

NOTES TO THE ACCOUNTS

Note 1: SIGNIFICANT ACCOUNTING POLICIES:

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

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

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

1.02 Income recognition:

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

1.03 Financial Instruments :

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

1.04 Fixed Assets and Depreciation / Amortisation:

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

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

(in years)

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

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

1.05 Valuation of Investments:

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

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

1.06 Foreign Currency Transactions:

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

NOTES TO THE ACCOUNTS (Contd.)

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

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

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

1.07 Employee Benefits:

A. Short Term Employee Benefits:

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

B. Post Employment Benefits:

Defined Contribution Plan

i. Provident Fund:

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

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

ii. Superannuation:

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

Defined Benefit Plan

i. Gratuity:

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

ii. Leave Encashment :

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

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

C. Other Long Term Employee Benefits:

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

D. Employee Stock Options:

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

NOTES TO THE ACCOUNTS (Contd.)

1.08 Taxation:

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

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

1.09 Impairment of Assets:

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

1.10 Provisions:

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

1.11 Cash Flow Statement:

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

BALANCE SHEET

Note 2: Share Capital

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

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

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

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

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Note 3: Reserves and Surplus

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

NOTES TO THE ACCOUNTS (Contd.)

Note 4: Long-term Borrowings

(₹ in lakhs)

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

Maturity Pattern of Non Convertible Debentures and Term Loans from Banks

(₹ in lakhs)

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

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

(₹ in lakhs)

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

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.

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NOTES TO THE ACCOUNTS (Contd.)

Note 5: Other Long-term liabilities

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

Note 6: Long-term Provisions

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

Note 7: Short-term Borrowings

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

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

Refer Note 4 for Security provided for Term Loans from Banks

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

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

NOTES TO THE ACCOUNTS (Contd.)

Note 8: Trade Payables

(₹ in lakhs)

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

Note 9: Other Current Liabilities

(₹ in lakhs)

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

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

Note 10: Short-term Provisions

(₹ in lakhs)

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

NOTES TO THE ACCOUNTS (Contd.)

Note 11: Fixed Assets

(₹ in lakhs)

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

NOTES TO THE ACCOUNTS (Contd.)

Notes:

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

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

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

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

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

Note 12 : Non - Current Investments

(₹ in lakhs)

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

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

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

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

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

Notes:

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

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

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

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

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

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

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

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

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

Investments - Categorywise

(₹ in lakhs)

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

NOTES TO THE ACCOUNTS (Contd.)

Note 13: Deferred Tax Assets (Net)

(₹ in lakhs)

Deferred Tax Assets

Depreciation	55,74.87	54,92.27
Provisions against Non-performing Assets	35,95.65	49,87.85
Provisions against Investments	1,87.44	1,55.35
Contingent Provisions against Standard Assets	26,84.23	21,31.34
Income derecognised on Non-performing Assets	9,81.68	9,14.63
Others	20,52.52	16,30.78
	150,76.39	153,12.22

Less: Deferred Tax Liabilities

Hire Purchase Income	34,11.77	35,95.38
Others	23.52	23.30
	34,35.29	36,18.68
	116,41.10	116,93.54

	31.03.2018	31.03.2017
Depreciation	55,74.87	54,92.27
Provisions against Non-performing Assets	35,95.65	49,87.85
Provisions against Investments	1,87.44	1,55.35
Contingent Provisions against Standard Assets	26,84.23	21,31.34
Income derecognised on Non-performing Assets	9,81.68	9,14.63
Others	20,52.52	16,30.78
	150,76.39	153,12.22
Hire Purchase Income	34,11.77	35,95.38
Others	23.52	23.30
	34,35.29	36,18.68
	116,41.10	116,93.54

Note 14: Long-term Loans and Advances

(₹ in lakhs)

Secured, Considered good

Hypothecation Loans	10583,69.95	7289,04.58
Net Investment in Stock-on-hire	548,39.92	1401,73.35
Net investment in lease	9,04.35	11,97.02
Other loans	9,54.98	12,89.91
	11150,69.20	8715,64.86

Amount retained on Assets securitised/assigned

Unsecured, Considered good

Capital Advances	1,98.25	1,03.28
Deposits		
- A Subsidiary company	3,45.00	1,65.00
- Others	7,49.00	8,51.36
Other loans	33,76.95	34,59.84
	46,69.20	45,79.48

Other loans and advances

Advance Income tax and Tax Deducted at Source (net of provision)	152,70.10	133,75.92
Other advances	45.09	39.88
	153,15.19	134,15.80
	11492,81.54	9057,19.64

