

# Sundaram Finance Limited

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62nd Annual Report

2014-15



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



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*Enduring values. New age thinking.*

<b>Board of Directors</b>	S Viji	Chairman
	S Ram	
	N Venkataramani	
	P N Venkatachalam	
	S Mahalingam	
	S Prasad	
	S Ravindran	
	Aroon Raman	
	Shobhana Ramachandhran	
	T T Srinivasaraghavan	Managing Director
	Harsha Viji	Director (Strategy & Planning)
	A N Raju	Director (Operations)
<b>Audit Committee</b>	S Prasad	Chairman
	S Ravindran	
	Shobhana Ramachandhran	
<b>Stakeholders Relationship Committee</b>	S Prasad	Chairman
	T T Srinivasaraghavan	
	A N Raju	
<b>Nomination, Compensation &amp; Remuneration Committee</b>	P N Venkatachalam	Chairman
	S Prasad	
	S Ravindran	
	Aroon Raman	
<b>Corporate Social Responsibility Committee</b>	Aroon Raman	Chairman
	S Ravindran	
	Shobhana Ramachandhran	
	T T Srinivasaraghavan	
<b>Risk Management Committee</b>	T T Srinivasaraghavan	Chairman
	Srinivas Acharya	
	Harsha Viji	
	A N Raju	
	M Ramaswamy	
<b>Asset Liability Management Committee</b>	T T Srinivasaraghavan	Chairman
	Srinivas Acharya	
	Harsha Viji	
	A N Raju	
	M Ramaswamy	
<b>Chief Financial Officer</b>	M Ramaswamy	
<b>Secretary &amp; Compliance Officer</b>	P Viswanathan	
<b>Registered Office</b>	21, Patullos Road, Chennai - 600 002 • Tel: 044 2852 1181 • Fax: 044 2858 6641 Email: investorservices@sundaramfinance.in • Website: www.sundaramfinance.in	
<b>CIN</b>	L65191TN1954PLC002429	
<b>Auditors</b>	M/s. Brahmayya & Co., Chartered Accountants, 48, Masilamani Road, Balaji Nagar, Royapettah, Chennai 600 014	
<b>Information Security Assurance Services</b>	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	

<b>Management Team</b>	Paramesh Krishnaier	Executive Director
	K Swaminathan	Advisor – Technology
	V K Raman	Senior Vice President & Head – Group Internal Audit
	S Ravindran	Senior Vice President & Head – Credit Control and Processing Dept.
	S Srinivasan	Senior Vice President & Head – Corporate Finance
	S Sivakumar	Vice President & Head – Administration & Corporate Communications
	M J Kulkarni	Vice President & Head – Western Region
	K Sankarakumar	Vice President & Head – Distribution
	D Ravindran	Vice President (Sundaram Infotech Solutions)
	V Ananthanarayanan	Chief Information Officer
	H Venkatesan	Senior General Manager – Internal Audit
	N Veeraraghavan	Senior General Manager (Sundaram Infotech Solutions)
	N Ramachandran	Senior General Manager & Head – Central Region
	S Sridhar	Senior General Manager – Treasury
	C Balasubramanian	Senior General Manager – TN – South
	Venkatesh Kumaraswami	Senior General Manager – Services
<b>Subsidiaries</b>	Sundaram BNP Paribas Home Finance Limited	LGF Services Limited
	Sundaram Asset Management Company Limited	Sundaram Infotech Solutions Limited
	Sundaram Asset Management Singapore Pte. Ltd.	Sundaram Business Services Limited
	Sundaram Trustee Company Limited	Sundaram BPO India Limited
	Sundaram Finance Distribution Limited	Sundaram BNP Paribas Fund Services Limited
	Infreight Logistics Solutions Limited	Sundaram Insurance Broking Services Limited
<b>Bankers</b>	State Bank of India	Axis Bank Ltd.
	State Bank of Travancore	HDFC Bank Ltd.
	State Bank of Patiala	ICICI Bank Ltd.
	Bank of India	The Hongkong and Shanghai Banking Corporation Ltd.
	Indian Overseas Bank	Standard Chartered Bank
	Canara Bank	Citibank N. A
	Indian Bank	Bank of America
	IDBI Bank Ltd.	The Royal Bank of Scotland N.V
<b>Debenture Trustee</b>	IDBI Trusteeship Services Limited	
	Asian Building, Ground Floor,	
	17, R. Kamani Marg, Ballard Estate, Mumbai – 400001	

#### CURRENCY EQUIVALENTS

₹ One Million	=	₹10 Lakhs	US\$ 1 = Indian ₹62.59*
₹ One Billion	=	₹100 Crores or ₹10,000 Lakhs	*RBI Reference Rate as on 31.03.2015

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International Finance & Leasing Association

## Directors' Report

Your directors have pleasure in presenting the 62nd Annual Report with audited accounts for the year ended 31st March 2015. The summarised financial results of the Company are given hereunder:

### FINANCIAL RESULTS:

(₹ in cr.)

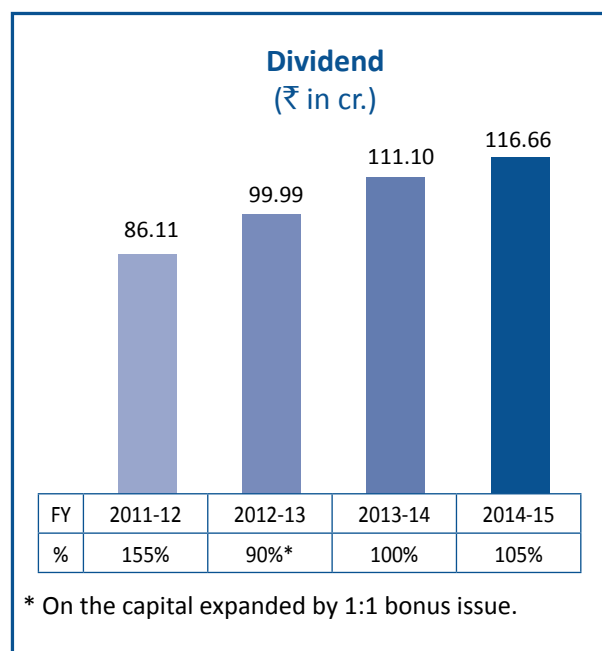
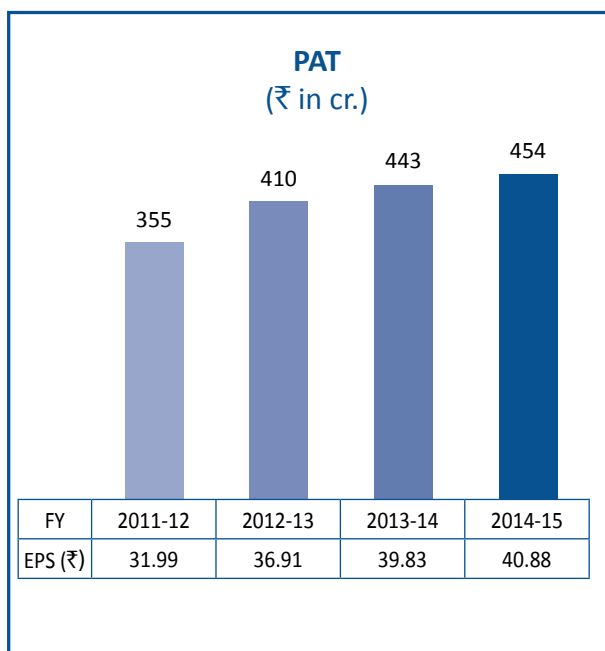
Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Revenue from Operations	2254.66	2215.48
Other Income	114.41	98.43
<b>Total Revenue</b>	<b>2369.07</b>	<b>2313.91</b>
<b>Less: Total Expenses</b>	<b>1717.87</b>	<b>1667.28</b>
<b>Profit before tax</b>	<b>651.20</b>	<b>646.63</b>
<b>Profit after Tax</b>	<b>454.14</b>	<b>442.51</b>
Surplus brought forward	137.70	107.95
Less: Transition provision for Depreciation	4.02	—
<b>Amount available for appropriation</b>	<b>587.82</b>	<b>550.46</b>
Appropriations to:		
— Statutory Reserve	90.83	88.50
— General Reserve	200.00	199.00
Dividend – Interim	50.00	—
Final (Proposed)	66.66	111.10
Dividend Tax	18.22	14.16
<b>Surplus carried to balance sheet</b>	<b>162.11</b>	<b>137.70</b>

### CAPITAL RESERVE

During the year, your Company credited an amount of ₹256.56 cr. to the Capital Reserve which pertains to the sale of 17,37,012 equity shares of the Company, held by SFL Shares Trust. The Company received the proceeds, being the sole beneficiary of the Trust. These shares accrued to the Trust on account of the merger of Lakshmi General Finance Limited with the Company, in the year 2005.

### DIVIDEND

Your Company paid an interim dividend of ₹4.50 per share (45% on the face value of ₹10/-) in February 2015. Your directors are now pleased to recommend a final dividend of ₹6/- per share (60% on the face value of ₹10/-). This, together with the interim dividend, aggregates to a total dividend of ₹10.50 per share (105% on the face value of ₹10/-) for the financial year ended 31st March 2015, on the paid-up capital of ₹111.10 cr.



## CORPORATE GOVERNANCE

- A detailed report on corporate governance, together with a certificate from the Statutory Auditors, in compliance with Clause 49 of the Listing Agreement, is attached as part of this report vide Annexure I.
- Compliance reports in respect of all laws applicable to the Company have been reviewed by the Board of Directors.

## RELATED PARTY TRANSACTIONS

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

attached as part of this report vide Annexure II (ii), as required under the Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015.

## CORPORATE SOCIAL RESPONSIBILITY

Your Company along with its subsidiaries and associates has always responded in a responsible manner to the growing needs of the society. A number of enriching and enlivening activities that contribute to the community in the areas of health, education, environment and preservation of the country's rich culture and heritage have been taken up.

Annual Report on CSR Activities undertaken by the Company for the Financial Year 2014-15, is annexed with this report vide Annexure III.

## BUSINESS RESPONSIBILITY REPORT

A Business Responsibility Report as required under Clause 55 of the Listing Agreement is enclosed as part of this report vide Annexure IV.

## SECRETARIAL AUDIT

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

## REMUNERATION TO DIRECTORS & KMP

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

## SUNDARAM FINANCE EMPLOYEE STOCK OPTION SCHEME

Based on the recommendations of the Nomination, Compensation and Remuneration Committee, your Board of Directors have granted 14,250 stock options to its eligible employees, on 29.05.2015. The disclosure required under SEBI (Share Based Employee Benefits) Regulations, 2014, in this regard, is furnished vide Annexure VII.

## EXTRACT OF ANNUAL RETURN

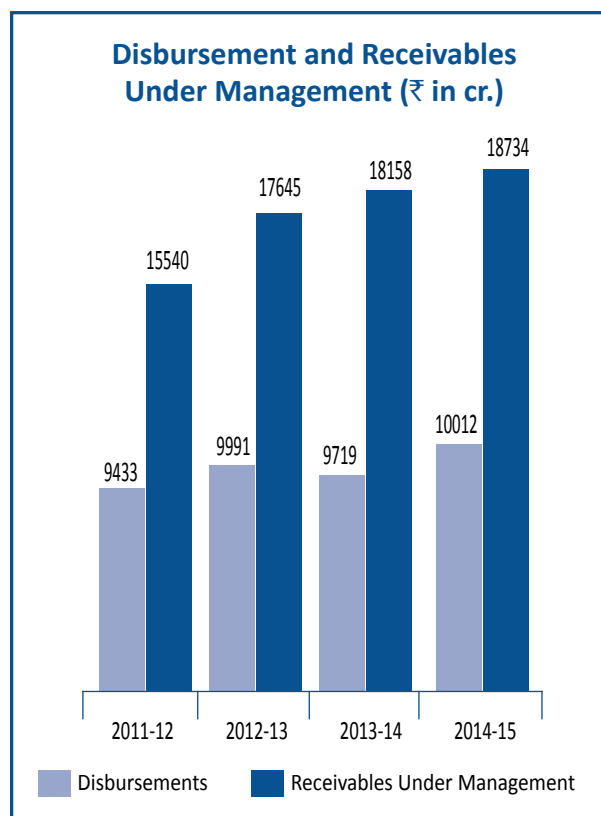
As required pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in MGT-9 is annexed as a part of this report vide Annexure VIII.

## MANAGEMENT DISCUSSION AND ANALYSIS

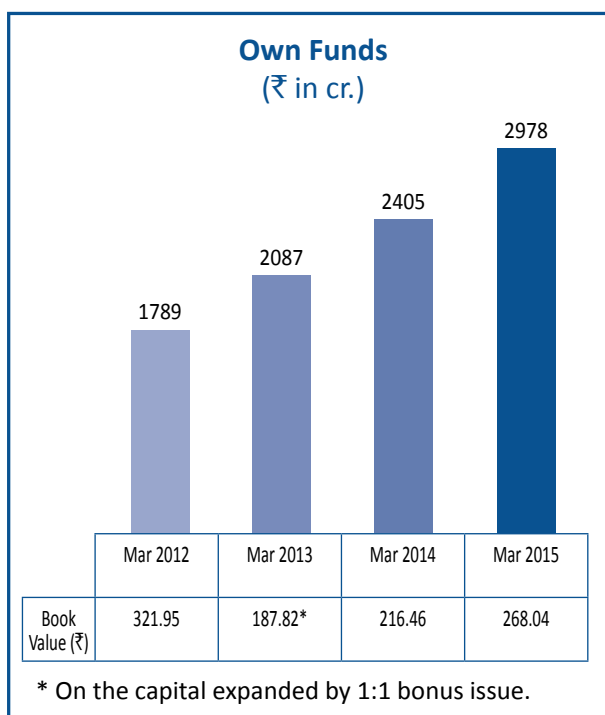
### GLOBAL ECONOMY

The global economic recovery continued to be uneven during 2014-15, with low inflation turning into deflation in many

countries. As a consequence, several countries, notably, China, the EU and Japan have already unveiled their versions of Quantitative Easing (QE). However, QE is not an unmixed blessing, with its propensity to create asset bubbles and the likely fallouts of its withdrawal. The Euro area has shown modest improvement, supported by increased demand, lower crude prices and the depreciation of the Euro, while growth turned positive in Japan in Q4 of 2014, thanks to lower oil prices and improved exports. On the other hand, China started to slowdown, amidst financial fragilities and macroeconomic imbalances. In its latest outlook, the IMF has projected global growth to remain steady at 3.5% in 2015 from 3.4% in 2014, a reversal of its more optimistic forecast at the beginning of the year. Despite a hiccup in growth in the last quarter of 2014, the US economy appears to be in good shape. Unemployment is falling and seems likely to hit the Federal Reserve's target of 5.2%, setting the stage for a







reversal in the US interest rate cycle. The course of global economic recovery is therefore likely to be largely dictated by the Fed's actions later this year, and the behaviour of international crude prices.

