		28048,09.50
<u>ASSETS</u>					
Non-current assets					
Fixed assets	11				
Tangible assets		332,83.73		326,32.60	
Intangible assets		484,90.38		494,83.65	
		817,74.11		821,16.25	
Non-current investments	12	3531,37.59		3080,17.89	
Deferred tax assets (net)	13	125,89.54		148,79.36	
Long-term loans and advances	14	15958,03.68		14507,97.82	
Other non-current assets	15	119,99.63	20553,04.55	121,94.83	18680,06.15
Current assets					
Current investments	16	1288,01.73		945,95.97	
Cash and Bank balances	17	1013,61.52		959,52.73	
Short-term loans and advances	18	7582,27.25		7147,09.83	
Other current assets	19	319,25.60	10203,16.10	315,44.82	9368,03.35
TOTAL ASSETS			30756,20.65		28048,09.50
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 : 29th May, 2017

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, 2017

(₹ in lakhs)

	Note	2016-17	2015-16
REVENUE:			
Revenue from Operations	20	5591,49.97	4959,17.81
Other income	21	41,71.44	75,54.27
Total Revenue	(A)	5633,21.41	5034,72.08
EXPENSES:			
Finance costs	22	1735,04.65	1814,37.43
Insurance claims incurred (net)		1344,67.74	943,72.34
Employee benefits	23	496,11.59	447,35.87
Administrative and Other expenses	24	866,22.10	738,52.79
Provisions and Write Off	25	57,39.50	89,53.67
Depreciation		103,59.57	106,33.05
Contingent Provision against Standard Assets		7,99.92	2,14.94
Total expenses	(B)	4611,05.07	4142,00.09
Profit before Tax		1022,16.34	892,71.99
Tax expense:			
Current tax		322,22.17	324,75.55
Deferred tax		22,89.83	(16,92.35)
		345,12.00	307,83.20
Net Profit (before adjustment for minority interest)		677,04.34	584,88.79
Less: Minority Interest		84,77.92	78,92.92
		592,26.42	505,95.87
Add: Share of Profit in Associates		91,21.53	77,21.58
Profit after Tax		683,47.95	583,17.45
Basic and Diluted Earnings Per Share of ₹10/- each (in ₹)		61.52	52.49
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 : 29th May, 2017

T T Srinivasaraghavan
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S Viji
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Deputy Managing Director

S Prasad
Director

A N Raju
Director (Operations)

P Viswanathan
Secretary & Compliance Officer

Consolidated Cash Flow Statement

(₹ in lakhs)

	2016-17		2015-16	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit	683,47.95		583,17.45	
Add: Lease Equalisation Account	–		28.50	
Provision for Taxation	345,12.00		307,83.20	
	1028,59.95		891,29.15	
Add: Financial Cost	1735,04.65	2763,64.60	1814,37.43	2705,66.58
Depreciation		103,59.57		106,33.57
Profit attributable to Minority Interests		84,77.92		78,92.92
Provision against Investments (net)		55.21		(23.33)
Provision against Non - Performing assets (net)		3,34.05		47,34.26
Contingent Provisions against Standard Assets		7,99.92		2,14.94
Employee Stock Option Compensation Expenses		2,02.26		2,04.37
(Profit) loss on sale of assets		3,01.80		5,15.26
(Profit) loss on sale of Investments		(103,57.27)		(84,92.19)
Interest / Dividend Income		(277,21.27)		(231,29.92)
Exchange difference on translation of foreign currency		(25.69)		10.36
Effect of Foreign Exchange rates on Cash and Cash Equivalents, net		20.53		(16.17)
Share of Profits from Associates		(91,21.53)		(77,21.58)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		2496,90.10		2553,89.07
(Increase) Decrease in Leased assets - net of sales	(55,69.70)		(38,85.90)	
(Increase) Decrease in Long Term Loans and Advances	(1461,05.05)		(882,39.32)	
(Increase) Decrease in Other Non-Current Assets	1,90.28		(35,02.85)	
(Increase) Decrease in Bank deposits	(149,99.31)		150,29.96	
(Increase) Decrease in Short Term Loans and Advances	(432,99.34)		124,01.58	
(Increase) Decrease in Other Current Assets	(3,53.07)		(21,99.31)	
(Increase) Decrease in SLR Investments (net)	140,49.26		(41,60.82)	
Increase (Decrease) in Other Long-Term Provisions	1,82.05		(20.15)	
Increase (Decrease) in Other Short-Term Provisions	1,52.96		2,00.51	
Increase (Decrease) in Other Long-Term Liabilities	161,28.35		452,69.26	
Increase (Decrease) in Trade Payables - Current	55,26.41		481,58.89	
Increase (Decrease) in Other Current Liabilities	419,66.06	(1321,31.10)	573,95.34	764,47.19
Net effects from change in holdings in Joint Ventures		–		(1064,23.30)
Cash generated from Operations		1175,59.00		2254,12.96
Financial Cost	(1830,88.53)		(1669,81.98)	
Direct Taxes Paid	(309,75.29)	(2140,63.82)	(273,99.10)	(1943,81.08)
NET CASH FROM OPERATING ACTIVITIES (A)		(965,04.82)		310,31.88

Consolidated Cash Flow Statement (Contd.)