	31.03.2018	31.03.2017
Hypothecation Loans	10583,69.95	7289,04.58
Net Investment in Stock-on-hire	548,39.92	1401,73.35
Net investment in lease	9,04.35	11,97.02
Other loans	9,54.98	12,89.91
	11150,69.20	8715,64.86
Amount retained on Assets securitised/assigned	142,27.95	161,59.50
Capital Advances	1,98.25	1,03.28
Deposits		
- A Subsidiary company	3,45.00	1,65.00
- Others	7,49.00	8,51.36
Other loans	33,76.95	34,59.84
	46,69.20	45,79.48
Advance Income tax and Tax Deducted at Source (net of provision)	152,70.10	133,75.92
Other advances	45.09	39.88
	153,15.19	134,15.80
	11492,81.54	9057,19.64

The Long-term loans and advances includes Non-performing Assets of ₹59,38.82 lakhs (31.03.2017 ₹42,52.95 lakhs)

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

(₹ in lakhs)

Provision for Income Tax	818,43.24	740,19.72
Income tax paid under dispute	42,64.98	106,32.42

	31.03.2018	31.03.2017
Provision for Income Tax	818,43.24	740,19.72
Income tax paid under dispute	42,64.98	106,32.42

NOTES TO THE ACCOUNTS (Contd.)

Note 15: Other Non-current Assets

(₹ in lakhs)

	31.03.2018	31.03.2017
SF Employees Welfare Trust	3,09.91	3,16.26
Other assets	28,01.38	28,83.92
	31,11.29	32,00.18

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

Note 16: Current Investments

(₹ in lakhs)

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

Note:

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

Investments - Categorywise

(₹ in lakhs)

Particulars	Cost	Market Value
Aggregate amount of Quoted Investments	–	–
Aggregate amount of Unquoted Investments	290,99.82	
Total	290,99.82	

NOTES TO THE ACCOUNTS (Contd.)

Note 17: Cash and Bank balances

(₹ in lakhs)

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

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

Note 18: Short-term Loans and Advances

(₹ in lakhs)

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

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

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

(₹ in lakhs)

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

NOTES TO THE ACCOUNTS (Contd.)

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

(₹ in lakhs)

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

Note 19: Other Current Assets

(₹ in lakhs)

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

STATEMENT OF PROFIT AND LOSS

Note 20: Revenue from Operations

(₹ in lakhs)

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

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

NOTES TO THE ACCOUNTS (Contd.)

Note 21: Other Income

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

Note 22: Finance Costs

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

Note 23: Employee Benefits

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

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

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

NOTES TO THE ACCOUNTS (Contd.)

Defined Benefit Plans

(₹ in lakhs)

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

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

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

NOTES TO THE ACCOUNTS (Contd.)

Other Long Term Benefits

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

(₹ in lakhs)

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

Employee Stock Option Scheme - SFESOS

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

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

Particulars

Board Meeting Date

Options Granted

Exercise Price (₹ Per share)

Date of Grant

Vesting Date

Vesting Period

Exercise Period

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

Intrinsic Value (₹)

Expenses recognised for 2017-18 (₹ in lakhs)

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

Risk Free interest rate (% per annum)

Life of the option

Expected Volatility

Fair Value of the Option (₹)

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

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

(₹ in lakhs)

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

NOTES TO THE ACCOUNTS (Contd.)

Note 24: Administrative and Other Expenses

(₹ in lakhs)

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

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

Note 25: Provisions and Write Off

(₹ in lakhs)

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

NOTES TO THE ACCOUNTS (Contd.)

Note 26: General

26.01 Segment Reporting

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

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

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

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

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

NOTES TO THE ACCOUNTS (Contd.)

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

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

(₹ in lakhs)

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

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

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

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

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

26.08 Contingent liabilities in respect of (₹ in lakhs)

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

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

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

NOTES TO THE ACCOUNTS (Contd.)

26.04 RELATED PARTIES DISCLOSURES:

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

RELATED PARTIES:

Subsidiary Companies:

Sundaram BNP Paribas Home Finance Ltd.

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

Associates:

Sundaram Finance Holdings Limited (from 12/02/2018)*

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

Key Management Personnel (KMP):

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

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

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

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

Mr. Harsha Viji

M/s. Athreya Harsha Holdings Private Ltd.

Mrs. Chitra Viji & Mr. Sriram Viji

M/s. Uthirattadhi Sriram Holdings Private Ltd.

* As per Scheme , refer note 26.02 and 26.03

NOTES TO THE ACCOUNTS (Contd.)

RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED 31ST MARCH 2018

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

(₹ in lakhs)

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

* As per the scheme - Refer Note 26.03

NOTES TO THE ACCOUNTS (Contd.)

Disclosure Of Material Transactions With Related Parties

(₹ in lakhs)

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

NOTES TO THE ACCOUNTS (Contd.)