## INDIAN ECONOMY

There was room for cheer on some counts, in FY2015, on account of IIP growth and sales of passenger and commercial vehicles coming in higher than the previous year. GDP growth, measured on the revised base year 2011-12 market prices, is estimated at 7.4% in 2014-15 as compared to 6.9% for 2013-14. Accounting for the lion's share of GDP, the services sector has been the key driver of India's growth engine for several years. The services sector grew by a robust 10.6% over the previous year, aided by the financial, real estate, and professional services segment.

The industrial sector and manufacturing in particular, appeared to be regaining momentum, registering positive

growth for five consecutive months till March 2015, after a dip in October 2014. During the year 2014-15, IIP registered a growth of 2.8% as compared to (-) 0.1% in the corresponding period of the previous year. Refreshingly, the growth appears to be broad-based, with most segments doing better on a year on year basis, and the critically important capital goods segment going from a negative 3.6% to 6.2% growth during FY2015. The Consumer durables segment was the exception, which, stifled by weak demand, has been sluggish for over two years.

With an erratic and sub-optimal monsoon that most parts of the country witnessed in 2014, growth in the agriculture sector dipped to 1.1% as compared to 3.7% in the previous year. The impact of unseasonal rains and hailstorms in March this year is still unclear, though initial estimates indicate that as much as 17% of the sown area under the rabi crop may have been affected. Low rural wage growth, a below normal summer crop, and relatively small increases in the government's Minimum Support Prices (MSP) for agricultural produce, have also had a negative impact on rural consumption.

Retail inflation, measured by the changes in the consumer price index (CPI), has been declining month after month, coming in at 5.2% in March 2015. The average combined CPI inflation rate for FY 2014-15 was 5.9% (with base year 2012) as compared to the CPI inflation rate of 9.5% in the previous year (with base year 2010). Wholesale price index (WPI) based inflation, meanwhile, was negative for five consecutive months through March, averaging a modest 2% in FY 2014-15, compared to 6% in FY14, largely owing to low energy price inflation; Food inflation, on the other hand, is starting to rise though it is well below previous year's levels. The lower stock of food grains as on 1st April 2015 at 41 million tonnes, as compared to 48 million tonnes in the previous year, could

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aggravate food inflation in the current year. Inflation in the manufactured products segment has also come down, from 5.4% in FY13 and 3.7% in FY14, to -0.19% over April-March 2015.

## **AUTOMOTIVE SECTOR**

After two years of steep decline, M & HCV sales grew by 16%, albeit from a low base, driven partly by anticipated excise duty changes and partly by replacement demand and buoyed somewhat, by falling diesel prices. Freight demand, however, remained sluggish, reflecting the strains in the agricultural and manufacturing sectors. LCV sales, on the other hand, continued to struggle, witnessing a drop of 12%, on top of a fall of 18% in the previous year. Sales of Cars and Utility Vehicles are reported to have registered a marginal growth of 4%, though this was not reflected in retail sales, in spite of the deregulation of petrol and diesel prices. Tractor sales declined by 13%, impacted by the delayed and erratic monsoon and later on, by the unseasonal rains in many parts of the country. Overall, the much anticipated 'bounce back' in the automotive sector remained elusive.

## **OPERATING & FINANCIAL PERFORMANCE**

Your Company's disbursements at ₹10012 crore, registered a modest 3% growth over the previous year; however, it increased or maintained its market share in most of its key markets and asset segments, notably in the Medium and Heavy Commercial segment. The gross receivables managed by the Company, grew correspondingly by 3% and stood at ₹18734 cr. as at 31st March 2015. Maintaining superior asset quality has been a key imperative for your Company, over the years. It is noteworthy that Gross and Net NPAs as at 31st March, 2015 stood at 1.45% and 0.52%, respectively, based on the

more stringent 120 day NPA classification norm adopted by your Company, as against the regulatory norm of 180 days, making it the best performing portfolio amongst its peers, by some distance.

The net profit from continuing operations was ₹454.14 cr. as against ₹442.51 cr. in the previous year, registering a marginal growth of 3%. The company's Net-Worth stood at ₹2978.05 cr. as on 31.3.2015. Capital Adequacy (CRAR) at 21.41% was comfortably higher than the statutory requirement of 15%. Your Company has provided for Standard Assets at 0.40% and has transferred an amount of ₹4.51 cr. towards Contingent Provision against Standard Assets.

## **RESOURCE MOBILISATION**

### **a) Deposits**

During the year, your Company mobilised fresh deposits aggregating to ₹414.35 cr. Renewal of deposits during the year amounted to ₹629.81 cr. representing 84% of the matured deposits of ₹742.36 cr. Deposits outstanding at the year-end were at ₹1924.72 cr. as against ₹1665.57 cr. in the previous year. The Net accretion for the financial year was ₹259.15 cr. which is the highest in the history of your Company.

As at 31st March 2015, 3103 deposits amounting to ₹17.63 cr. had matured for payment and were due to be claimed or renewed. After close follow-up, the figures are currently down to 2036 and ₹10.56 cr. respectively. Steps are continuously being taken to arrange for repayment or renewal of these deposits. There has been no default in repayment of deposits or payment of interest thereon during the year. Investor Relation Services – Deposits continue to enjoy the ISO 9001:2008 certification from Bureau Veritas Certification (India) Private Limited.

## b) Term Funding

During the year, your Company raised term funding from Banks, Mutual funds, Insurance companies and others in the form of non-convertible debentures and term loans to the tune of ₹3878 cr., across various tenors.

## c) Bank Finance

As part of the overall funding plan, your Company's working capital limits with Consortium banks were retained at ₹1800 cr. During the year, your Company also issued several tranches of commercial paper aggregating to ₹8216 cr. The maximum amount outstanding at any time was ₹3891 cr. and the amount outstanding at the end of the year was ₹2314 cr.

## d) Assets Securitised / Assigned

During the year, your Company raised resources to the extent of ₹1323 cr. through securitisation and assignment of hypothecation loan receivables.

## CREDIT RATINGS

All the borrowings of the Company are rated. The short term borrowings (including commercial paper) are rated "A1+" (very strong degree of safety). Fixed Deposits are rated "AAA" (Highest Credit Quality). The long term borrowings are rated "AA+" (High Degree of Safety), with a "Stable outlook" and are rated by ICRA, CRISIL and India Ratings.

## OUTLOOK

The Central government has taken several initiatives during its first year in office, notably the transparent auctioning of

the coal blocks and spectrum, the passage of the Insurance Bill, introduction of a new Financial Arm in MUDRA BANK, (Micro Units Development and Refinance Agency Bank) and steps to curb leakages in distribution of subsidies. Along with initiatives announced in the Union Budget to boost investment in infrastructure, these factors should provide a conducive framework for economic growth. RBI, for its part, has reduced the policy rates by 50 basis points (in two tranches of 25 basis points each), since January 2015.

Banks should ideally transmit the recent rate reductions of RBI into their lending rates, with a view to encourage credit offtake. However, the worrying factor is the magnitude of bad loans that have accumulated in the banking system. Based on the latest data available, NPAs and restructured assets of PSU banks accounted for more than 12% of their assets, whereas it was 4% for private sector banks. While this could make them more risk averse, lack of economic growth would exert greater pressure on their asset quality, with obvious consequences for credit expansion.

The downside risks on the external front could come from renewed economic turmoil in Europe and the reversal of QE by the Fed, which could result in slowing FII flows or worse still, a reverse flow, which would put the Rupee under heavy downward pressure, making it prohibitive for Indian companies to access global money and rendering crude oil imports more expensive. This in turn, would have implications on the inflation front and therefore, on interest rates. Closer home, uncertainty surrounding the timing, adequacy and spatial distribution of the monsoon and revival of the investment cycle are the two major concerns.

Given the above uncertain scenario, growth projections for the automotive sector pose a few challenges. Sales of M&HCVs are

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projected to grow at 8 to 10% in 2015-16, while LCV sales are expected to grow marginally, by 2-4%. The Society of Indian Automobile Manufacturers (SIAM) estimates a growth of 6 to 8% in the Passenger car/Utility vehicle segment. Tractor sales are expected to remain flat, at best, given the various stresses in rural India.

Against this backdrop, your Company will continue to explore profitable business opportunities, given that competition is likely to be intense, in a market that is not expected to grow at a rapid pace. As always, preservation of asset quality will remain a key imperative, especially in an environment where road transport operators' cash flows continue to be strained. Consequently, your Company's growth outlook remains muted, given the uncertainties in the macroeconomic environment, as also the challenges facing the automotive sector.

## **INTERNAL AUDIT**

As part of the effort to evaluate the effectiveness of the internal control systems, your Company's internal audit department reviews all the control measures on a periodic basis and recommends improvements, wherever appropriate. The internal audit department is manned by highly qualified and experienced personnel. As required under the Companies Act, 2013 an internal auditor had been appointed by the Board on the recommendation of the Audit committee. The Internal Auditor 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 accounting related areas, apart from information security related measures.

## **RISK MANAGEMENT**

Your Company, being in the business of financing of commercial vehicles, cars, other vehicles and equipment in the retail segment, has to manage various risks. These risks include credit risk, liquidity risk, interest rate risk and operational risk. The Risk Management Committee and the Asset Liability Management Committee review and monitor these risks at periodic intervals. The Company manages credit risk through stringent credit norms established through several years of experience in this line of business and continues to follow the time tested practice of personally assessing every borrower, before committing to a credit exposure. This process ensures that the expertise in lending operations acquired by the Company over decades is put to best use and acts to mitigate credit risks. Liquidity risk and interest rate risk arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of the maturity profiles. The Company monitors ALM periodically to mitigate the liquidity risk. The Company also measures the interest rate risk by the duration gap method.

Operational risks arising from inadequate or failed internal processes, people and systems or from external events are adequately addressed by the internal control systems and are continuously reviewed and monitored by a dedicated team of people. Process improvements and quality control are on-going activities and are built into the employee's training modules, as well.

## HUMAN RESOURCES

Your Company believes that its greatest assets are its people and Training is an investment in long term people development, for organisational excellence. During the year under review, your Company has taken several new initiatives to ensure that the knowledge and wisdom gained over decades is handed down to the next generation of employees. A well balanced mix of domain knowledge and behavioural training was taken up towards talent transformation. These initiatives have paid rich dividends in the form of a strong group of in-house facilitators of domain knowledge and a highly motivated team of employees geared to fulfilling the needs of your Company's valued customers.

## INFORMATION TECHNOLOGY

Your Company has a State of the Art Data Centre catering not only to its own needs but also those of its subsidiaries and associates with a capacity of over 250 servers, managed by professionals providing 24/7 support, with over 99.99% uptime. The Data Centre is accredited for ISO/IEC 27001:2013 by TUV Rheinland for Information Security Management System. The Disaster Recovery Site for all critical applications is hosted at a separate facility with near real-time data replication.

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

The Company has taken several initiatives in developing mobile applications including "Sundaram MCollect", an application designed to process collections, which enables our Executives

in the field to serve our customers at their door step. Extensive MIS and Dashboards developed in 'Project Sundaram', the Company's proprietary software platform, serve as key decision support tools.

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

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaints were received during the year 2014-15.

## 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, Associates and Joint Ventures in Form AOC-I forms part of the Annual Report.

Further,

- The annual accounts of all the Subsidiary Companies have been posted on your company's website – [www.sundaramfinance.in](http://www.sundaramfinance.in)
- Annual accounts of the Subsidiary Companies and related detailed information will be available for inspection by

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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 ₹2097 cr. (Previous year ₹2648 cr.). Reflecting the sluggishness in the real estate sector, disbursements were down 22%, at ₹1939 cr. (PY ₹2493 cr.). The company earned a gross income of ₹954 cr. (PY ₹888 cr.) and reported a profit after tax at ₹146 cr. (PY ₹151 cr.). the Profit after tax of the current year is not comparable as there was a Deferred Tax Liability on Special Reserve, introduced for the first time during the financial year 2014-15 to the extent of ₹ 9.59 crore. The loan portfolio under management as at 31st March 2015 stood at ₹7486 cr. as against ₹7112 cr. in the previous year. The gross and net NPA stood at 2.46% and 0.75% respectively as of 31.03.2015. The company proposed a dividend of 35% for the year as against 40% during the previous year.

- **Sundaram Asset Management Company Limited**

Sundaram Asset Management Company Limited registered a good performance, earning a gross income of ₹149.83 cr. as against ₹124.06 cr. in the previous year. Profit after tax at ₹21.69 cr. registered a growth of 42% over the previous year. The Average Assets under Management of the Company were ₹19511 cr. for the year 2014-15 as compared to ₹15248 cr. in the previous year. The company recommended a dividend of 30% for the year, on the increased paid-up capital of ₹20 cr.

- **Sundaram Trustee Company Limited**

Sundaram Trustee Company Limited earned a gross income of ₹0.92 cr. as against ₹1.19 cr. in the previous year and reported a profit after tax of ₹0.39 cr. for the year, as against ₹0.58 cr. in the previous year. The company recommended a dividend of 500% for the year as against 800% during the previous year.

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

During the year, SFDL reported a gross income of ₹10.95 cr. as against ₹13.04 cr. in the previous year. The profit after tax for the year was at ₹1.91 cr. as against ₹2.17 cr. in the previous year. The company proposed a dividend of 250% for the year as against 300% during the previous year.

During the year, Sundaram Parekh Warehousing Services Limited, a wholly owned subsidiary of Infreight Logistics Solutions Limited (Infreight) which is a wholly owned subsidiary of SFDL, merged with Infreight, under a Scheme of Amalgamation under Section 391 to 394 of the Companies Act, 2013, effective 1st April 2014.

- **LGF Services Limited**

During the year, LGF Services Limited reported a gross income of ₹7.72 cr. as against ₹7.53 cr. in the previous year. The profit after tax for the year was at ₹1.49 cr. as against ₹1.51 cr. in the previous year. The company proposed a dividend of 400% for the year, as in the previous year.

- **Sundaram Infotech Solutions Limited**

The company earned total revenue of ₹16.75 cr. as against ₹19.47 cr. in the previous year. The loss after tax



for the year was at ₹2.33 cr. as against profit after tax of ₹0.90 cr. earned in the previous year. The company has made good progress in marketing of the next generation software solution for Lending Companies, which has received encouraging response from the market. The company has made deeper inroads into the Australian market and has also set up an office in Sharjah, UAE to tap into the potential of the Middle East market.

- **Sundaram BNP Paribas Fund Services Limited**

Sundaram BNP Paribas Fund Services Limited earned an income of ₹22.02 cr. during the year, up 19% from ₹18.54 cr. in the previous year. The company reported a loss of ₹9.46 cr. during the year as against ₹11.89 cr. in the previous year.