(₹ in lakhs)

	2016-17	2015-16
B) CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase) Sale of Fixed Assets	(49,36.32)	(49,42.98)
Proceeds from SFL Share Trust	–	14.45
(Purchase) Sale of non-current Investments	(366,32.01)	(191,76.13)
(Purchase) Sale of current investments	(448,16.05)	238,49.31
Interest Received	251,03.37	237,56.57
Dividend Received	48,33.47	69,28.55
(Purchase) Sale of Investments in Associates	1,66.67	–
Net effects from change in holdings in Joint Ventures	–	(407,61.31)
NET CASH FROM INVESTING ACTIVITIES (B)	(562,80.87)	(103,31.54)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Increase (Decrease) in Long Term Borrowings	(301,30.79)	(594,32.86)
Increase (Decrease) in Short Term Borrowings	1796,72.83	552,29.40
Dividend paid (including Corporate Dividend Tax)	(101,09.62)	(235,23.94)
Increase in Share capital	9,68.00	5,39.00
Net effects from change in holdings in a Joint Venture	–	11,37.32
NET CASH FROM FINANCING ACTIVITIES (C)	1404,00.42	(260,51.08)
D) Effect of Foreign Exchange rates on Cash and Cash Equivalents, net (D)	(20.53)	16.17
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)+(D)	(124,05.80)	(53,34.57)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	362,46.66	395,31.34
Cash and Cash equivalents on change in holdings in Joint Ventures	–	20,49.89
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	238,40.86	362,46.66
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Current Account with Banks	103,25.99	80,66.26
Cash, Cheques & drafts on hand	110,48.90	79,63.66
Short Term Deposit	24,65.97	202,16.74

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 : 29th May, 2017

T T Srinivasaraghavan
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S Viji
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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 (IRDA) 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, 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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	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 Holdings 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

* The name of Sundaram Finance Distribution Limited has been changed to Sundaram Finance Holdings Limited with effect from 29/03/2017

- b) 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
Dunes Oman LLC (FZC)	Sultanate of Oman	43.69

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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).

Early adoption of FRS 115 Revenue from contracts with customers:

The Company has early adopted FRS 115 Revenue from Contracts with customers and Amendments to FRS 115 with a date of initial application of 1st April 2016. The Company applied FRS 115 using the cumulative method - i.e by recognising the cumulative effect of initially applying FRS 115 as an adjustment to the opening balance of equity at 1st April 2016.

Investor Introduction expenses:

The Company previously expensed investor introduction fees when they were incurred.

Under FRS 115, the Company capitalises incremental costs in obtaining a contract as contract assets when such costs are expected to be recovered. The Company amortises the contract assets consistently with the pattern of related revenue.

The Company has therefore capitalised them as contract assets for the year ended 31st March 2017. Capitalised investor introduction fees are amortised when the related revenues are recognised.

Revenue recognition:

Prior to the adoption of FRS 115, revenue is recognised in profit or loss on an accrual basis when services are rendered. Investment management fee rates are applied to the value of assets under management to compute the related revenue.

Subsequent to the adoption of FRS 115, the Company recognises revenue when it renders service to its customer. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

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

c) Sundaram Asset Management Company Limited:

During the year, the Company has changed its amortisation policy in respect of Brokerage paid on Open Ended Equity schemes – Systematic Investment Plans (SIPs). The Company amortises the brokerage paid on these schemes over a period of 36 months from the month of payment as against the earlier policy of amortisation over a period of 12 months from the month of payment which was followed upto Financial Year 2015-16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

BALANCE SHEET

Note 2: Share Capital

(₹ in lakhs)

	31.03.2017	31.03.2016
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:

	31.03.2017	31.03.2016
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

Note 3: Reserves and Surplus

(₹ in lakhs)

	31.03.2017	31.03.2016
a) Capital Reserve (on Consolidation)		
At the beginning of the year	6,98.73	5,28.22
Less: Sale of holdings in Joint Venture	–	11.43
Add/Less: Change in the value of holdings in Subsidiaries / Associates	–	1,81.94
At the end of the year	<u>6,98.73</u>	<u>6,98.73</u>
b) Capital Reserve		
At the beginning of the year	307,49.79	307,35.34
Add: Proceeds from SFL Share Trust	–	14.45
At the end of the year	<u>307,49.79</u>	<u>307,49.79</u>
c) Securities Premium Account	19,52.77	19,52.77
d) Share Options Outstanding Account		
At the beginning of the year	1,78.62	1,28.67
Add: Deferred Employee Compensation Cost	35.73	25.73
Less: Shares transferred on exercise of option	4.87	6.16
Less: Transfer to General Reserve	2,09.49	1,48.24
Add: Granted during the year	1,99.83	2,14.35
Less: Deferred Employee Compensation Cost	33.30	35.73
At the end of the year	<u>1,66.52</u>	<u>1,78.62</u>
e) Statutory Reserve		
At the beginning of the year	796,42.47	698,69.25
Add: Transfer from Surplus in the Statement of Profit and Loss	<u>100,93.93</u>	<u>97,73.22</u>
At the end of the year	897,36.40	796,42.47

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

	31.03.2017	31.03.2016
f) Special Reserve		
At the beginning of the year	79,82.27	66,79.67
Add: Transfer from Surplus in the Statement of Profit and Loss	13,52.70	13,02.60
At the end of the year	93,34.97	79,82.27
g) General Reserve		
At the beginning of the year	2125,67.46	1863,16.87
Add: Transfer from Share Options Outstanding account	2,09.49	1,48.24
Less: Sale of holdings in Joint Venture	—	1,86.21
Add: IFRS Transition reserve	2,18.05	—
Add: Transfer from Surplus in the Statement of Profit and Loss	283,02.52	262,88.56
At the end of the year	2412,97.52	2125,67.46
h) Foreign Currency Translation Reserve		
At the beginning of the year	25,22.99	18,30.80
Add: Increase during the year	(1,77.27)	6,92.19
At the end of the year	23,45.72	25,22.99
i) Surplus in the Statement of Profit and Loss		
At the beginning of the year	720,59.03	658,23.19
Add: Change in the value of holdings in Associates/Subsidiaries/JVs	(16.22)	2,48.32
Add: Profit for the year	683,47.95	583,17.45
	1403,90.76	1243,88.96
Less: Appropriations		
Statutory Reserve	100,93.93	97,73.22
Special Reserve	13,52.70	13,02.60
General Reserve	283,02.51	262,88.56
Dividend		
Interim	55,55.19	111,10.39
Final (Proposed)	—	11,11.04
Dividend Tax	8,77.05	27,44.12
At the end of the year	942,09.38	720,59.03
	4704,91.80	4083,54.13