Disclosure of Material Transactions with Related Parties

(₹ in lakhs)

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

Balances With Related Parties as at 31st March 2018

(₹ in Lakhs)

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

* As per the scheme - Refer Note 26.03

NOTES TO THE ACCOUNTS (Contd.)

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

(₹ in Lakhs)

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

* As per the scheme - Refer Note 26.03

NOTES TO THE ACCOUNTS (Contd.)

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

(₹ in Lakhs)

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

* As per the Scheme - Refer Note 26.03

(₹ in Lakhs)

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

SUNDARAM FINANCE LIMITED

NOTES TO THE ACCOUNTS (Contd.)

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

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

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

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

(₹ in lakhs)

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

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

26.14 Earnings per share (Basic & diluted)

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

26.15 Expenditure in foreign currency (on payment basis):

(₹ in lakhs)

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

26.16 Earnings in foreign currency

(₹ in lakhs)

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

NOTES TO THE ACCOUNTS (Contd.)

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

27.01 Capital to Risk (weighted) Assets Ratio

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

27.02 Investments (₹ in lakhs)

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

27.03 Derivatives

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

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

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

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

NOTES TO THE ACCOUNTS (Contd.)

27.03.02 Exchange Traded Interest Rate (IR) Derivatives : NIL

27.03.03 Qualitative disclosures on risk exposure of derivatives

i) Qualitative disclosures

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

ii) Quantitative disclosures

(₹ in lakhs)

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

27.04 Disclosures relating to Securitisation

27.04.01 Special Purpose Vehicles (SPVs) and Minimum Retention Requirements

(₹ in lakhs)

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

NOTES TO THE ACCOUNTS (Contd.)

27.04.02 Details of Assignment transactions undertaken (₹ in lakhs)

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

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

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

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

(₹ in lakhs)

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

NOTES TO THE ACCOUNTS (Contd.)

27.06 Exposures

27.06.01 Exposure to Real Estate Sector (₹ in lakhs)

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

27.06.02 Exposure to Capital Market (₹ in lakhs)

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

NOTES TO THE ACCOUNTS (Contd.)

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

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

Migration of ratings during the year :

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

- 27.10 Provisions and Contingencies (₹ in lakhs)

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

- 27.11 Concentration of Deposits (₹ in lakhs)

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

- 27.12 Concentration of Advances (₹ in lakhs)

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

- 27.13 Concentration of Exposures (₹ in lakhs)

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

NOTES TO THE ACCOUNTS (Contd.)

27.14 Concentration of NPAs (₹ in lakhs)

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

27.15 Sector-wise NPAs as a percentage to Total Advances

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

27.16 Movement of NPAs (₹ in lakhs)

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

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

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

27.19 Customer Complaints

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

* Since resolved

NOTES TO THE ACCOUNTS (Contd.)

Note 28: Disclosure on Restructured Accounts

(₹ in lakhs)

Type of Restructuring Asset Classification Details		Others				
		Standard	Sub - Standard	Doubtful	Loss	Total
Restructured Accounts as on April 1, 2017	No. of borrowers	–	3	–	–	3
	Amount outstanding	–	2,18.38	–	–	2,18.38
	Provision thereon	–	54.59	–	–	54.59
Fresh restructuring during the year	No. of borrowers	–	1	–	–	1
	Amount outstanding	–	2,45.89	–	–	2,45.89
	Provision thereon	–	32.18	–	–	32.18
Upgradations to restructured standard category during the year	No. of borrowers	1	–	–	–	1
	Amount outstanding	81.34	–	–	–	81.34
	Provision thereon	20.34	–	–	–	20.34
Restructured standard advances which 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	–	–	1	–	1
	Amount outstanding	–	–	1,19.98	–	1,19.98
	Provision thereon	–	–	1,19.98	–	1,19.98
Write-offs of restructured accounts during the year	No. of borrowers	–	–	–	–	–
	Amount outstanding	–	–	–	–	–
	Provision thereon	–	–	–	–	–
Restructured Accounts as on March 31, 2018	No. of borrowers	–	2	1	–	3
	Amount outstanding	–	2,50.40	1,19.98	–	3,70.38
	Provision thereon	–	33.31	1,19.98	–	1,53.29

Note 29: Disclosure on frauds

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

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

Signatures to Notes 1 to 30

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

T T Srinivasaraghavan
Managing Director

M Ramaswamy
Chief Financial Officer

S Viji
Chairman

Harsha Viji
Deputy Managing Director

S Prasad
Director

A N Raju
Director (Operations)

P Viswanathan
Secretary & Compliance Officer

SUNDARAM FINANCE LIMITED