During the year, the company has made investments in software to facilitate provision of back office services to various clients in the Private Equity (PE) segment. The company has created a strong control framework in PE, based on global best practices.

The company has also been awarded the International Organisation for Standardisations (ISO) 9001 certification. With this, the company has received three certifications, ISO 9001, ISO 27001 and International Standards for Assurance Engagements (ISAE) 3402 underlining the company's commitment to quality and continuous improvement.

- **Sundaram BPO India Limited**

Sundaram BPO India Limited earned a total revenue of ₹20.19 cr. during the year as against ₹21.06 cr. during the previous year. The company reported a profit after tax of ₹0.72 cr. during the year, as against ₹0.13 cr. in

the previous year. During the year, a large client exited by mutual consent on account of a new operational strategy being implemented by them. However, the company was able to generate additional business from existing clients and also improve its margins. In 2015-16, the company has planned to expand its presence in the areas of finance and accounting outsourcing and customer service voice operations.

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

During the year, SBSL earned a revenue of ₹ 24.03 cr. as compared to ₹21.36 cr. in the previous year. However, the company's performance was impacted by adverse movement of Australian Dollar. The company reported a loss of ₹1.70 cr. during the year as against ₹2.90 cr. in the previous year.

## JOINT VENTURES

- **Royal Sundaram Alliance Insurance Company Ltd (Royal Sundaram)**

Royal Sundaram reported an increase of 9% in Gross Written Premium (GWP) at ₹1569 cr. as compared to ₹1437 cr. in the previous year. Profit after tax was ₹21.99 cr. during the year, as against ₹68.24 cr. in the previous year. The profit margins were impacted due to continued drop in the premium rates in both the retail and commercial segments, due to severe competition.

During the year, your Company and RSA Group, UK, reached an agreement whereby RSA has agreed to sell its entire 26% equity stake in Royal Sundaram Alliance Insurance Company Limited (Royal Sundaram) to your Company for a consideration of ₹450 cr., subject to all regulatory approvals. The Company currently holds

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49.90% in Royal Sundaram and the said acquisition would increase its holding to 75.90%.

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

BNP Paribas Sundaram Global Securities Operations Private Limited earned a total revenue of ₹150.28 cr. during the year as against ₹124.79 cr. in the previous year. The company reported a profit after tax of ₹11.91 cr. during the year, as against ₹9.78 cr. in the previous year. The company has declared an interim dividend of 117% for the year ended 31st March 2015 as against final dividend of 101% for the previous year.

#### **BOARD & AUDIT COMMITTEE**

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

#### **DIRECTORS**

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

#### **DECLARATION BY INDEPENDENT DIRECTORS**

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

#### **ANNUAL EVALUATION BY THE BOARD**

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

#### **AUDITORS**

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

#### **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 2014-15, expenditure in foreign currencies amounted to ₹110.92 lakhs. Foreign Currency earnings amounted to ₹15.50 cr.

#### **PERSONNEL**

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

#### **AWARDS AND RECOGNITION**

Your Company has been listed as one of 'India's Top 500 Companies 2015' by Dun & Bradstreet Information Services India Pvt. Ltd.



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

During the year 2014-15, no significant and material Orders were passed by the Regulators or Courts or Tribunals impacting the going concern status and company's operations in future.

## **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.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Your directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for that period;

3. The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The directors had prepared the annual accounts on a going concern basis;
5. The directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
6. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **ACKNOWLEDGEMENT**

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

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

For and on behalf of the Board

Chennai 600 002  
29th May 2015

**S VIJI**  
Chairman

## Report on Corporate Governance

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

### I. BOARD OF DIRECTORS

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

The composition of the Board is in conformity with the listing requirements as on 31st March 2015.

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	8	Yes	–	1	1	3	1	2
Sri S Ram Non-executive Director	00018309	7	Yes	2	1	–	3	1	2
Sri T T Srinivasaraghavan Managing Director	00018247	8	Yes	–	–	–	6	1	1
Sri Harsha Viji Director (Strategy & Planning)	00602484	6	Yes	–	–	–	3	–	1
Independent Non-Executive Directors									
Sri N Venkataramani	00001639	8	Yes	–	1	3	4	3	2
Sri P N Venkatachalam	00499442	7	Yes	–	–	1	8	1	9
Sri S Mahalingam (from 26.05.2014)	00121727	5	Yes	–	–	2	4	3	7
Sri S Prasad	00063667	8	Yes	–	–	2	1	3	1
Sri Aroon Raman	00201205	5	No	–	–	3	1	–	2
Ms Shobhana Ramachandhran	00273837	6	Yes	–	–	2	5	–	1
Non-Executive Director									
Sri S Ravindran	00045076	8	Yes	–	–	1	3	–	3
Executive Director									
Sri A N Raju Director (Operations) (from 01.06.2014)	00036201	6	Yes	–	–	–	3	1	–

Note – Sri Srinivas Acharya, Non-executive Director, relinquished his directorship effective 31.05.2014.

\* Audit Committee and Stakeholders' Relationship Committee considered.

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

## II. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

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

## III. 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, 8 meetings of the Board of Directors were held.

25th April 2014	31st October 2014	18th February 2015
26th May 2014	7th January 2015	27th March 2015
28th July 2014	30th January 2015	

## IV. 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	7	23rd May 2014 25th July 2014
Sri S Ravindran	Member	7	2nd September 2014 27th October 2014
Ms Shobhana Ramachandran	Member	7	27th November 2014 27th January 2015 20th February 2015

The Company Secretary is the Secretary to the Committee.

## 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 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 Committees and attendance of the members at the respective Meetings are as follows:

Name of the Member		RMC		ALCO	
		No. of Meetings attended	Meeting date	No. of Meetings attended	Meeting date
Sri T T Srinivasaraghavan	Chairman	5	25th June 2014 26th September 2014	11	30th April 2014 25th June 2014
Sri Srinivas Acharya	Member	5	31st December 2014 7th February 2015	11	21st July 2014 28th August 2014
Sri Harsha Viji	Member	3	30th March 2015	8	26th September 2014 30th October 2014
Sri A N Raju	Member	5		11	29th November 2014 31st December 2014
Sri M Ramaswamy	Member	5		11	31st January 2015 28th February 2015 30th March 2015

## VI. NOMINATION, COMPENSATION & REMUNERATION COMMITTEE

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

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

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	4	23rd May 2014 28th July 2014
Sri S Prasad	Member	4	1st December 2014
Sri S Ravindran	Member	4	27th March 2015
Sri Aroon Raman	Member	2	

The Company Secretary is the Secretary to the Committee.

## VII. SEPARATE MEETING OF INDEPENDENT DIRECTORS

A Separate Meeting of Independent Directors was held on 30th January 2015 without the attendance of non-independent directors and members of management. All the Independent Directors attended the meeting and:

- reviewed the performance of non-independent directors and the Board as a whole;

- ii) reviewed the performance of the Chairperson 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.

## VIII. REMUNERATION OF DIRECTORS

Directors of the Company were paid a sitting fee of ₹10,000/- each for every meeting of the Board, Audit Committee, Stakeholders' Relationship Committee, Nomination, Compensation and Remuneration Committee, Corporate Social Responsibility Committee and Separate Meeting of Independent Directors during the Financial Year 2014-15.

The sitting fee has been revised with effect from 1st April 2015 in the following manner:

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 31.03.2015)	Relationship with other Directors
Sri S Viji	0.80	5.00	9,09,780 <sup>(1)*</sup>	Brother of Sri S Ram and Father of Sri Harsha Viji
Sri S Ram	0.70	5.00	5,06,788 *	Brother of Sri S Viji
Sri N Venkataramani	0.90	5.00	—	—
Sri P N Venkatachalam	1.20	5.00	—	—
Sri S Mahalingam (from 26.05.2014)	0.60	5.00	— <sup>(2)</sup>	—
Sri S Prasad	2.20	7.50	— <sup>(3)</sup>	—
Sri S Ravindran	2.00	7.50	3,89,920 <sup>(4)</sup>	—
Sri Aroon Raman	0.90	5.00	5,37,896	—
Ms Shobhana Ramachandhran	1.50	7.50	3,44,720	—
Sri Srinivas Acharya (upto 31.05.2014)	0.20	—	2,400 <sup>(5)**</sup>	—

**Note:** Number of shares held jointly with others: <sup>(1)</sup> 8684, <sup>(2)</sup> 3,200 <sup>(3)</sup> 12,600 <sup>(4)</sup> 2,26,720 <sup>(5)</sup> 65,776.

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

Excludes 12,25,160 shares \* and 480 shares \*\* held as Trustees / Executor respectively.

Amount of deposits placed by the Non-Executive Directors in the Company aggregated to ₹615.77 lakhs as on March 31, 2015. The interest on these deposits paid / credited during the year 2014-15 amounted to ₹57.18 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 Wholetime Directors are as follows:

(₹ in lakhs)

Nature of Payment	Sri T T Srinivasaraghavan, Managing Director	Sri Harsha Viji, Director (Strategy & Planning)*	Sri A N Raju, Director (Operations)®
Salary	51.60	33.60	29.20
Commission	200.00	110.00	50.00
Sitting Fees #	0.20	0.20	Nil
Contributions to Provident, Superannuation and Gratuity Funds	9.67	5.65	5.91
Other allowances and perquisites	50.40	67.76	54.99
Stock Options	Nil	Nil	^

\* Son of Sri S Viji, Chairman.

# Payment of sitting fees to wholetime Directors discontinued with effect from 28th July 2014.

® Appointed as Director (Operations) with effect from 1st June 2014. He was Executive Director till 31st May 2014. Remuneration furnished is for the whole year.

^ 3,000 stock options were granted at ₹10/- per share (at par) on 26th May 2014. The said Options would vest on 31st May 2015 and would be exercisable between 1st June 2015 and 31st August 2015

## IX. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee

- approves and monitors transfers, transmission, splits and consolidation of securities of the Company,
- 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
- reviews the compliances with various statutory and regulatory requirements.

During the year, the Committee met on 16th July and 1st December in 2014. Besides, transfer of shares were approved by resolutions passed in circulation on 26 occasions.

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

Name of the Member		No. of Meetings Attended
Sri S Prasad	Chairman	2
Sri T T Srinivasaraghavan	Member	2
Sri Srinivas Acharya (upto 31.05.2014)	Member	Nil
Sri A N Raju (from 28.07.2014)	Member	1

Sri P Viswanathan, Secretary, is the Compliance Officer. Two investor complaints were received and resolved during the year. None was pending unresolved as on 31st March 2015.

## X. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

During the year, the Committee met on 8th September 2014.

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

Name of the Member		No. of Meetings Attended
Sri Aroon Raman	Chairman	1
Sri S Ravindran	Member	1
Ms Shobhana Ramachandhran	Member	1
Sri T T Srinivasaraghavan	Member	1

## XI. GENERAL BODY MEETINGS

Details relating to last three Annual General Meetings:

Year	Date	Time	Location	No. of Special Resolutions Passed
2014	23rd July 2014	10.00 AM	The Music Academy, New No.168, Old No.306, TTK Road, Chennai 600 014	Nil
2013	18th July 2013	11.00 AM	The Music Academy, New No.168, Old No.306, TTK Road, Chennai 600 014	One
2012	16th July 2012	10.25 AM	The Music Academy, New No.168, Old No.306, TTK Road, Chennai 600 014	Nil

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

Resolutions	Details of Resolutions	Resolutions Passed on	Total No. of votes in favour	Total No. of votes against	% of votes in favour	% of votes against
Special	Borrowing in excess of the aggregate of paid-up share capital and free reserves	07.07.2014	6,06,02,793	83,229	99.86	0.14
Special	Private placement of debentures upto ₹5500 cr.	07.07.2014	6,06,02,093	83,603	99.86	0.14
Ordinary	Appointment of Sri P N Venkatachalam as Independent Director	16.09.2014	6,23,05,266	11,505	99.98	0.02
Ordinary	Appointment of Sri S Prasad as Independent Director	16.09.2014	6,22,97,904	67,93	99.99	0.01
Ordinary	Appointment of Sri Aroon Raman as Independent Director	16.09.2014	5,82,33,700	35,45,876	94.26	5.74
Special	Authorisation to the Board of Directors to make investments upto ₹2000 cr. exceeding the limit prescribed under Section 186 of the Companies Act, 2013	30.03.2015	5,46,33,398	14,78,092	97.37	2.63
Special	Private placement of debentures upto ₹7500 cr. during the FY 2015-16	30.03.2015	5,60,30,376	81,114	99.86	0.14

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 at the ensuing AGM.

## **XII. WHISTLE BLOWER POLICY**

During March 2014, the Company adopted a Whistle Blower Policy and established the necessary vigil mechanism for Directors and Employees to report concerns about unethical behaviour. The mechanism provides for adequate safeguards against victimisation. Further, no person has been denied access to the Audit Committee.

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

<http://www.sundaramfinance.in/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 under Clause 49 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 26th May 2014 for dissemination of audited results.
- Quarterly unaudited and annual audited results of the Company were published in "Business Line" (English) and "Makkal Kural" (Tamil).
- The results and press releases were also displayed on the Company's website at [www.sundaramfinance.in](http://www.sundaramfinance.in).
- Shareholders have been provided with an opportunity to provide their email id for receiving correspondence and annual report in electronic form.

### XVI. GENERAL SHAREHOLDER INFORMATION

#### Annual General Meeting

Date	Time	Venue
23rd July 2015 (Thu)	11.00 AM	The Music Academy, New No.168, Old No.306, TTK Road, Chennai 600 014

- Financial Year – 1st April 2015 to 31st March 2016
- Book Closure dates – 9th July 2015 to 23rd July 2015 (both days inclusive)
- Date of payment of dividends  
Interim – 18th February 2015 – ₹4.50 per share (45%)  
Final – 24th July 2015 - ₹6/- per share (60%)
- 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 2014-15 & 2015-16 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	59	16,056
Add: Unclaimed Bonus shares issued in the ratio of 1:1 in December 2012	52	25,480
Total	111	41,536
Shareholders approached for transfer / delivery during 2014-15 and Shares transferred / delivered during 2014-15	3	960
Balance as on 31st March 2015	108	40,576

- 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.