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 4: Long-term Borrowings

	(₹ in lakhs)	
	31.03.2017	31.03.2016
Secured		
Non-Convertible Debentures	4915,36.21	3999,18.05
Term loans from banks	2744,41.08	2082,70.51
Unsecured		
Subordinated Non-Convertible Debentures	1057,09.97	887,10.00
Fixed Deposits	1875,05.44	1765,19.80
	<u>10591,92.70</u>	<u>8734,18.36</u>

Note 5: Other Long-term Liabilities

	(₹ in lakhs)	
	31.03.2017	31.03.2016
Interest accrued but not due on borrowings	128,52.27	136,43.10
Other liabilities	1072,16.29	910,87.92
	<u>1200,68.56</u>	<u>1047,31.02</u>

Note 6: Long-term Provisions

	(₹ in lakhs)	
	31.03.2017	31.03.2016
Employee Benefits	10,05.48	8,23.42
Non-performing assets	158,47.80	147,67.78
Contingent provision against Standard Assets	94,42.95	86,43.03
	<u>262,96.23</u>	<u>242,34.23</u>

Note 7: Short-term Borrowings

	(₹ in lakhs)	
	31.03.2017	31.03.2016
Secured		
Working capital demand loans and Cash Credit	275,84.98	1353,05.41
Unsecured		
Credit facilities from Banks	323,23.34	291,78.97
Commercial paper	3847,55.33	1038,06.05
	<u>4170,78.67</u>	<u>1329,85.02</u>
	<u>4446,63.65</u>	<u>2682,90.43</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 8: Trade Payables

(₹ in lakhs)

	31.03.2017	31.03.2016
(i) total outstanding dues to micro and small enterprises	–	–
(ii) total outstanding dues of creditors other than micro and small enterprises		
Dealer Balances	46,31.82	63,87.66
Creditors for Expenses	881,87.46	807,86.15
Outstanding Liabilities	46,28.89	47,47.95
	974,48.17	919,21.76

Note 9: Other Current Liabilities

(₹ in lakhs)

	31.03.2017	31.03.2016
Secured		
Non-Convertible debentures	2813,80.21	4142,92.53
Term loans from Banks	496,40.72	949,72.23
Unsecured		
Fixed Deposits	1580,76.44	1463,84.58
Commercial Paper	286,84.38	489,41.90
Non-Convertible debentures	–	295,00.00
Interest accrued but not due on borrowings	587,86.48	676,65.42
Amount due on Assets Securitised / assigned	461,00.29	357,94.85
Unpaid matured deposits*	51,14.89	39,43.87
Interest accrued on unpaid matured deposits*	4,71.08	3,85.16
Unpaid dividends*	2,44.28	2,73.45
Income received in advance	34,93.36	22,22.26
Advance from Customers	63,17.34	45,11.41
Sundry Creditors for Unexpired Insurance Risk	1023,29.24	839,73.33
Other Liabilities	182,31.83	75,70.62
	7588,70.54	9404,31.61

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

Note 10: Short-term Provisions

(₹ in lakhs)

	31.03.2017	31.03.2016
Employee Benefits	52,81.18	51,28.24
Non-Performing Assets	141,09.88	148,28.21
Proposed dividend	–	11,11.04
Provision for dividend tax	–	8,40.04
	193,91.06	219,07.53

Note: 11 Fixed Assets

(₹ in lakhs)

	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK						
	As at 31.03.2016	Additions [#]	Deductions	Translation Exchange Difference	As at 31.03.2017	Upto 31.03.2016	Additions*	Deductions	Translation Exchange Difference	Upto 31.03.2017	Net Book Value	Balance in Lease Adjustment Account as at 31.03.2017	As at 31.03.2017	As at 31.03.2016	
i) Tangible Assets															
1. Freehold Land and Buildings	73,35.61	15,87.02	-	-	89,22.63	19,20.31	1,12.97	-	-	20,33.28	68,89.35	-	68,89.35	54,15.30	
2. Leasehold office / Residential Premises	14,92.37	39.20	1,02.35	-	14,29.22	9,08.25	45.99	65.81	-	8,88.43	5,40.79	-	5,40.79	5,84.12	
3. Plant and Machinery and Computers	143,35.24	11,24.48	7,20.30	(0.22)	147,39.20	112,68.44	11,10.72	6,83.74	(0.32)	116,95.10	30,44.10	-	30,44.10	30,66.80	
4. Furniture and Fixtures	60,13.22	3,23.93	1,48.81	(1.78)	61,86.56	41,65.97	2,09.49	1,42.04	(1.81)	42,31.61	19,54.95	-	19,54.95	18,47.25	
5. Vehicles	33,77.57	4,63.41	7,43.53	-	30,97.45	17,46.82	4,27.43	5,11.14	-	16,63.11	14,34.34	-	14,34.34	16,30.75	
6. Office Equipment	36,24.15	3,64.62	1,31.49	(0.19)	38,57.09	25,62.57	5,69.26	1,17.46	(0.19)	30,14.18	8,42.91	-	8,42.91	10,61.58	
	361,78.16	39,02.66	18,46.48	(2.19)	382,32.15	225,72.36	24,75.86	15,20.19	(2.32)	235,25.71	147,06.44	-	147,06.44	136,05.80	
7. Operating Lease															
a) Plant and Machinery and Computers	14,37.70	10.21	8,91.29	-	5,56.62	8,15.73	1,59.43	5,00.06	-	4,75.10	81.52	-	81.52	6,21.97	
b) Vehicles	342,79.63	91,78.83	107,43.11	-	327,15.35	158,75.02	53,58.76	70,14.21	-	142,19.57	184,95.78	-	184,95.78	184,04.61	
	357,17.33	91,89.04	116,34.40	-	332,71.97	166,90.75	55,18.19	75,14.27	-	146,94.67	185,77.30	-	185,77.30	190,26.58	
8. Assets on Finance Lease															
a) Plant and Machinery and Computers	2,06.13	-	2,06.13	-	-	2,02.95	0.14	2,03.09	-	-	-	-	-	0.22	
	2,06.13	-	2,06.13	-	-	2,02.95	0.14	2,03.09	-	-	-	-	-	0.22	
Total	721,01.62	130,91.70	136,87.01	(2.19)	715,04.12	394,66.06	79,94.19	92,37.55	(2.32)	382,20.38	332,83.74	-	332,83.74	326,32.60	
ii) Intangible Assets															
Goodwill (on Consolidation)	459,90.61	-	-	-	459,90.61	-	-	-	-	-	459,90.61	-	459,90.61	459,90.61	
Computer Software	146,93.79	14,81.22	-	-	161,75.01	116,07.16	23,48.95	-	-	139,56.11	22,18.90	-	22,18.90	30,86.63	
iii) Intangible Assets Under Development	4,06.41	6,33.10	7,58.65	-	2,80.86	-	-	-	-	-	2,80.86	-	2,80.86	4,06.41	
Grand Total	1331,92.43	152,06.02	144,45.66	(2.19)	1339,50.60	510,73.22	103,43.14	92,37.55	(2.32)	521,76.49	817,74.11	-	817,74.11	821,16.25	
Previous Year	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	(2.95)	821,16.25	517,42.13	

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

* Finance Lease Depreciation of ₹ 0.14 lakhs (Previous Year - ₹ 0.52 lakhs) has been netted off against Lease Income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 12: Non-current Investments

(₹ in lakhs)

	31.03.2017	31.03.2016
Investment Property (net of depreciation)	49,18.02	49,86.68
Investment in Equity Instruments	569,90.37	524,28.19
Investment in Preference Shares	1,66.67	3,33.33
Investment in Government securities	1459,72.62	1331,07.74
Investment in Debentures or Bonds	1302,17.63	1129,92.74
Investment in Mutual Funds	126,84.96	24,91.20
Investment in Subordinate Tranche Securities	10,93.82	—
Investment in Pass through certificates	15,68.77	20,27.53
	<u>3536,12.86</u>	<u>3083,67.41</u>
Less : Provision for diminution in value of investments	4,75.27	3,49.52
	<u>3531,37.59</u>	<u>3080,17.89</u>

(₹ in lakhs)

Particulars	Cost	Market Value
Aggregate amount of Quoted Investments (Net of Provision)	2997,41.91	4110,72.46
Aggregate amount of Unquoted Investments (Net of Provision)	484,77.66	
Investment Property (Net of Depreciation)	49,18.02	
Total	<u>3531,37.59</u>	

Note 13: Deferred Tax Assets (Net)

(₹ in lakhs)

	31.03.2017	31.03.2016
Deferred Tax Assets		
Depreciation	55,09.56	49,77.35
Provisions against Non-performing Assets	99,80.21	108,72.29
Provisions against Investments	1,56.79	35,58.85
Contingent Provisions against Standard Assets	32,68.12	29,91.30
Income derecognised on Non-performing Assets	9,14.63	10,56.61
Others	40,33.45	12,34.09
	<u>238,62.76</u>	<u>246,90.49</u>
Less: Deferred Tax Liabilities		
Hire Purchase Income	35,95.38	33,74.85
Others	76,77.84	64,36.28
	<u>112,73.22</u>	<u>98,11.13</u>
	<u>125,89.54</u>	<u>148,79.36</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 14: Long-term Loans and Advances

(₹ in lakhs)

	31.03.2017	31.03.2016
Secured, Considered good		
Hypothecation Loans	7289,04.56	6441,97.06
Mortgage Loans	6723,70.44	6490,85.40
Net Investment in Stock-on-hire	1401,73.35	1117,41.29
Net investment in lease	11,97.02	11,85.93
Other loans	2,97.99	2,85.52
	15429,43.36	14064,95.20
Amount retained on Assets securitised/assigned	177,51.26	134,45.90
Unsecured, Considered good		
Capital Advances	13,14.34	5,32.82
Deposits	20,43.37	22,36.50
Other loans	34,93.26	35,04.92
	68,50.97	62,74.24
Other loans and advances		
Advance Income tax and Tax Deducted at Source (net of provision)	254,08.09	231,63.12
Other advances	28,50.00	14,19.36
	282,58.09	245,82.48
	15958,03.68	14507,97.82

Note 15: Other Non-current Assets

(₹ in lakhs)

	31.03.2017	31.03.2016
SFL Employees Welfare Trust	3,16.26	3,21.18
Other assets	116,83.37	118,73.65
	119,99.63	121,94.83

Note 16: Current Investments

(₹ in lakhs)

	31.03.2017	31.03.2016
Investment in Equity Instruments	198,71.15	29,91.47
Investment in Preference Shares	1,66.67	1,66.67
Investment in Government Securities	6,49.54	257,74.84
Investment in Debentures/Bonds/Commercial paper	309,75.56	279,95.37
Investment in Mutual Funds	637,89.21	332,42.90
Investment in Pass through certificates	16,54.31	7,15.08
Investment in Subordinate Tranche Securities	27.36	29.48
Investment in Commercial Paper	73,38.53	37,22.25
Other Current Investments	43,29.40	29.98
	1288,01.73	946,68.04
Less : Provision for diminution in value of investment in Government Securities	—	72.07
	1288,01.73	945,95.97