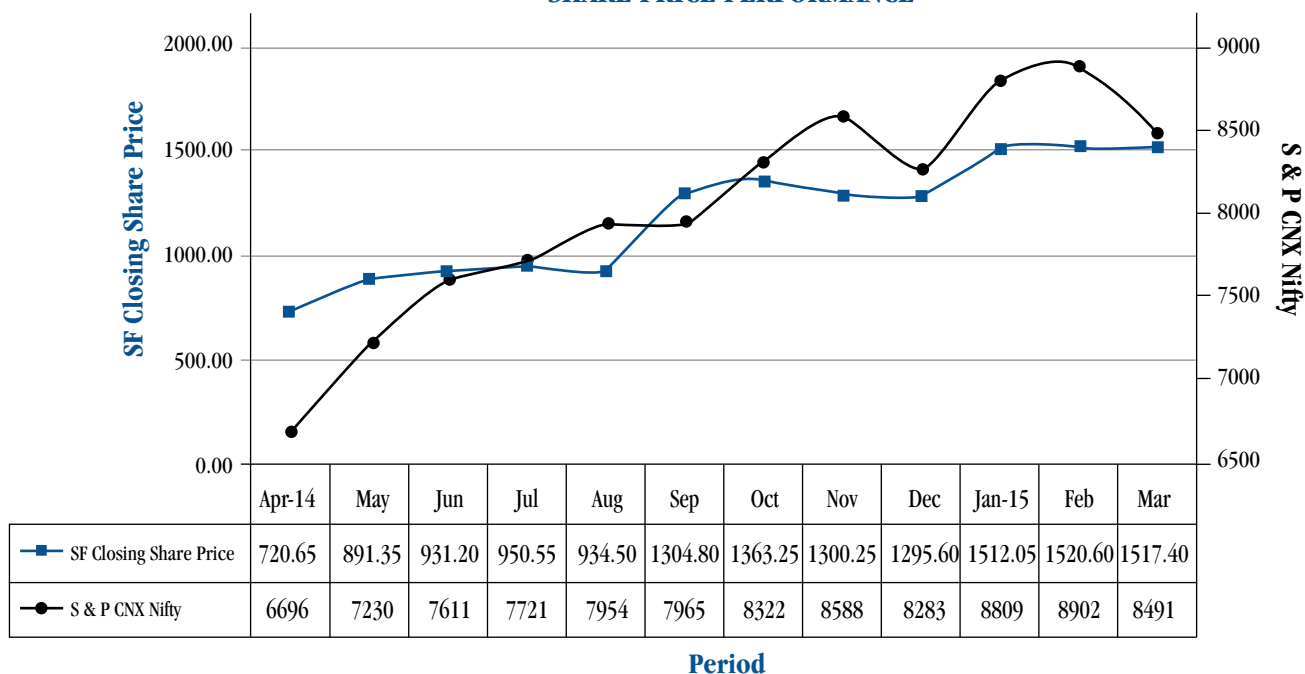
Nature of Dividend	Transferable to IEPF on	Nature of Dividend	Transferable to IEPF on
Interim Dividend 2007-08	29th May 2015	Final Dividend 2010-11	12th August 2018
Final Dividend 2007-08	23rd August 2015	Interim Dividend 2011-12	27th February 2019
Interim Dividend 2008-09	29th March 2016	Final Dividend 2011-12	17th August 2019
Final Dividend 2008-09	23rd August 2016	Interim Dividend 2012-13	10th March 2020
Interim Dividend 2009-10	6th March 2017	Final Dividend 2012-13	18th August 2020
Final Dividend 2009-10	14th August 2017	Dividend 2013-14	23rd August 2021
Interim Dividend 2010-11	28th February 2018	Interim Dividend 2014-15	2nd March 2022

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

#### MARKET PRICE DATA ON THE NATIONAL STOCK EXCHANGE

Month	High	Low	Month	High	Low	Month	High	Low	Month	High	Low
Apr - 14	751.00	650.00	Jul	979.50	901.20	Oct	1400.00	1200.00	Jan - 15	1553.00	1256.25
May	899.90	690.50	Aug	984.40	867.95	Nov	1385.00	1200.00	Feb	1624.40	1451.00
Jun	955.00	865.20	Sep	1319.50	932.00	Dec	1314.70	1203.00	Mar	1615.90	1480.00

## SHARE PRICE PERFORMANCE



- Share transfers were processed and share certificates despatched within 15 days from lodgement in accordance with the stock exchange listing agreement.

Dematerialisation requests have been confirmed within 21 days from the date of request.

Investor Relation Services - Shares continue to enjoy the ISO 9001:2008 certification by Bureau Veritas Certification (India) Private Limited.

- M/s Cameo Corporate Services Ltd, Registrars and Share Transfer Agents of the company have attended to the share transfer formalities regularly. The Registrar and Share Transfer Agents can be contacted by the investors at the following address:

M/s Cameo Corporate Services Ltd.  
 'Subramanian Building'  
 No 1 Club House Road, Chennai 600 002  
 Ph: 044 2846 0390 to 0395  
 Fax: 044 2846 0129  
 Email: investor@cameoindia.com

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

- Debenture Trustee : Mr. Nikhil Lohana, Manager  
 IDBI Trusteeship Services Limited  
 Asian Building, Ground Floor,  
 17, R. Kamani Marg,  
 Ballard Estate, Mumbai 400 001  
 Tel: 022 40807007  
 Fax: 022 66311776  
 Email: itsl@idbitrustee.com

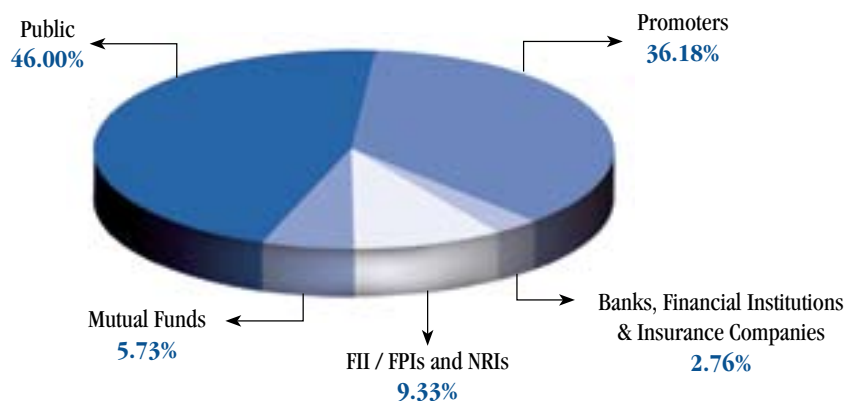
### DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2015

No. of Equity Shares Held	Total Shareholders	Total Shares	Total % to Capital
Upto 250	12,084	7,95,752	0.71%
251 to 500	2,343	8,99,002	0.81%
501 to 1,000	1,890	14,52,538	1.31%
1,001 to 5,000	2,370	58,22,765	5.24%
5,001 to 10,000	468	35,19,161	3.17%
10,001 to 50,000	514	1,15,84,968	10.43%
50,001 to 1,00,000	108	79,88,563	7.19%
1,00,001 and above	205	7,90,41,111	71.14%
<b>Total</b>	<b>19,982</b>	<b>11,11,03,860</b>	<b>100.00%</b>

Total shares held in dematerialised form 92.69%

Public shareholding in dematerialised form 88.68%

### SHAREHOLDING PATTERN AS ON 31.03.2015



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

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

T T Srinivasaraghavan  
 Managing Director

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

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

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

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

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

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

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

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

### **Remuneration Policy**

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

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

Section 178 (2), (3) and (4) of the Companies Act, 2013 read with the applicable rules thereto and Clause 49.IV.B of the Listing Agreement provide that the Nomination, Compensation and Remuneration Committee (NCRC) shall identify persons who are qualified to become Directors and shall also recommend to the Board a policy, relating to the remuneration for Directors, Key Managerial Personnel, Senior Management and other employees.

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

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully and is comparable to the compensation structure obtaining in other NBFCs and the broader financial sector.
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to working directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals. This includes ESOP granted to Eligible Directors / Senior Management.

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

#### **I Definitions**

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

## II Board Diversity

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

## III Remuneration Pattern

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

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

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

All Directors, except Independent Directors and Promoter Directors, are eligible for ESOP.

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

## IV Implementation of the Remuneration Policy

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

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

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

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

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## Auditor's Certificate on Corporate Governance

We have examined the compliance of the conditions of corporate governance by Sundaram Finance Limited, Chennai for the year ended on 31st March, 2015, as stipulated in Clause 49 of the Listing Agreement entered into by the company with the stock exchange.

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 as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

**P. BABU**  
Partner

Membership No. 203358

Place: Chennai

Date: 29th May 2015

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### Annexure - II (i)

#### Form No. AOC-2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis

All transactions entered into by the Company during the year with related parties were on an arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis

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

Chennai  
29th May 2015

**S VIJL**  
Chairman

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### Annexure II (ii)

#### Policy on Related Party Transactions

(as per Clause 49(VII) of Listing Agreement)

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

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

**SUNDARAM FINANCE LIMITED**



## Annual Report on CSR Activities for the Financial Year 2014-15

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

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

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

2. The Composition of the CSR Committee:

Sri Aroon Raman, Chairman

Sri S Ravindran

Ms Shobhana Ramachandhran

Sri T T Srinivasaraghavan

3. Average net profit of the company for last three financial years: ₹56751.43 lakhs
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹1135.03 lakhs
5. Details of CSR spent during the financial year:
  - (a) Total amount to be spent for the financial year: ₹1135.03 lakhs
  - (b) Amount unspent, if any; ₹221.08 lakhs
  - (c) Manner in which the amount spent during the financial year is detailed below: Details enclosed.
6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report:

We have been supporting philanthropic causes in the field of education and health for several decades. While these were in the form of voluntary donations, the Companies Act, 2013 statutorily introduced the concept of "Corporate Social Responsibility" (CSR). While donations are invariably "one-off" in nature, CSR is ideally intended to support projects on an ongoing and sustainable basis. We have been exploring the possibilities of participating in various CSR projects in line with the policy approved by the Board and have identified several worthy projects which are at various stages of implementation. We have contributed a total sum of ₹913.95 lakhs during the year which are covered under Schedule VII to the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014. While we have endeavoured to spend the required sum of ₹1135.03 lakhs (2% of the average net profits of the past three years, referred to in Sec 135 of the Companies Act, 2013), we could complete only ₹913.95 lakhs for the said purpose for the FY 2014-15. This being the first year of the CSR requirement, we have, during the year, put in place the necessary infrastructure and robust processes to identify worthy causes, as well as to monitor their progress, with a view to ensuring that they are consistent with our policy, serve a larger public good, and are sustainable over an extended period. Based on the experience gained, we hope to increase our spending on CSR during the financial year 2015-16.

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

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

Chennai 600 002  
22nd April 2015

**T T Srinivasaraghavan**  
Managing Director

**Aroon Raman**  
Chairman - CSR Committee

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

(₹ in lakhs)

1	2	3	4	5	6	7	8
Sr No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programmes (1) Local area or other (2) Specify the State and district where projects or programmes were undertaken	Amount outlay (budget) project or programme-wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or program (2) Overheads:	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Promoting education by providing financial assistance to deserving and meritorious students and also Educational Institutions which work for this cause (16 Institutions)	Educational	Tamil Nadu, Chennai	180.35	180.35	180.35	180.35
			Tamil Nadu, Tanjore	30.00	30.00	210.35	30.00
			Tamil Nadu, Vellore	1.00	1.00	211.35	1.00
			Tamil Nadu	10.80	10.80	222.15	10.80
			Tamil Nadu, Trichy	10.00	10.00	232.15	10.00
2	Environmental sustainability, ecological balance, conservation of natural resources, Solar Projects	Environment	Karnataka	33.89	33.89	266.04	33.89
			Andhra Pradesh	22.14	22.14	288.18	22.14
			Kerala	29.50	29.50	317.68	29.50
			Maharashtra	4.44	4.44	322.12	4.44
			Madhya Pradesh	3.60	3.60	325.72	3.60
			Punjab	4.45	4.45	330.17	4.45
			Rajasthan	13.33	13.33	343.50	13.33
			Tamil Nadu	73.61	73.61	417.11	73.61
			West Bengal	4.44	4.44	421.55	4.44
3	Promoting preventive and general health care (10 Institutions)	Health - General	Tamil Nadu, Chennai	384.37	384.37	805.92	384.37
		Cancer Cure	All India	6.86	6.86	812.78	6.86
4	Social Welfare (5 Institutions)	Social Welfare	Tamil Nadu, Chennai	24.50	24.50	837.28	24.50
5	Protection of national heritage, art and culture (2 Institutions)	National Heritage, Art and Culture	Tamil Nadu, Chennai	10.30	10.30	847.58	10.30
6	Promotion and development of traditional arts (2 Institutions)		Tamil Nadu, Vellore	2.50	2.50	850.08	2.50
7	Kutcheri at Park		Tamil Nadu, Chennai	1.25	1.25	851.33	1.25
8	Mylapore Festival		Tamil Nadu, Chennai	15.03	15.03	866.36	15.03
9	Sponsorship for Art & Culture		Tamil Nadu	13.93	13.93	880.29	13.93
10	Contribution to PM's National relief fund	Prime Minister's National Relief Fund	New Delhi	25.00	25.00	905.29	25.00
11	Administrative Expenses	Overheads	Tamil Nadu	8.66	8.66	913.95	8.66
	<b>TOTAL</b>			<b>913.95</b>	<b>913.95</b>		<b>913.95</b>

## Business Responsibility Report for the Financial Year 2014-15

### 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 : 2014-15
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 :  
589 locations
10. Markets served by the Company – Local / State / National / International :  
National

### Section B: Financial Details of the Company (as on 31.03.2015)

1. Paid up Capital (INR) : ₹111.10 cr.
2. Total Turnover (INR) : ₹2369.07 cr.
3. Total profit after taxes (INR) : ₹454.14 cr.
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)  
The Company's total spending on CSR is 1.61% 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. 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 / Director responsible for implementation of the BR policy / policies

DIN Number	00018247
Name	Sri T T Srinivasaraghavan
Designation	Managing Director

- b) Details of the BR head

S. No.	Particulars	Details
1.	DIN Number (if applicable)	
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)

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as under:

- P1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- P2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- P3: Businesses should promote the wellbeing of all employees.
- P4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
- P5: Businesses should respect and promote human rights.
- P6: Business should respect, protect, and make efforts to restore the environment.
- P7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8: Businesses should support inclusive growth and equitable development.
- P9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

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
2a.	If answer to S. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)									
1	The company has not understood the Principles	–	–	–	–	–	–	–	–	–
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	–	–	–	–	–	–	–	–	–
3	The company does not have financial or manpower resources available for the task	–	–	–	–	–	–	–	–	–
4	It is planned to be done within next 6 months	–	–	–	–	–	–	–	–	–
5	It is planned to be done within the next 1 year	–	–	–	–	–	–	–	–	–
6	Any other reason (please specify)	–	#	–	#	–	#	#	–	–

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

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

### 3. Governance related to BR

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

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

Annually

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## Section E: Principle-wise performance

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

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

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

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

From	Received and Resolved during the year 2013-14
Shareholders	2
Depositors	1
Customers	23

### 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):

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

- 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 well-being of all employees

1. Please indicate the Total number of employees.

3,563

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

2,925

3. Please indicate the Number of permanent women employees.

155

4. Please indicate the Number of permanent employees with disabilities

The Company does not specifically track the number of disabled employees. The Company gives equal opportunities and treats all employees at par. Based on the income-tax declarations which enable claiming income-tax deduction for self-disability, the Company has 6 employees.