(₹ in lakhs)

Particulars	Cost	Market Value
Aggregate amount of Quoted Investments	600,31.50	608,59.53
Aggregate amount of Unquoted Investments	687,70.23	
Total	1288,01.73	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 17: Cash and Bank Balances

(₹ in lakhs)

	31.03.2017	31.03.2016
Cash and cash equivalents:		
Cash on hand	26,56.96	30,83.75
Balances with Banks in Current Accounts	103,25.99	78,75.94
Bank Deposits (upto 3 months maturity)	24,65.97	202,16.74
Cheques, drafts on hand	<u>83,91.93</u>	<u>71,98.82</u>
	238,40.85	383,75.25
Bank Deposits		
More than 3 months and upto 12 months maturity	568,22.63	70,93.03
More than 12 months maturity	<u>204,53.76</u>	<u>502,11.00</u>
	772,76.39	573,04.03
Unpaid dividend account	<u>2,44.28</u>	<u>2,73.45</u>
	<u>1013,61.52</u>	<u>959,52.73</u>

Note 18: Short-term Loans and Advances

(₹ in lakhs)

	31.03.2017	31.03.2016
Secured, Considered good		
Hypothecation Loans	5507,03.52	5232,72.11
Mortgage Loans	643,48.01	578,27.78
Net Investment in Stock-on-hire	921,56.29	830,66.37
Net Investment in lease	6,03.58	7,22.73
Trade receivables	68,22.34	42,50.06
Other loans	<u>4,07.86</u>	<u>5,65.29</u>
	7150,41.60	6697,04.34
Amount retained on Assets securitised/assigned	234,89.48	187,58.27
Unsecured, Considered good		
Advance for business assets	110,14.07	173,16.43
Trade bills purchased	6,77.17	5,05.75
Other advances	<u>80,04.93</u>	<u>84,25.04</u>
	196,96.17	262,47.22
	<u>7582,27.25</u>	<u>7147,09.83</u>

Note 19: Other Current Assets

(₹ in lakhs)

	31.03.2017	31.03.2016
Interest accrued on investments	26,70.53	33,02.00
Income Receivable	272,48.18	262,38.30
SFL Employees Welfare Trust	4.93	4.88
Reposessed assets (at realisable value)	19,12.20	19,15.68
Stamps and Stamp papers on hand	<u>89.76</u>	<u>83.96</u>
	<u>319,25.60</u>	<u>315,44.82</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

STATEMENT OF PROFIT AND LOSS

Note 20: Revenue from Operations

	(₹ in lakhs)	
	2016-17	2015-16
Income from Financing Operations		
Hypothecation Loans / Hire Purchase	1936,23.83	1930,05.75
Mortgage Loans	861,95.33	855,34.65
Assets securitised / assigned	173,75.50	144,26.67
Lease	93,34.19	102,21.32
Others	5,31.77	1,44.07
Recovery of bad debts	19,89.76	16,82.48
	<u>3090,50.38</u>	<u>3050,14.94</u>
Insurance Premium earned (Net)	1719,70.22	1219,08.28
Income from Investments		
Interest Income	322,25.80	280,96.04
Profit on sale of Non-Current Investments	57,51.51	14,23.93
Profit on sale of Current Investments	48,88.46	36,04.67
	<u>428,65.77</u>	<u>331,24.64</u>
Investment Management and Advisory fee	265,28.31	233,21.73
Income from other Financial Services	18,68.70	26,87.13
Income from other Services	57,32.07	84,53.48
Loan processing & other fees	10,67.15	13,08.36
Sale of products	67.37	99.25
	<u>5591,49.97</u>	<u>4959,17.81</u>

Note 21: Other Income

	(₹ in lakhs)	
	2016-17	2015-16
Interest Receipts	14,64.86	7,12.36
Dividend Income	18,70.57	24,21.40
Profit on sale of Equity investments	15.01	36,74.29
Rent Receipts	1,49.20	1,57.94
Profit on sale of assets	2,00.24	49.07
Other non-operating income	4,71.56	5,39.21
	<u>41,71.44</u>	<u>75,54.27</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 22: Finance Costs

(₹ in lakhs)

	2016-17	2015-16
Interest expense		
Non convertible debentures	847,38.36	893,13.72
Term loans	286,60.82	282,18.32
Fixed deposits	318,36.42	303,69.05
Commercial paper	258,80.12	306,40.56
Other interest	17,73.91	22,86.17
	<u>1728,89.63</u>	<u>1808,27.82</u>
Other borrowing costs	5,68.06	6,32.15
Less: Net gain/(loss) on foreign currency transaction	(46.96)	22.54
	<u>6,15.02</u>	<u>6,09.61</u>
	<u>1735,04.65</u>	<u>1814,37.43</u>

Note 23: Employee Benefits

(₹ in lakhs)

	2016-17	2015-16
Salaries, bonus and commission	446,37.96	402,57.99
Contribution to Provident and other funds	30,47.77	24,91.79
Employees Stock Options expense	2,02.26	2,04.37
Staff welfare expenses	<u>17,23.60</u>	<u>17,81.72</u>
	<u>496,11.59</u>	<u>447,35.87</u>

Note 24: Administrative and Other Expenses

(₹ in lakhs)

	2016-17	2015-16
Rent	38,33.34	38,06.59
Rates and taxes	25,63.57	32,20.93
Communication expenses	25,95.88	23,13.62
Electricity expenses	14,37.21	14,11.73
Travelling and conveyance	31,56.15	28,53.85
Outsourcing cost	346,49.05	242,92.05
Insurance	1,31.34	3,71.68
Contribution to CSR/Donations	15,46.72	13,90.47
Repairs		
- Buildings	55.29	32.27
- Others	<u>62,42.90</u>	<u>49,91.26</u>
	<u>62,98.19</u>	<u>50,23.53</u>
Marketing and related expenses	197,38.26	198,86.47
Miscellaneous expenses*	106,72.39	92,81.89
	<u>866,22.10</u>	<u>738,52.79</u>

* Miscellaneous expenses includes exchange loss on foreign currency transactions.

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

	(₹ in lakhs)	
	2016-17	2015-16
Provision against non-performing assets (net)	3,56.40	51,38.73
Provision against Repossessed assets	(22.35)	(4,04.47)
Provision against Investments (net)	0.60	47.31
Bad Debts	54,04.85	41,72.10
	<u>57,39.50</u>	<u>89,53.67</u>

Note 26: General

26.01 In accordance with the directions of IRDA, 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 IRDA). The DR Pool is administered by General Insurance Corporation of India ('GIC').

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

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

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

26.02 The Board of Directors, at its meeting held on 25th November 2016, approved the Scheme of Amalgamation for the merger of Sundaram Infotech Solutions Limited, a wholly-owned subsidiary, with the Company, effective 1st April 2016.

The Company has obtained a 'no objection' letter from the National Stock Exchange of India Limited, in accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Application has been filed by Sundaram Infotech Solutions Limited with the National Company Law Tribunal for approval.

On approval, the Scheme will be given effect to in the Books, effective 1st April 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

26.03 The Board of Directors, at its meeting held on 17th February 2017, approved a composite Scheme of Arrangement and Amalgamation between the Company and its subsidiaries effective 1st April 2016. The Scheme will result in:

- Merger of Sundaram Insurance Broking Services Limited and Infreight Logistics Solutions Limited into the Company;
- Demerger of the shared services of Sundaram BPO India Limited into the Company; and subsequently
- Demerger of the non-core investments and shared services of the Company into Sundaram Finance Holdings Limited.

The Company has obtained a 'no objection' letter from the National Stock Exchange of India Limited, in accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and approval from the Competition Commission of India for the transactions contemplated in the composite Scheme of Arrangement and Amalgamation. Necessary steps are being taken to file an application with the National Company Law Tribunal for approval.

On approval, the Scheme will be given effect to in the Books, effective 1st April 2016.

26.04 The pending litigations as on 31st March 2017 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.

26.05 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)

26.06 Segment Reporting

Business Segments	Asset Financing		Insurance		Other Operations		Eliminations		Consolidated Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
REVENUE										
Segment Revenue	3227,21.51	3192,21.52	2017,07.54	1417,53.08	347,21.92	349,43.21	—	—	—	—
Inter segment sales	3,99.77	1,19.46	12,03.38	10,94.01	151,22.17	123,06.63	167,25.32	135,20.10	—	—
Total Revenue	3231,21.28	3193,40.98	2029,10.92	1428,47.09	498,43.09	472,49.84	167,25.32	135,20.10	5591,49.97	4959,17.81
RESULT										
Segment Result	858,15.20	758,30.52	62,04.18	37,57.06	72,75.50	31,31.43	(8,11.09)	(7,40.83)	1001,05.97	834,59.82
Unallocated income (net of expense)	—	—	—	—	—	—	—	—	21,10.37	58,12.17
Profit before tax	—	—	—	—	—	—	—	—	1022,16.34	892,71.99
Less: Income tax	—	—	—	—	—	—	—	—	345,12.00	307,83.20
Add: Share of Profit in Associates	—	—	—	—	—	—	—	—	91,21.53	77,21.58
Less: Minority Interest	—	—	—	—	—	—	—	—	84,77.92	78,92.92
Profit after Tax	—	—	—	—	—	—	—	—	683,47.95	583,17.45
OTHER INFORMATION										
Segment Assets	26800,96.69	24728,64.82	3666,13.82	3001,81.35	282,10.80	249,88.40	422,27.12	361,81.19	30326,94.19	27618,53.39
Unallocated Assets	—	—	—	—	—	—	—	—	429,26.46	429,56.11
Total Assets	—	—	—	—	—	—	—	—	30756,20.65	28048,09.50
Segment Liabilities	22377,30.07	20843,53.47	3069,01.42	2473,01.68	57,31.16	72,55.20	244,31.74	159,26.49	25259,30.91	23229,83.86
Unallocated Liabilities	—	—	—	—	—	—	—	—	—	19,51.08
Total Liabilities	—	—	—	—	—	—	—	—	25259,30.91	23249,34.94
Capital Expenditure	131,73.22	109,07.73	7,07.01	65,93.51	7,30.25	10,51.50	—	—	146,10.48	185,52.74
Depreciation	81,34.52	83,18.34	11,24.02	11,23.40	9,87.77	10,98.74	—	—	102,46.31	105,40.48
Non-cash expenses other than depreciation	65,35.77	91,56.49	—	—	3.65	12.12	—	—	65,39.42	91,68.61

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

(₹ in lakhs)

Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Sundaram Finance Ltd.	60.43	3745,62.94	61.09	495,35.30
Subsidiaries:				
Indian:				
Sundaram BNP Paribas Home Finance Ltd.	8.31	515,24.94	9.49	76,97.82
Sundaram Asset Management Company Ltd.	2.66	164,84.73	3.79	30,73.06
Sundaram Trustee Company Ltd.	0.02	1,19.43	0.07	57.84
Sundaram Business Services Ltd.	0.13	7,85.41	0.15	1,21.69
Sundaram BPO India Ltd.	0.15	9,57.15	(0.05)	(42.19)
Sundaram Insurance Broking Services Ltd.	0.01	67.02	0.00	2.83
Sundaram Finance Holdings Ltd. (Formerly Sundaram Finance Distribution Limited)	0.56	34,53.07	0.06	48.06
LGF Services Ltd.	0.07	4,58.27	0.10	82.77
Sundaram BNP Paribas Fund Services Ltd.	0.20	12,43.10	(0.29)	(2,35.89)
Sundaram Infotech Solutions Ltd.	0.10	6,31.71	(0.20)	(1,59.55)
Infreight Logistics Solutions Ltd.	(0.08)	(5,13.06)	0.00	(0.29)
Royal Sundaram General Insurance Co. Ltd.	7.91	490,48.78	4.03	32,67.36
Foreign:				
Sundaram Asset Management Singapore Pte Ltd.	0.09	5,74.04	0.04	34.74
Minority Interests in Subsidiaries	10.99	680,87.55	10.46	84,77.92
Associates:				
Indian:				
Axles India Ltd.	0.57	35,57.81	0.64	5,16.27
Turbo Energy Private Ltd.	5.30	328,42.53	5.47	44,35.75
Transenergy Ltd.	0.06	3,56.46	0.02	16.02
Sundaram Dynacast Private Ltd.	0.12	7,42.39	0.25	2,05.76
Sundaram Hydraulics Ltd.	0.02	1,05.76	(0.10)	(81.98)
Flometallic India Private Ltd.	0.81	49,94.84	1.48	11,99.22
Foreign:				
Dunes Oman LLC (FZC)	1.56	96,97.10	3.49	28,30.48
	1,00.00	6197,81.98	1,00.00	810,82.99
Adjustment arising out of consolidation		(700,92.24)		(42,57.12)
Total		5496,89.74		768,25.87

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**26.08 RELATED PARTIES DISCLOSURES:**

Related party disclosures, as per Accounting Standard 18 - 'Related Party Disclosures', for the year ended 31st March 2017, 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.
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 2017

Nature and volume of transactions:

(₹ in lakhs)

	Associates	KMP and Relatives	Enterprises over which KMP and his relatives are exercising significant influence	2016-17	2015-16
INCOME					
Income from Financing Operations	78.09	—	—	78.09	75.64
Income from Services	11.72	—	—	11.72	11.55
Dividend	31,22.20	—	—	31,22.20	46,00.67
Rent Receipts	47.87	—	—	47.87	44.88
Other non-operating income	2.92	—	—	2.92	1.65
EXPENDITURE					
Interest	—	94.07	—	94.07	95.42
Remuneration	—	8,58.12	—	8,58.12	6,85.74
DIVIDEND PAID	—	4,48.18	1,39.78	5,87.96	15,67.33
ASSETS					
Disinvestments	1,66.67	—	—	1,66.67	—
Repayment of Loans and Advances	—	—	—	—	1,10.70

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Disclosure of Material Transactions with Related Parties

(₹ in lakhs)

		2016-17	2015-16
INCOME			
Income from Financing Operations	Turbo Energy Private Ltd.	62.57	61.93
	Axles India Ltd.	–	9.94
Income from Services	Turbo Energy Private Ltd.	11.72	11.55
Dividend	Dunes Oman LLC (FZC)	22,66.83	37,44.87
	Turbo Energy Private Ltd.	3,25.00	1,62.50
Rent Receipts	Turbo Energy Private Ltd.	47.87	44.88
Other non-operating income	Turbo Energy Private Ltd.	2.92	1.65
ASSETS			
Repayment of Loans and Advances	Sundaram Hydraulics Ltd.	–	1,10.70

Balances with Related Parties as at 31st March 2017

(₹ in lakhs)

BALANCES OUTSTANDING	Associates	KMP	Relatives of KMP	Enterprises over which KMP and his relatives are exercising significant influence	31.03.2017	31.03.2016
ASSETS						
Investments	89,11.80	–	–	–	89,11.80	90,78.47
Loans and Advances	39.73	–	–	–	39.73	52.82
Other Assets	–	–	–	–	–	0.07
LIABILITIES						
Equity Holdings	–	1,71.55	5,74.49	2,32.97	9,79.01	9,78.82
Deposits	–	63.50	9,02.98	–	9,66.48	9,53.98
Interest on deposits	–	13.02	85.11	–	98.13	98.53

Disclosure of Material Balances with Related Parties as at 31st March 2017

(₹ in lakhs)

BALANCES OUTSTANDING	Associates	KMP	Relatives of KMP	Enterprises over which KMP and his relatives are exercising significant influence	31.03.2017	31.03.2016
ASSETS						
Investments						
a) Investments In Equity						
Shares						
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.	3,33.33				3,33.33	5,00.00
Loans and Advances						
a) Hypothecation Loans						
Sundaram Hydraulics Ltd.	24.37				24.37	32.11
b) Lease Receivables						
Axles India Ltd.	15.36				15.36	20.71
Other assets						
Turbo Energy Private Ltd.	–				–	0.07

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

26.09 Contingent liabilities in respect of (₹ in lakhs)

	31.03.2017	31.03.2016
a) On Cheques discounted	99.79	1,43.90
b) Tax disputes	284,27.19	257,67.34
c) Claims against the company not acknowledged as debts	5,73.74	6,30.69

26.10 Earnings per share (Basic and diluted)

	2016-2017	2015-2016
A Profit for the year after taxation (₹ in lakhs)	683,47.95	583,17.45
B Number of equity shares of ₹10/- each	11,11,03,860	11,11,03,860
C Basic and Diluted Earnings Per Share of ₹10/- each (in ₹)	61.52	52.49
D Amount of Dividend (₹ in lakhs)		
Interim (paid)	55,55.19	111,10.39
Final (proposed)	72,21.75	11,11.04
E Amount of Dividend per share of ₹10/- each (in ₹)		
Interim (paid)	5.00	10.00
Final (proposed)	6.50	1.00

26.11 Dividend of ₹7221.75 lakhs (₹6.50/- per share) has been recommended by the Board for the year ended 31st March 2017. The Central Government vide notification dated 30.03.2016 has amended the Companies (Accounting Standards) Rules, 2006. According to the amended Rule, the dividend declared after the Balance Sheet date shall not be recorded as a liability in the previous year. Therefore, the Company has not recorded ₹8159.47 lakhs as liability for proposed dividend including dividend distribution tax as at 31st March 2017. However, the same will be recognised as liability on approval of the shareholders in the Annual General Meeting.