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

Yes

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

38%

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

Nil

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

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

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

All employees of the Company (Permanent men, Permanent women and Contractual employees) are covered by skill upgradation training programmes conducted through 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 marginalised.**

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

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

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

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

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

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

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

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

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

1. Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.  
Not Applicable.
2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organisation?  
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 ₹913.95 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 31.03.2015

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

To: The Members, SUNDARAM FINANCE LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by 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 thereon.

Based on my verification of the SUNDARAM FINANCE LIMITED 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 authorised 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 31.03.2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by SUNDARAM FINANCE LIMITED ("the Company") for the financial year ended on 31.03.2015 according to the provisions of:

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

I have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Company with National Stock Exchange of India Limited.

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:

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

Place : Chennai  
Date : 29th May 2015

Name of Company Secretary in practice / Firm : M. DAMODARAN  
ACS/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	1.2	0.9	(-) 33%
Sri S Ram	1.2	0.9	No change
Sri N Venkataramani	1.2	0.9	-do-
Sri P N Venkatachalam	1.2	0.9	-do-
Sri S Mahalingam (appointed on 26.05.2014)	1.2	0.9	Not Applicable
Sri S Prasad	1.8	1.4	No change
Sri S Ravindran	1.8	1.4	-do-
Sri Aroon Raman	1.2	0.9	-do-
Ms Shobhana Ramachandhran	1.8	1.4	50%
Sri T T Srinivasaraghavan, Managing Director	73	54	17%
Sri Harsha Viji, Director (Strategy & Planning)	51	38	36%
Sri A N Raju, Director (Operations)	32	24	22%
Sri M Ramaswamy, Chief Financial Officer	24	18	4%
Sri P Viswanathan, Secretary & Compliance Officer	13	10	2%

- (iii) The percentage increase in the median remuneration of employees in the financial year: 3%
- (iv) The number of permanent employees on the rolls of the Company: 3,563
- (v) Explanation on the relationship between average increase in remuneration and company performance:

On an average, employees received an increase of 3% during the financial year 2014-15. The remuneration components include a fair proportion of fixed and variable pay. The increase in fixed pay is periodically reviewed while the increase in variable pay is broadly aligned to the company's performance during the financial year.

- (vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company – Profit before Tax – ₹652 cr.

(₹ in cr.)

Particulars	Managing Director	Director (Strategy & Planning)	Director (Operations)	Chief Financial Officer	Secretary & Compliance Officer	Total
Remuneration	3.02	2.11	1.34	0.98	0.55	8.00
Remuneration (as % of PBT)	0.5	0.3	0.2	0.2	0.1	1.3

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

Particulars	As at 31.03.2015	As at 31.03.2014	Increase
Closing price of share at NSE (₹)	1,517.40	662.35	129%
Market Capitalisation (₹ in cr.)	16,858.90	7,358.96	129%
Price Earnings ratio	37	17	123%
Net worth (₹ in cr.)	2,978.05	2,404.92	24%

- (viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average increase in salaries of employees other than managerial personnel in 2014-15 was 3%. Percentage increase in the managerial remuneration for the year was 25%.

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

Please refer point no. (vi)

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

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

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

Not applicable.

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

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

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

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

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

S. No	Particulars	Sundaram Finance Employee Stock Option Scheme-2008	
a)	Options Granted from the introduction of the Scheme	1,28,000	
b)	Exercise Price	₹10/- per share (at par)	
c)	Options vested	95,750	
d)	Options exercised	95,750	
e)	The total number of shares arising as a result of exercise of Option	95,750	
f)	Options lapsed	Nil	
g)	Variation of terms of Options	Not Applicable	
h)	Money realised by exercise of Option	₹9,57,500/-	
i)	Total number of Options in force	32,250	
j)	Employee-wise details of Options granted on 26th May 2014 (Grant 6) & 29th May 2015 (Grant 7)		
	i) Key Managerial Personnel	1. Sri A N Raju, Director (Operations)	5,000
		2. Sri M Ramaswamy, Chief Financial Officer	4,750
		3. Sri P Viswanathan, Secretary & Compliance Officer	2,750
	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:	1. Sri Srinivas Acharya, Managing Director, Sundaram BNP Paribas Home Finance Limited	5,000
		2. Sri Paramesh Krishnaier, Executive Director	3,000
		3. Sri K Swaminathan, Advisor (Technology)	2,000
	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 2015

[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
(vi)	Whether Listed Company Yes / No	Yes
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Cameo Corporate Services Ltd. 'Subramanian Building', No.1, Club House Road, Chennai 600 002. Ph: 044 2846 0390 to 0395 Email: investor@cameoindia.com

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the company
Hypothecation Loan / Hire Purchase	As per National Industrial Classification – 2008: Section K - Financial and Insurance Activities Division 64 – Financial service activities, except insurance and pension funding.	80.15%

#### 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	U65922TN1999PLC042759	Subsidiary	50.10	2 (87) (ii)
2	Sundaram Asset Management Company Limited	U93090TN1996PLC034615	Subsidiary	100.00	2 (87) (ii)
3	Sundaram Asset Management Singapore Pte. Limited	Not Applicable	Subsidiary	100.00	2 (87) (ii)
4	Sundaram Trustee Company Limited	U65999TN2003PLC052058	Subsidiary	100.00	2 (87) (ii)
5	Sundaram Business Services Limited	U74140TN2005PLC057179	Subsidiary	100.00	2 (87) (ii)
6	Sundaram BPO India Limited	U74900TN2012PLC087102	Subsidiary	100.00	2 (87) (ii)
7	Sundaram Insurance Broking Services Limited	U67100TN2010PLC078063	Subsidiary	100.00	2 (87) (ii)
8	Sundaram Finance Distribution Limited	U67120TN1993PLC025996	Subsidiary	100.00	2 (87) (ii)
9	LGF Services Limited	U67190TN2004PLC052384	Subsidiary	100.00	2 (87) (ii)
10	Sundaram BNP Paribas Fund Services Limited	U67120TN2008PLC068388	Subsidiary	51.00	2 (87) (ii)
11	Sundaram Infotech Solutions Limited	U72200TN2005PLC056969	Subsidiary	100.00	2 (87) (ii)
12	Infreight Logistics Solutions Limited	U72900TN2000PLC063984	Subsidiary	100.00	2 (87) (ii)
13	Royal Sundaram Alliance Insurance Company Limited	U67200TN2000PLC045611	Associate	49.90	2 (6)
14	BNP Paribas Sundaram Global Securities Operations Private Limited	U72900TN2008PTC069413	Associate	49.00	2 (6)
15	Axles India Limited	U27209TN1981PLC008630	Associate	38.81	2 (6)
16	Turbo Energy Private Limited	U40107TN1982PTC009363	Associate	32.00	2 (6)
17	Transenergy Limited	U40107TN1981PLC008903	Associate	42.31	2 (6)
18	Sundaram Dynacast Private Limited	U28920TN1993PTC025794	Associate	26.00	2 (6)
19	Sundaram Hydraulics Limited	U71290TN2007PLC065658	Associate	37.50	2 (6)
20	Flometallic India Private Limited	U28113TN2010PTC075244	Associate	40.63	2 (6)
21	The 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	
<b>A.</b>	<b>Promoters</b>									
<b>1)</b>	<b>Indian</b>									
a)	Individual/HUF	2,80,13,679	97,292	2,81,10,971	25.30	2,81,22,632	97,292	2,82,19,924	25.40	0.10
b)	Central Govt	–	–	–	–	–	–	–	–	–
c)	State Govt(s)	–	–	–	–	–	–	–	–	–
d)	Bodies Corp.	1,11,62,964	–	1,11,62,964	10.05	1,11,85,738	–	1,11,85,738	10.07	0.02
e)	Banks / FI	–	–	–	–	–	–	–	–	–
f)	Any Other ....	–	–	–	–	–	–	–	–	–
	<b>Sub-Total (A)(1)</b>	<b>3,91,76,643</b>	<b>97,292</b>	<b>3,92,73,935</b>	<b>35.35</b>	<b>3,93,08,370</b>	<b>97,292</b>	<b>3,94,05,662</b>	<b>35.47</b>	<b>0.12</b>
<b>2)</b>	<b>Foreign</b>									
a)	NRIs - Individuals	7,96,556	–	7,96,556	0.72	7,93,556	–	7,93,556	0.71	- 0.01
b)	Other - Individuals	–	–	–	–	–	–	–	–	–
c)	Bodies Corp.	–	–	–	–	–	–	–	–	–
d)	Banks / FI	–	–	–	–	–	–	–	–	–
e)	Any Other ....	–	–	–	–	–	–	–	–	–
	<b>Sub-Total (A)(2)</b>	<b>7,96,556</b>	<b>–</b>	<b>7,96,556</b>	<b>0.72</b>	<b>7,93,556</b>	<b>–</b>	<b>7,93,556</b>	<b>0.71</b>	<b>- 0.01</b>
	<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>3,99,73,199</b>	<b>97,292</b>	<b>4,00,70,491</b>	<b>36.07</b>	<b>4,01,01,926</b>	<b>97,292</b>	<b>4,01,99,218</b>	<b>36.18</b>	<b>0.11</b>
<b>B.</b>	<b>Public Shareholding</b>									
<b>1)</b>	<b>Institutions</b>									
a)	Mutual Funds	50,71,274	500	50,71,774	4.56	63,64,619	250	63,64,869	5.72	1.16
b)	Banks / FI	8,355	1,200	9,555	0.01	18,028	800	18,828	0.02	0.01
c)	Central Govt	–	–	–	–	–	–	–	–	–
d)	State Govt(s)	–	–	–	–	–	–	–	–	–
e)	Venture Capital Funds	–	–	–	–	–	–	–	–	–
f)	Insurance Companies	32,27,973	–	32,27,973	2.91	30,51,262	–	30,51,262	2.75	- 0.16
g)	FIIs	58,87,357	500	58,87,857	5.30	49,96,105	350	49,96,455	4.50	- 0.80
h)	Foreign Venture Capital Investors	–	–	–	–	–	–	–	–	–
i)	Any Other - Foreign Portfolio Investors	–	–	–	–	24,67,114	–	24,67,114	2.22	2.22
	<b>Sub-Total (B)(1)</b>	<b>1,41,94,959</b>	<b>2,200</b>	<b>1,41,97,159</b>	<b>12.78</b>	<b>1,68,97,128</b>	<b>1,400</b>	<b>1,68,98,528</b>	<b>15.21</b>	<b>2.43</b>

	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2)</b>	<b>Non- Institutions</b>									
a)	Bodies Corporate									
i)	Indian	87,14,279	13,300	87,27,579	7.86	95,21,515	7,000	95,28,515	8.58	0.72
ii)	Overseas	–	–	–	–	–	–	–	–	–
b)	Individuals									
i)	Individual shareholders holding nominal shares capital up to ₹1 lakh	90,46,939	28,34,621	1,18,81,560	10.69	92,19,892	24,31,703	1,16,51,595	10.49	- 0.20
ii)	Individual shareholders holding nominal shares capital in excess of ₹1 lakh	2,71,80,408	61,79,968	3,33,60,376	30.03	2,61,36,322	55,82,758	3,17,19,080	28.55	- 1.48
c)	Others (specify)									
	Mr. M S Parthasarathy and Mr. S Krishnamurthy, Trustees, SFL Shares Trust. The Trustees do not have any voting rights in respect of these shares.	17,37,012	–	17,37,012	1.56	–	–	–	–	- 1.56
	Sundaram Finance Limited Unclaimed shares Suspense Account. No voting rights in respect of these shares	16,056	–	16,056	0.01	40,576	–	40,576	0.04	0.03
	Trust – Sundaram Finance Employees Welfare Trust	10,44,160	–	10,44,160	0.94	10,26,160	–	10,26,160	0.92	- 0.02
	Other Trusts	5,640	–	5,640	–	4,865	–	4,865	–	–
	Clearing Members	63,827	–	63,827	0.06	35,323	–	35,323	0.03	- 0.03
	<b>Sub-Total (B)(2)</b>	<b>4,78,08,321</b>	<b>90,27,889</b>	<b>5,68,36,210</b>	<b>51.15</b>	<b>4,59,84,653</b>	<b>80,21,461</b>	<b>5,40,06,114</b>	<b>48.61</b>	<b>- 2.54</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>6,20,03,280</b>	<b>90,30,089</b>	<b>7,10,33,369</b>	<b>63.93</b>	<b>6,28,81,781</b>	<b>80,22,861</b>	<b>7,09,04,642</b>	<b>63.82</b>	<b>- 0.11</b>
<b>C.</b>	<b>Shares held by Custodian for GDRs and ADRs</b>	–	–	–	–	–	–	–	–	–
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>10,19,76,479</b>	<b>91,27,381</b>	<b>11,11,03,860</b>	<b>100.00</b>	<b>10,29,83,707</b>	<b>81,20,153</b>	<b>11,11,03,860</b>	<b>100.00</b>	<b>–</b>

## ii) Shareholding of promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	
1	Master Ashwathanarayan Ramji Rep By F/G: Mr N Ramji & Mr N Ramji	600	0.00	—	600	0.00	—	0.00
2	Mr N Ramji & Master Ashwathanarayan Ramji Rep By F/G: Mr N Ramji	56,520	0.05	—	56,520	0.05	—	0.00
3	Mr N S Ramji & Master Ashwathanarayan Ramji Rep By F/G: Mr N S Ramji	6,884	0.01	—	6,884	0.01	—	0.00
4	Mr N S Ramji & Miss Aishwarya Ramji Rep By F/G: Mr N S Ramji	6,884	0.01	—	6,884	0.01	—	0.00
5	Mr N Ramji & Master Ashwathanarayan Ramji Rep By F/G: Mr N Ramji	1,008	0.00	—	1,008	0.00	—	0.00
6	Mr N Ramji & Miss Aishwarya Ramji Rep By F/G: Mr N Ramji	1,008	0.00	—	1,008	0.00	—	0.00
7	Mr N Ramji & Mrs Sharmila Ramji	788	0.00	—	788	0.00	—	0.00
8	Mr N Ramji & Master Ashwathanarayan Ramji Rep By F/G: Mr N Ramji	23,600	0.02	—	23,600	0.02	—	0.00
9	Mr Srinivas Raghavan	27,040	0.02	—	27,040	0.02	—	0.00
10	Mr Akshay Krishnan	2,06,300	0.19	—	2,03,300	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	Mr S Raghavan	164000	0.15	—	0	0.00	—	-0.15
15	Mrs Anuradha Raghavan	2,33,264	0.21	—	3,97,264	0.36	—	0.15
16	Mr S Raghavan	1,11,164	0.10	—	1,11,164	0.10	—	0.00
17	Mrs Usha Raghavan	9,34,992	0.84	—	9,34,992	0.84	—	0.00
18	Mr Barath Rengarajan	6,46,268	0.58	—	5,66,971	0.51	—	-0.07
19	Mrs Saraswathi Srinivasan	3,04,320	0.27	—	3,04,320	0.27	—	0.00
20	Miss Tulsi S Ramanujam	8,000	0.01	—	8,000	0.01	—	0.00
21	Mr S Ram & Mr S Viji	12,18,360	1.10	—	12,25,160	1.10	—	0.01
22	Mr Sumanth Ramanujam	4,862	0.00	—	8,862	0.01	—	0.00
23	Mr K Vasudevan	2,87,492	0.26	—	2,87,492	0.26	—	0.00
24	Mrs Lily Vijayaraghavan & Mrs Sashi Parthasarathy	3,53,312	0.32	—	3,53,312	0.32	—	0.00
25	Mr K Vasudevan & Mrs Lakshmi Vasudevan	46,392	0.04	—	46,392	0.04	—	0.00
26	Mrs Lakshmi Vasudevan	2,74,816	0.25	—	2,74,816	0.25	—	0.00
27	Mr Sharath Vijayaraghavan	3,14,000	0.28	—	3,14,000	0.28	—	0.00
28	Mrs Lily Vijayaraghavan	6,35,436	0.57	—	6,35,436	0.57	—	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	
29	Mrs Lily Vijayaraghavan & Mr Badri Vijayaraghavan	1,73,776	0.16	—	1,73,776	0.16	—	0.00
30	Mrs Lily Vijayaraghavan & Mr Sharath Vijayaraghavan	1,73,776	0.16	—	1,73,776	0.16	—	0.00
31	Mrs Rama Sridharan	55,920	0.05	—	55,920	0.05	—	0.00
32	Mr N Krishnan	1,01,592	0.09	—	1,01,592	0.09	—	0.00
33	Mr N Krishnan	1,01,592	0.09	—	1,01,592	0.09	—	0.00
34	Mr Ananth Krishnan	2,06,300	0.19	—	2,03,300	0.18	—	0.00
35	Mr Shreen Raghavan	34,892	0.03	—	34,892	0.03	—	0.00
36	Mrs Dangety Krishnakumari	20,412	0.02	—	20,412	0.02	—	0.00
37	Mr Dangety Satyanarayanamurty	2,912	0.00	—	2,912	0.00	—	0.00
38	M/s Rohini Holdings Private Limited	12,94,362	1.17	—	12,94,362	1.17	—	0.00
39	M/s Allegro Holdings Private Limited	12,47,100	1.12	—	12,47,100	1.12	—	0.00
40	M/s Silver Oak Holdings Private Limited	14,36,914	1.29	—	14,36,914	1.29	—	0.00
41	M/s Athreya Harsha Holdings Private Limited	8,33,382	0.75	—	8,50,156	0.77	—	0.02
42	M/s Uthirattadhi Sriram Holdings Private Limited	14,73,560	1.33	—	14,79,560	1.33	—	0.01
43	M/s Maham Holdings Limited	5,12,720	0.46	—	5,12,720	0.46	—	0.00
44	M/s Revathi Holdings Private Limited	12,20,460	1.10	—	12,20,460	1.10	—	0.00
45	M/s Padmalakshmi Holdings Private Limited	12,92,832	1.16	—	12,92,832	1.16	—	0.00
46	M/s Raghuvamsa Holdings Private Limited	18,51,634	1.67	—	18,51,634	1.67	—	0.00
47	Mrs Indira Krishnaswami	1,62,180	0.15	—	1,62,180	0.15	—	0.00
48	Mr Narayanan Ramji	1,06,760	0.10	—	1,06,760	0.10	—	0.00
49	Mr R. Ramanujam & Mr R. Srikanth	1,51,688	0.14	—	1,77,088	0.16	—	0.02
50	Mr Ananth Ramanujam	5,39,892	0.49	—	5,39,892	0.49	—	0.00
51	Mr T T Rangaswamy, Mr T T Venkatraghavan & Mr T T Srinivasaraghavan	48,628	0.04	—	48,628	0.04	—	0.00
52	Mr T T Rangaswamy, Mr T T Narendran & Mr T T Hayagreevan	49,200	0.04	—	49,200	0.04	—	0.00
53	Mr T T Srinivasaraghavan Mrs Vimala Rangaswamy & Mrs Bagyam Raghavan	85,084	0.08	—	85,084	0.08	—	0.00
54	Mrs Bagyam Raghavan & Mr T T Venkatraghavan	1,13,308	0.10	—	1,13,308	0.10	—	0.00
55	Mr T T Narendran, Mrs Vimala Rangaswamy & Mrs Padmini Narendran	1,62,988	0.15	—	1,62,988	0.15	—	0.00
56	Mrs Padmini Narendran & Mr T T Hayagreevan	1,06,044	0.10	—	1,06,044	0.10	—	0.00

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	
57	Mrs Vimala Rangaswamy, Mr T T Narendran & Mrs Padmini Narendran	95,024	0.09	—	95,024	0.09	—	0.00
58	Mr Srivats Ram	16,77,572	1.51	—	17,01,322	1.53	—	0.02
59	Mr Srikanth Ramanujam	9,10,052	0.82	—	9,14,052	0.82	—	0.00
60	Mr Sriram Viji	12,55,520	1.13	—	12,78,620	1.15	—	0.02
61	Mr R Ramanujam	2,32,534	0.21	—	2,32,534	0.21	—	0.00
62	Mrs Rupa Srikanth	70,188	0.06	—	70,188	0.06	—	0.00
63	Mr Srikanth Ramanujam & Mrs Rupa Srikanth	4,472	0.00	—	4,472	0.00	—	0.00
64	Mr S Narayanan & Mrs Choodamani Narayanan	1,41,520	0.13	—	1,41,520	0.13	—	0.00
65	Mrs Choodamani Narayanan	3,34,720	0.30	—	3,34,720	0.30	—	0.00
66	Mrs Choodamani Narayanan & Mr S. Narayanan	13,504	0.01	—	13,504	0.01	—	0.00
67	Mrs Prema Ramanujam	6,43,412	0.58	—	6,43,412	0.58	—	0.00
68	Mrs Aruna Sankaranarayanan	56,840	0.05	—	56,840	0.05	—	0.00
69	Mr S Ram	5,02,988	0.45	—	5,06,788	0.46	—	0.00
70	Mr Harsha Viji	13,62,318	1.23	—	13,66,068	1.23	—	0.00
71	Mr Aditya S Ramanujam	2,12,532	0.19	—	2,21,882	0.20	—	0.01
72	Mr S Viji	8,92,480	0.80	—	9,09,780	0.82	—	0.02
73	Mrs Vijaya Rangarajan	8,87,364	0.80	—	9,03,564	0.81	—	0.01
74	Mr Sriram Viji & Mrs Chitra Viji	3,156	0.00	—	3,156	0.00	—	0.00
75	Mr R Ramanujam & Mr Ananth Ramanujam	25,600	0.02	—	25,600	0.02	—	0.00
76	Mr Harsha Viji & Mrs Chitra Viji	3,156	0.00	—	3,156	0.00	—	0.00
77	Mrs Nivedita Ram	16,24,566	1.46	—	16,49,516	1.48	—	0.02
78	Mrs Chitra Viji	8,23,034	0.74	—	8,34,034	0.75	—	0.01
79	Mrs Gita Ram	11,34,680	1.02	—	11,39,680	1.03	—	0.01
80	Mr S Viji & Mrs Chitra Viji	8,684	0.01	—	8,684	0.01	—	0.00
81	Mr Arjun Rangarajan	13,08,270	1.18	—	13,08,270	1.18	—	0.00
82	Mr R Ramanujam (HUF)	9,992	0.01	—	9,992	0.01	—	0.00
83	Mr Srikanth Ramanujam (HUF)	8,000	0.01	—	8,000	0.01	—	0.00
84	Mr Srivats Ram (HUF)	77,200	0.07	—	77,200	0.07	—	0.00
85	Mr S Viji (HUF)	1,13,988	0.10	—	1,13,988	0.10	—	0.00
86	Mr S Viji (HUF)	3,65,924	0.33	—	3,65,924	0.33	—	0.00
87	Miss Anupama Lakshmi Rangarajan	6,09,896	0.55	—	6,09,896	0.55	—	0.00
88	Mr S Narayanan	4,600	0.00	—	4,600	0.00	—	0.00

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	
89	Mr Narayanan Ramji (HUF)	4,08,480	0.37	–	4,08,480	0.37	–	0.00
90	Mr Srinivasaraghavan Sundaram	10,38,968	0.94	–	10,38,968	0.94	–	0.00
91	Mr A M Srinivasan & Mr S Kishore	452	0.00	–	452	0.00	–	0.00
92	Mr S Kishore & Mr A M Srinivasan	1,13,612	0.10	–	1,13,612	0.10	–	0.00
93	Mr Srikanth Ramanujam & Mr Ananth Ramanujam	8,30,215	0.75	–	8,30,215	0.75	–	0.00
94	Miss Tarika Ram (Minor)	13,490	0.01	–	13,490	0.01	–	0.00
95	Miss Tulsi S. Ramanujam (Minor)	2,04,532	0.18	–	2,11,382	0.19	–	0.01
96	Mr Daya Ambirajan	1,19,650	0.11	–	1,19,650	0.11	–	0.00
97	Master Ranjan Ambirajan	6,744	0.01	–	6,744	0.01	–	0.00
98	Mr R Ramanujam & Mrs Prema Ramanujam	9,736	0.01	–	9,736	0.01	–	0.00
99	Mr T T Rangaswamy (HUF)	49,324	0.04	–	49,324	0.04	–	0.00
100	Mr T T Srinivasaraghavan (HUF)	1,23,192	0.11	–	1,23,192	0.11	–	0.00
101	Mr T T Rangaswamy (HUF)	39,724	0.04	–	39,724	0.04	–	0.00
102	Mr T T Narendran (HUF)	95,068	0.09	–	95,068	0.09	–	0.00
103	Mr T T Srinivasaraghavan & Mr T T Narendran	1,09,636	0.10	–	1,09,636	0.10	–	0.00
104	Mr T T Srinivasaraghavan & Mrs Bagyam Raghavan	1,05,656	0.10	–	1,05,656	0.10	–	0.00
105	Mr T T Narendran & Mrs Padmini Narendran	1,06,208	0.10	–	1,06,208	0.10	–	0.00
106	Mr T T Narendran & Mrs Padmini Narendran	78,144	0.07	–	78,144	0.07	–	0.00
107	Mrs Vimala Rangaswamy, Mr T T Srinivasaraghavan & Mr T T Venkatraghavan	82,664	0.07	–	82,664	0.07	–	0.00
108	Mr A M Srinivasan	120	0.00	–	120	0.00	–	0.00
109	Mr Vishnu Vijayaraghavan	75,984	0.07	–	75,984	0.07	–	0.00
110	Mrs Lakshmi Vijayaraghavan	39,860	0.04	–	39,860	0.04	–	0.00
111	Mr Sharath Vijayaraghavan	1,74,844	0.16	–	1,74,844	0.16	–	0.00
112	Mr Ananth Ramanujam	30,000	0.03	–	30,000	0.03	–	0.00
113	Miss Gitanjali Jeevan Jose, Rep By M/G Mrs Divya Jeevan Jose	10,000	0.01	–	10,000	0.01	–	0.00
114	Master P Siddhartha Jeevan, Rep By M/G Mrs Divya Jeevan Jose	10,000	0.01	–	10,000	0.01	–	0.00
115	Mr N Krishnan & Mr Akshay Krishnan	0	0.00	–	3,000	0.00	–	0.00
116	Mr N Krishnan & Mr Ananth Krishnan	0	0.00	–	3,000	0.00	–	0.00
	<b>Total</b>	<b>4,00,70,491</b>	<b>36.07</b>	<b>–</b>	<b>4,01,99,218</b>	<b>36.18</b>	<b>–</b>	<b>0.11</b>

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

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	Mr Akshay Krishnan At the beginning of the year Mutual Transfer - 8th July 2014 At the end of the Year	2,06,300 -3,000	0.19 -0.01	2,03,300 2,03,300	0.18 0.18
2	Mr S Raghavan At the beginning of the year Transmission - 6th March 2015 At the end of the Year	1,64,000 -1,64,000	0.15 -0.15	0 0	0.00 0.00
3	Mrs Anuradha Raghavan At the beginning of the year Transmission - 6th March 2015 At the end of the Year	2,33,264 1,64,000	0.21 0.15	3,97,264 3,97,264	0.36 0.36
4	Mr Barath Rengarajan At the beginning of the year Sale: 2nd May 2014 7th November 2014 21st November 2014 28th November 2014 5th December 2014 12th December 2014 19th December 2014 31st December 2014 6th February 2015 11th February 2015 13th February 2015 20th March 2015 At the end of the Year	6,46,268 -2,155 -10,000 -6,800 -11,000 -5,000 -9,547 -3,935 -6,733 -10,867 -5,133 -4,000 -4,127	0.58 0.00 -0.01 -0.01 -0.01 0.00 -0.01 0.00 -0.01 -0.01 0.00 0.00 -0.01	6,44,113 6,34,113 6,27,313 6,16,313 6,11,313 6,01,766 5,97,831 5,91,098 5,80,231 5,75,098 5,71,098 5,66,971 5,66,971	0.58 0.57 0.56 0.55 0.55 0.54 0.54 0.53 0.52 0.52 0.52 0.51 0.51
5	Mr S Ram & Mr S Viji At the beginning of the year Purchase - 9th May 2014 At the end of the Year	12,18,360 6,800	1.10 0.00	12,25,160 12,25,160	1.10 1.10
6	Mr Sumanth Ramanujam At the beginning of the year Purchase - 11th July 2014 At the end of the Year	4,862 4,000	0.00 0.01	8,862 8,862	0.01 0.01
7	Mr Ananth Krishnan At the beginning of the year Mutual Transfer - 8th July 2014 At the end of the Year	2,06,300 -3,000	0.19 0.00	2,03,300 2,03,300	0.19 0.19
8	Athreya Harsha Holdings Private Limited At the beginning of the year Purchase: 25th April 2014 2nd May 2014 9th May 2014 At the end of the Year	8,33,382 6,000 2,000 8,774	0.75 0.01 0.00 0.01	8,39,382 8,41,382 8,50,156 8,50,156	0.76 0.76 0.77 0.77