26.12 Disclosure of Specified Bank Notes (SBN) - Pursuant to Ministry of Corporate Affairs Notification G.S.R. 308 Dated 30th March, 2017.

(₹ in lakhs)

	SBN	Other Denomination Notes	Total
Closing Cash in hand as on 08/11/2016	6,99.33	29.52	7,28.85
(+) Permitted Receipts	4.66	86,95.92	87,00.58
(-) Permitted Payments	0.02	1,55.35	1,55.37
(-) Amount Deposited in Banks	7,03.97	82,46.11	89,50.08
Closing cash in hand as on 30/12/2016	—	3,23.98	3,23.98

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 : 29th May, 2017

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, 2017, 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, 2017;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. Other Matters

- a) We did not audit the financial statements of three subsidiaries, whose financial statements reflect total assets of ₹9,91.91 lakhs as at 31st March, 2017, total revenues of ₹9,22.83 lakhs and net cash outflow amounting to ₹2,12.51 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and the jointly controlled entity, and our report in terms of sub-sections (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.
- b) The consolidated financial statements also include the Group's share of net profit of ₹9121.53 lakhs for the year ended 31st March, 2017, in respect of seven associates, whose financial statements are unaudited. These financial statements 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.

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 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, 2017 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, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the 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 26.04;
 - 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 26.05 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.
- iv. the Group has provided requisite disclosures in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes pertaining to subsidiary companies incorporated in India, during the period from 8th November, 2016 to 30th December, 2016 as mentioned in Note 26.11 to the consolidated statements and the details are in accordance with the books of accounts maintained by the Group.

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

L. Ravi Sankar
Partner

Place: Chennai
Date: 29th May, 2017

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, 2017, 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, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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: 29th May, 2017

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 statement of Subsidiaries/Associate companies/Joint Ventures
Part "A": Subsidiaries

	(₹ in lakhs)												
Sl. No.	1	2	3	4	5	6	7	8	9	10	11	12	13
1.													
2.	Name of the subsidiary	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 Holdings Limited*	LGF Services Limited	Sundaram BNP Paribas Fund Services Limited	Sundaram Infotech Solutions Limited	Infreight Logistics Solutions Limited	Royal Sundaram General Insurance Co. Limited
3.	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
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	NA	SGD - Exchange rate as on 31/03/2017- ₹ 46.018	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
5.	Share capital	101,25.44	27,81.03	5.00	15,00.00	8,95.13	50.00	20,00.00	25.00	40,00.30	16,40.00	5,61.12	331,00.00
6.	Reserves & surplus	927,18.56	(22,07.00)	1,14.43	(7,14.58)	62.02	17.02	14,53.07	4,33.27	(15,62.85)	(10,08.29)	(10,74.18)	315,22.90
7.	Total assets	7991,36.05	8,54.83	1,32.40	12,73.89	10,53.27	69.44	34,83.92	4,99.60	31,06.84	9,31.49	4.68	5715,24.33
8.	Total Liabilities	6962,92.05	2,80.80	12.97	4,88.47	96.12	2.42	30.85	41.34	6,69.39	2,99.78	5,17.74	3069,01.41
9.	Investments	388,74.83	-	1,05.88	-	2,84.14	10.29	31,57.71	1,06.53	8,42.98	1,05.38	-	3354,13.16
10.	Turnover	922,84.87	8,00.31	1,22.52	26,80.87	17,10.06	4.49	4,84.46	4,39.32	32,84.88	1,517.11	-	2030,82.60
11.	Profit/(Loss) before taxation	236,56.55	34.74	82.58	1,30.81	(27.13)	4.08	80.21	1,24.28	(4,71.93)	(1,53.76)	(0.29)	62,78.89
12.	Provision for taxation	82,91.62	-	24.74	9.11	15.06	1.25	32.14	41.49	(9.42)	5.79	-	19,74.09
13.	Profit/(Loss) after taxation	153,64.93	34.74	57.84	1,21.69	(42.19)	2.83	48.07	82.79	(4,62.52)	(1,59.54)	(0.29)	43,04.80
14.	Proposed Dividend	35,43.91	-	40.00	-	-	-	37.50	62.50	-	-	-	-
15.	% of shareholding	50.10%	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
* Formerly Sundaram Finance Distribution Limited

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*	Dunes Oman LLC (FZC)*
1. Latest audited Balance Sheet Date	31-03-2017	31-03-2017	31-03-2017	31-03-2017	31-03-2017	31-03-2017	31-03-2017
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	3,800	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. Newworth attributable to Shareholding as per latest audited Balance Sheet	35,57.81	328,42.52	3,56.46	7,42.40	1,05.76	49,94.83	96,97.10
6. Profit / Loss for the year							
i. Considered in Consolidation	5,46.47	44,87.86	17.85	2,29.76	(81.98)	12,65.62	28,30.48
ii. Not Considered in Consolidation	8,61.62	95,36.72	24.34	6,53.91	(1,80.37)	18,49.38	36,48.07

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

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 : 29th May, 2017

S Viji
Chairman

S Prasad
Director

T T Srinivasaraghavan
Managing Director

Harsha Viji
Deputy Managing Director

A N Raju
Director (Operations)

M Ramaswamy
Chief Financial Officer

P Viswanathan
Secretary & Compliance Officer

Sundaram Finance Branch Network – 587 Branches