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
9	Uthirattadhi Sriram Holdings Private Limited At the beginning of the year Purchase - 22nd August 2014 At the end of the Year	14,73,560 6,000	1.33 0.00	14,79,560 14,79,560	1.33 1.33
10	Mr R Ramanujam & Mr R Srikanth At the beginning of the year Purchase: 6th June 2014 13th June 2014 30th June 2014 11th July 2014 At the end of the Year	1,51,688 2,000 7,600 5,000 10,800	0.14 0.00 0.01 0.00 0.01	1,53,688 1,61,288 1,66,288 1,77,088 1,77,088	0.14 0.15 0.15 0.16 0.16
11	Mr Srivats Ram At the beginning of the year Purchase: 25th April 2014 9th May 2014 6th June 2014 13th June 2014 30th June 2014 11th July 2014 At the end of the Year	16,77,572 7,500 4,000 1,000 3,750 2,500 5,000	1.51 0.01 0.00 0.00 0.00 0.00 0.01	16,85,072 16,89,072 16,90,072 16,93,822 16,96,322 17,01,322 17,01,322	1.52 1.52 1.52 1.52 1.52 1.53 1.53
12	Mr Srikanth Ramanujam At the beginning of the year Purchase - 11th July 2014 At the end of the Year	9,10,052 4,000	0.82 0.00	9,14,052 9,14,052	0.82 0.82
13	Mr Sriram Viji At the beginning of the year Purchase: 25th April 2014 2nd May 2014 9th May 2014 13th June 2014 30th June 2014 11th July 2014 At the end of the Year	12,55,520 1,500 2,000 8,350 3,750 2,500 5,000	1.13 0.00 0.00 0.01 0.00 0.00 0.01	12,57,020 12,59,020 12,67,370 12,71,120 12,73,620 12,78,620 12,78,620	1.13 1.13 1.14 1.14 1.14 1.15 1.15
14	Mr S Ram At the beginning of the year Purchase - 11th July 2014 At the end of the Year	5,02,988 3,800	0.45 0.01	5,06,788 5,06,788	0.46 0.46
15	Mr Harsha Viji At the beginning of the year Purchase - 13th June 2014 At the end of the Year	13,62,318 3,750	1.23 0.00	13,66,068 13,66,068	1.23 1.23
16	Mr Aditya S Ramanujam At the beginning of the year Purchase: 25th April 2014 9th May 2014 At the end of the Year	2,12,532 5,000 4,350	0.19 0.00 0.01	2,17,532 2,21,882 2,21,882	0.19 0.20 0.20

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
17	Mr S Viji At the beginning of the year Purchase: 6th June 2014 30th June 2014 11th July 2014 22nd August 2014 At the end of the Year	8,92,480  2,000 2,500 7,800 5,000	0.80  0.00 0.00 0.01 0.01	 8,94,480 8,96,980 9,04,780 9,09,780 9,09,780	 0.80 0.80 0.81 0.82 0.82
18	Mrs Vijaya Rangarajan At the beginning of the year Purchase: 25th April 2014 9th May 2014 At the end of the Year	8,87,364  7,500 8,700	0.80  0.00 0.01	 8,94,864 9,03,564 9,03,564	 0.80 0.81 0.81
19	Mrs Nivedita Ram At the beginning of the year Purchase: 9th May 2014 6th June 2014 13th June 2014 30th June 2014 11th July 2014 At the end of the Year	16,24,566  12,700 1,000 3,750 2,500 5,000	1.46  0.01 0.00 0.00 0.01 0.00	 16,37,266 16,38,266 16,42,016 16,44,516 16,49,516 16,49,516	 1.47 1.47 1.47 1.48 1.48 1.48
20	Mrs Chitra Viji At the beginning of the year Purchase: 11th July 2014 22nd August 2014 At the end of the Year	8,23,034  6,000 5,000	0.74  0.01 0.00	 8,29,034 8,34,034 8,34,034	 0.75 0.75 0.75
21	Mrs Gita Ram At the beginning of the year Purchase - 11th July 2014 At the end of the Year	11,34,680 5,000	1.02 0.01	 11,39,680 11,39,680	 1.03 1.03
22	Miss Tulsi S Ramanujam At the beginning of the year Purchase: 25th April 2014 9th May 2014 At the end of the Year	2,04,532  2,500 4,350	0.18  0.00 0.01	 2,07,032 2,11,382 2,11,382	 0.18 0.19 0.19
23	Mr N Krishnan & Mr Akshay Krishnan At the beginning of the year Mutual Transfer - 6th March 2015 At the end of the Year	0 3,000	0.00 0.00	 3,000 3,000	 0.00 0.00
24	Mr N Krishnan & Mr Ananth Krishnan At the beginning of the year Mutual Transfer - 6th March 2015 At the end of the Year	0 3,000	0.00 0.00	 3,000 3,000	 0.00 0.00

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

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	India Motor Parts & Accessories Limited At the beginning of the year Purchase - 11th July 2014 At the end of the Year	28,10,000 43,600	2.53 0.04	28,53,600 28,53,600	2.57 2.57
2	Bright Star Investments Pvt. Ltd. At the beginning of the year Date wise Increase / Decrease At the end of the Year	26,30,434 —	2.37 —	26,30,434	2.37
3	United India Insurance Company Ltd. At the beginning of the year Sale 2nd May 2014 9th May 2014 16th May 2014 23rd May 2014 30th May 2014 6th June 2014 At the end of the Year	25,87,866 -5,000 -5,117 -37,607 -20,756 -16,118 -5,000	2.33 0.00 -0.01 -0.03 -0.02 -0.02 0.00	25,82,866 25,77,749 25,40,142 25,19,386 25,03,268 24,98,268 24,98,268	2.33 2.32 2.29 2.27 2.25 2.25 2.25
4	M S Parthasarathy & S Krishnamurthy At the beginning of the year Sale - 27th February 2015 At the end of the Year	17,37,012 -17,37,012	1.56 -1.56	— —	— —
5	Templeton India Equity Income Fund At the beginning of the year Sale 4th April 2014 11th April 2014 18th April 2014 25th April 2014 9th May 2014 16th May 2014 23rd May 2014 30th May 2014 6th June 2014 13th June 2014 20th June 2014 4th July 2014 8th July 2014 11th July 2014 18th July 2014 25th July 2014 1st August 2014 8th August 2014 5th September 2014 12th September 2014 19th September 2014 30th September 2014	15,30,000 -7,375 -11,363 -33,900 -47,362 -30,000 -45,000 -70,863 -39,137 -16,037 -1,057 -7,906 -10,000 -18,869 -9,181 -23,950 -1,486 -91,992 -63,296 -16,704 -30,299 -59,701 -25,323	1.38 -0.01 -0.01 -0.03 -0.04 -0.03 -0.04 -0.06 -0.04 -0.01 0.00 -0.01 -0.01 -0.02 -0.01 -0.02 0.00 -0.08 -0.06 -0.01 -0.03 -0.05 -0.03	15,22,625 15,11,262 14,77,362 14,30,000 14,00,000 13,55,000 12,84,137 12,45,000 1228,963 12,27,906 12,20,000 12,10,000 11,91,131 11,81,950 11,58,000 11,56,514 10,64,522 10,01,226 9,84,522 9,54,223 8,94,522 8,69,199	1.37 1.36 1.33 1.29 1.26 1.22 1.16 1.12 1.11 1.11 1.10 1.09 1.07 1.06 1.04 1.04 0.96 0.90 0.89 0.86 0.81 0.78

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	3rd October 2014	-14,677	-0.01	8,54,522	0.77
	10th October 2014	-5,000	-0.01	8,49,522	0.76
	17th October 2014	-27,500	-0.02	8,22,022	0.74
	24th October 2014	-10,000	-0.01	8,12,022	0.73
	31st October 2014	-86,981	-0.08	7,25,041	0.65
	7th November 2014	-7,943	0.00	7,17,098	0.65
	14th November 2014	-768	-0.01	7,16,330	0.64
	19th December 2014	-913	0.00	7,15,417	0.64
	31st December 2014	-56,042	-0.05	6,59,375	0.59
	2nd January 2015	-1,672	0.00	6,57,703	0.59
	9th January 2015	-58,330	-0.05	5,99,373	0.54
	16th January 2015	-87,752	-0.08	5,11,621	0.46
	23rd January 2015	-19,804	-0.02	4,91,817	0.44
	30th January 2015	-35,105	-0.03	4,56,712	0.41
	6th February 2015	-45,709	-0.04	4,11,003	0.37
	11th February 2015	-3,813	0.00	4,07,190	0.37
	13th February 2015	-3,287	-0.01	4,03,903	0.36
	20th February 2015	-4,695	0.00	3,99,208	0.36
	27th February 2015	-73,417	-0.07	3,25,791	0.29
	6th March 2015	-41,288	-0.03	2,84,503	0.26
	13th March 2015	-15,295	-0.02	2,69,208	0.24
	27th March 2015	-27,294	-0.02	2,41,914	0.22
	31st March 2015	-17,706	-0.02	2,24,208	0.20
	At the end of the Year			2,24,208	0.20
6	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
7	Sundaram Finance Employees Welfare Trust				
	At the beginning of the year	10,44,160	0.94		
	Transfer:				
	6th June 2014	-17,000	-0.02	10,27,160	0.92
	13th June 2014	-500	0.00	10,26,660	0.92
	8th July 2014	-500	0.00	10,26,160	0.92
	At the end of the Year			10,26,160	0.92
8	Damani Estates and Finance Private Limited				
	At the beginning of the year	10,32,912	0.93		
	Date wise Increase / Decrease	—	—		
	At the end of the Year			10,32,912	0.93
9	Mrs Meera Kishen				
	At the beginning of the year	8,05,112	0.72		
	Date wise Increase / Decrease	—	—		
	At the end of the Year			8,05,112	0.72
10	Acacia Partners, LP				
	At the beginning of the year	7,81,313	0.70		
	Date wise Increase / Decrease	—	—		
	At the end of the Year			7,81,313	0.70
11	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

SUNDARAM FINANCE LIMITED



**(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 (ii) held as Karta of HUF (iii) held jointly with others Purchase: 6th June 2014 30th June 2014 18th July 2014 22nd August 2014 At the end of the Year (i) held individually (ii) held as Karta of HUF (iii) held jointly with others	  8,92,480 4,79,912 8,684  2,000 2,500 7,800 5,000    9,09,780 4,79,912 8,684	  0.80 0.43 0.01  0.00 0.00 0.01 0.01     0.82 0.81 0.82 0.82 0.43 0.01	     8,94,480 8,96,980 9,04,780 9,09,780  9,09,780 4,79,912 8,684	     0.80 0.80 0.81 0.82  0.82 0.43 0.01
2	Sri S Ram At the beginning of the year (i) held individually (ii) held as Executor / Trustee* Purchase 18th July 2014 9th May 2014 At the end of the Year (i) held individually (ii) held as Executor / Trustee	  5,02,988 12,18,360  3,800 6,800    5,06,788 12,25,160	  0.45 1.10  0.01 0.00    0.46 1.10	    5,06,788 12,25,160  5,06,788 12,25,160	    0.46 1.10  0.46 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 (since 26th May 2014) - held jointly with others Date wise Increase / Decrease At the end of the Year	 3,200 — —	 0.00 — —	   3,200	   0.00
6	Sri S Prasad At the beginning of the year - held jointly with others Date wise Increase / Decrease At the end of the Year	 12,600 — —	 0.01 — —	   12,600	   0.01
7	Sri S Ravindran 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	  3,89,920 2,26,720 —   3,89,920 2,26,720	  0.35 0.20 —   0.35 0.20	      3,89,920 2,26,720	      0.35 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	5,37,896 —	0.48 —	5,37,896	0.48
9	Ms Shobhana Ramachandhran At the beginning of the year - held individually Sale : 8th July 2014 At the end of the Year	4,44,720 -1,00,000	0.40 -0.09	3,44,720 3,44,720	0.31 0.31
10	Mr Srinivas Acharya (i) held individually (ii) held jointly with others (iii) held as Executor / Trustee At the end of the Year (upto 31st May 2014) (i) held individually (ii) held jointly with others (iii) held as Executor / Trustee	2,400 62,776 480	0.00 0.06 0.00	2,400 65,776 480	0.00 0.06 0.00
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 2,16,376 2,15,292 —	0.11 0.19 0.19 —	1,23,192 2,16,376 2,15,292	0.11 0.19 0.19
12	Sri Harsha Viji, Director (Strategy & Planning) At the beginning of the year (i) held individually (ii) held jointly with others Purchase - 13th June 2014 At the end of the Year (i) held individually (ii) held jointly with others	13,62,318 3,156 3,750	1.23 0.00 0.00	13,66,068 13,66,068 3,156	1.23 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 - 2nd June 2014 At the end of the Year	20,028 3,000	0.02 0.00	23,028 23,028	0.02 0.02
14	Sri M Ramaswamy, Chief Financial Officer At the beginning of the year - held individually Exercise of ESOP - 2nd June 2014 At the end of the Year	16,402 2,750	0.01 0.00	19,152 19,152	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 - 2nd June 2014 At the end of the Year (i) held individually (ii) held jointly with others	4,508 30,008 1,500	0.00 0.03 0.00	31,508 31,508	0.03 0.03

## V. INDEBTEDNESS

(₹ in lakhs)

	Secured Loans excluding deposits	Unsecured Loans *	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
(i) Principal Amount	8394,13.13	1736,76.74	1665,57.31	11796,47.18
(ii) Interest due but not paid	—	—	—	—
(iii) Interest accrued but not due	317,94.95	30,28.13	83,38.57	431,61.65
<b>Total (i + ii + iii)</b>	<b>8712,08.08</b>	<b>1767,04.87</b>	<b>1748,95.88</b>	<b>12228,08.83</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	4633,06.98	8378,22.99	414,35.26	13425,65.23
Reduction	5520,11.48	6993,80.00	155,20.65	12669,12.13
<b>Net Change</b>	<b>-887,04.50</b>	<b>1384,42.99</b>	<b>259,14.61</b>	<b>26094,77.36</b>
<b>Indebtedness at the end of the financial year</b>				
(i) Principal Amount	7507,08.63	3121,19.73	1924,71.92	12553,00.28
(ii) Interest due but not paid	—	—	—	—
(iii) Interest accrued but not due	317,78.57	33,77.99	102,99.76	454,56.32
<b>Total (i + ii + iii)</b>	<b>7824,87.20</b>	<b>3154,97.72</b>	<b>2027,71.68</b>	<b>13007,56.60</b>

\* Unsecured Loans includes Commercial Paper and Subordinated Debentures

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager			Total
		Sri T T Srinivasaraghavan, Managing Director	Sri Harsha Viji, Director (Strategy & Planning)	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	98.13	99.93	57.09	255.15
	b) Value of perquisites under Section 17 (2) of the Income-tax Act, 1961	3.87	1.42	0.67	5.96
	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	26.44	26.44
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission	200.00	110.00	50.00	360.00
	- as % of profit	0.44%	0.24%	0.11%	0.79%
5	Others, please specify	Nil	Nil	Nil	Nil
	<b>Total (A)</b>	<b>302.01</b>	<b>211.36</b>	<b>134.19</b>	<b>647.55</b>
	<b>Ceiling as per the Act (10% of Net Profits)</b>				<b>6596.37</b>

**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	0.90	5.00	Nil	5.90
Sri P N Venkatachalam	1.20	5.00	Nil	6.20
Sri S Mahalingam (From 26th May 2014)	0.60	5.00	Nil	5.60
Sri S Prasad	2.20	7.50	Nil	9.70
Sri Aroon Raman	0.90	5.00	Nil	5.90
Ms Shobhana Ramachandhran	1.50	7.50	Nil	9.00
Other Non-Executive Directors:				
Sri S Viji	0.80	5.00	Nil	5.80
Sri S Ram	0.70	5.00	Nil	5.70
Sri S Ravindran	2.00	7.50	Nil	9.50
Sri Srinivas Acharya (Upto 31st May 2014)	0.20	—	Nil	0.20
Total (B)				63.50
Total Managerial Remuneration (A) + (B)				7,11.05
Overall Ceiling as per the Act (11% of Net Profits)				72,56.01

**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	40.91	44.24	85.15
	b) Value of perquisites under Section 17 (2) of the Income-tax Act, 1961	0.84	1.64	2.48
	c) Profits in lieu of salary under Section 17 (3) of the Income-tax Act, 1961	Nil	Nil	Nil
2	Stock Option	13.22	24.23	37.45
3	Sweat Equity	Nil	Nil	Nil
4	Commission	Nil	27.50	27.50
	- as % of profit	Nil	—	Nil
5	Others, please specify	Nil	Nil	Nil
	Total	54.98	97.61	152.59

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

There were no penalties / punishment / compounding of offences against the Company, Directors and other Officers in Default during the year ended 31st March 2015.

## Financial Highlights

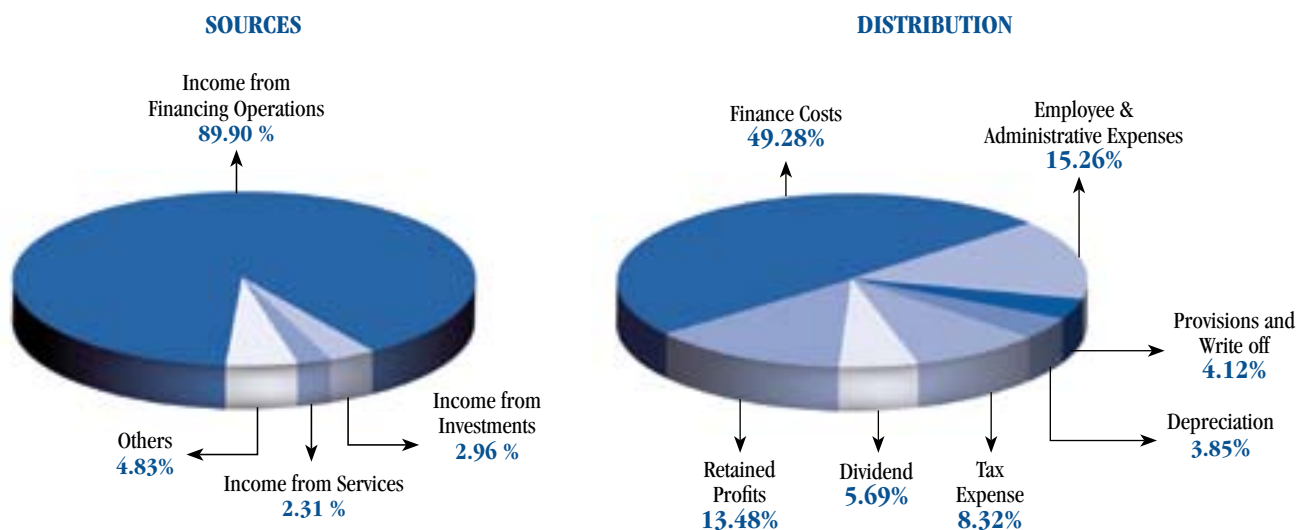
(₹ in Cr.)

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
2010-11	55.55	1473.79	1192.03	9995.99	12354.38	484.14	295.23	140.00	77.77
2011-12	55.55	1732.31	1260.84	10361.47	15540.13	579.23	355.45	155.00	86.11
2012-13	111.10	1974.72	1476.99	11487.36	17644.58	674.11	410.11	90.00	99.99
2013-14	111.10	2292.97	1665.57	11796.47	18157.83	738.91	442.51	100.00	111.10
2014-15	111.10	2865.66 #	1924.72	12553.00	18733.75	742.49	454.14	105.00	116.66

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

### Sources and Distribution of Income (2014-15)

₹2369.07 Cr.



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# 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, 2015, 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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, 2015;

- 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. Emphasis of Matter

During the year, the Company credited an amount of ₹256,55.70 lakhs directly to the Capital Reserve, which pertains to the sale of 17,37,012 equity shares of Sundaram Finance Limited, held by SFL Shares Trust, as stated in Note 3.01 of the Notes to the Accounts. The Company received these proceeds being the sole beneficiary of the Trust. These shares accrued to the Trust on account of the merger of Lakshmi General Finance Limited with the Company in the year 2005.

Our Opinion is not qualified in respect of this matter.

#### 6. Report on Other Legal and Regulatory Requirements

- i) As required by the Companies (Auditor's Report) Order, 2015 ("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 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, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) 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 litigation in its financial statements as mentioned in Note 26.06 of the Notes to the Accounts;
  - ii. based on the current assessment of the long term contracts, in the ordinary course of business, the company has made adequate provision for losses, where required, as explained in Note 26.10 of the Notes to the Accounts. The derivative contracts being in the nature of hedge contracts, the company does not anticipate any material losses from the same.
  - iii. during the year, there has been no delay in transferring the amounts required to be transferred to the Investor Education and Protection Fund.

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

**P. BABU**  
Partner  
Membership No.203358

Place: Chennai  
Date: 29-05-2015



## Annexure to the Auditors' Report

### Referred to in Paragraph 6 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.
2. The Company has granted secured loans to five companies and unsecured loans to a company covered in the register maintained under Section 189 of the Act. The balance outstanding as at the end of the year was ₹10,034.79 lakhs in respect of secured loans and ₹200.00 lakhs in respect of unsecured loans.
  - i) The receipt of principal amount and interest are regular.
  - ii) There is no amount overdue on the loans
  - iii) Apart from the above, the company has not granted loans to companies, firms 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, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, no major weaknesses were noticed in the internal controls and therefore the reporting of the same does not arise.
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) According to the records of the Company and the information and explanations given to us, undisputed statutory dues, including Provident Fund, Employees State Insurance, Income tax, Wealth tax and Service tax and other material statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, there are no arrears of statutory dues which are outstanding as at 31st March 2015 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, there are no dues of Income tax and Wealth tax which have not been deposited on account of any dispute. Details of disputed sales tax and service tax not deposited are as follows:
 

Nature of dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where the dispute is pending
Sales Tax	8,78.97	1997-1998 to 2011-2012	Various appellate authorities
Service Tax	75,89.23	2001-2002 to 2012-2013	Various appellate authorities
- iii) Based on our examination of the records and the information and explanations given to us, the amount to be transferred to the Investor Education and Protection Fund by the Company during the year has



- been transferred within time in accordance with the relevant provision of the Companies Act, 1956 and the rules made thereunder.
7. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the current and immediately preceding financial years.
  8. Based on our audit procedures and the information and explanations given by the Management, the Company has not defaulted in the repayment of dues to financial institutions, banks or debenture holders.
  9. In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
  10. Based on our examination of the records and the information and explanations given to us, the term loans were applied for the purposes for which the loans were obtained.
  11. 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 frauds on the Company were noticed or reported during the course of our audit.
  12. 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 of paragraph 3 of the Companies (Auditor's Report) Order, 2015 is not applicable to the Company for the year.

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

**P. BABU**  
Partner

Place: Chennai  
Date: 29-05-2015

Membership No.203358

## Balance Sheet

### as at 31st March, 2015

(₹ in lakhs)

Particulars	Note	March 31, 2015		March 31, 2014	
<b><u>EQUITY AND LIABILITIES</u></b>					
<b>Shareholders' funds</b>					
Share capital	2	111,10.39		111,10.39	
Reserves and surplus	3	2866,94.94	2978,05.33	2293,81.26	2404,91.65
<b>Non-current liabilities</b>					
Long-term borrowings	4	6538,68.37		5607,97.92	
Other Long-term liabilities	5	172,59.89		115,66.41	
Long-term provisions	6	83,75.53	6795,03.79	77,99.33	5801,63.66
<b>Current liabilities</b>					
Short-term borrowings	7	2173,67.16		2574,04.78	
Trade Payables	8	51,49.82		33,46.16	
Other current liabilities	9	4545,72.43		4364,94.50	
Short-term provisions	10	217,20.89	6988,10.30	235,23.29	7207,68.73
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>16761,19.42</b>		<b>15414,24.04</b>	
<b><u>ASSETS</u></b>					
<b>Non-current assets</b>					
Fixed assets	11				
Tangible assets		283,11.96		315,56.70	
Intangible assets		27,75.20		31,08.18	
		310,87.16		346,64.88	
Non-current investments	12	1057,79.04		973,83.64	
Deferred tax assets (net)	13	110,82.78		109,92.60	
Long-term loans and advances	14	7208,94.14		6467,28.24	
Other non-current assets	15	13,11.83	8701,54.95	11,62.14	7909,31.50
<b>Current assets</b>					
Current investments	16	463,68.48		473,43.51	
Cash and Bank balances	17	676,71.90		674,07.79	
Short-term loans and advances	18	6743,27.04		6170,04.66	
Other current assets	19	175,97.05	8059,64.47	187,36.58	7504,92.54
<b>TOTAL ASSETS</b>		<b>16761,19.42</b>		<b>15414,24.04</b>	
Significant accounting policies and Notes to the Accounts	1 to 27				

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

**P Babu**  
Partner  
Membership No.203358  
Chennai,  
Dated: 29th May, 2015

**M Ramaswamy**  
Chief Financial Officer

**P Viswanathan**  
Secretary & Compliance Officer

**S Viji**  
Chairman

**S Prasad**  
Director

**T T Srinivasaraghavan**  
Managing Director

**Harsha Viji**  
Director (Strategy & Planning)

**A N Raju**  
Director (Operations)

**SUNDARAM FINANCE LIMITED**

## Statement of Profit and Loss

### for the Year Ended 31st March, 2015

(₹ in lakhs)

Particulars	Note	2014-15	2013-14
<b>REVENUE:</b>			
Revenue from Operations	20	2254,65.79	2215,48.19
Other income	21	114,41.08	98,43.00
<b>Total Revenue</b>	<b>(A)</b>	<b><u>2369,06.87</u></b>	<b><u>2313,91.19</u></b>
<b>EXPENSES:</b>			
Finance Costs	22	1167,57.25	1163,74.41
Employee benefits	23	195,87.95	181,25.34
Administrative and Other expenses	24	165,60.94	156,29.22
Provisions and Write Off	25	93,00.94	71,81.79
Depreciation		91,29.34	92,27.79
Contingent Provision against Standard Assets		4,50.63	1,89.50
<b>Total Expenses</b>	<b>(B)</b>	<b><u>1717,87.05</u></b>	<b><u>1667,28.05</u></b>
<b>Profit before Tax</b>	<b>(A-B)</b>	<b>651,19.82</b>	<b>646,63.14</b>
Tax expense:			
Current tax		195,88.72	223,54.14
Deferred tax		1,16.74	(19,42.32)
		<u>197,05.46</u>	<u>204,11.82</u>
<b>Profit after Tax</b>		<b><u>454,14.36</u></b>	<b><u>442,51.32</u></b>
Basic and Diluted Earnings Per Share of ₹10 each (in ₹)		40.88	39.83
Significant accounting policies and Notes to the Accounts	1 to 27		

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

**P Babu**  
Partner  
Membership No.203358  
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Managing Director

**Harsha Viji**  
Director (Strategy & Planning)

**A N Raju**  
Director (Operations)

# 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:

Asset (Categories)	Own assets	Leased assets (Operating Lease)
	Useful life (in Years)	Useful life (in Years)
Vehicles	5	4
Computer (End User devices)	7	3
Computer (Servers & Networks)	10	6
Plant and Machinery	15	5
Office equipment	8	—

In respect of assets which have no remaining useful life, the carrying cost less residual value as on 31st March 14 has been absorbed against retained earnings.

## NOTES TO THE ACCOUNTS (Contd.)

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.

### 1.05 Valuation of Investments:

Non-Current investments 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 prevailing rates of exchange 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 recognised during the year 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 an actuarial valuation, as at the balance sheet date, determined every year by LIC using the Projected Unit Credit method.

## NOTES TO THE ACCOUNTS (Contd.)

### 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, determined every year, 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 an 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 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.

## BALANCE SHEET

### Note 2: Share Capital

Authorised Capital  
25,00,00,000 Equity Shares of ₹10/- each

Issued, Subscribed and fully paid-up  
11,11,03,860 Equity Shares of ₹10/- each

(₹ in lakhs)	
31.03.2015	31.03.2014
250,00.00	250,00.00
111,10.39	111,10.39

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

b) The Company issued 5,55,51,930 Equity Shares by way of bonus shares during the financial year 2012-13

c) Reconciliation of number of shares

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

31.03.2015	31.03.2014
11,11,03,860	11,11,03,860
—	—
11,11,03,860	11,11,03,860

## NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

### Note 3: Reserves and Surplus

	31.03.2015	31.03.2014
<b>a) Capital Reserve</b>		
At the beginning of the year	50,79.64	50,79.64
Add: Net proceeds from SFL Share Trust (Refer note 3.01)	256,55.70	—
At the end of the year	307,35.34	50,79.64
<b>b) Share Options Outstanding Account</b>		
Granted during the previous year	1,01.09	1,05.55
Less: Shares transferred on exercise of Option	11.89	5.73
Less: Transfer to General Reserve	89.20	99.82
Add: Granted during the year	1,54.40	1,01.09
Less: Deferred Employee Compensation Cost	25.73	16.85
At the end of the year	1,28.67	84.24
<b>c) Statutory Reserve</b>		
(As per Section 45-IC of the Reserve Bank of India Act, 1934)		
At the beginning of the year	604,47.97	515,97.71
Add: Transfer from Surplus in the Statement of Profit and Loss	90,82.87	88,50.26
At the end of the year	695,30.84	604,47.97
<b>d) General Reserve</b>		
At the beginning of the year	1500,00.00	1300,00.00
Add: Transfer from Share Options Outstanding account	89.20	99.82
Add: Transfer from Surplus in the Statement of Profit and Loss	200,00.00	199,00.18
At the end of the year	1700,89.20	1500,00.00
<b>e) Surplus in the Statement of Profit and Loss</b>		
At the beginning of the year	137,69.41	107,94.82
Less: Transition provision for depreciation	4,01.87	—
Add: Profit for the year	454,14.36	442,51.32
	<b>587,81.90</b>	<b>550,46.14</b>
Less: Appropriations		
Statutory Reserve	90,82.87	88,50.26
General Reserve	200,00.00	199,00.18
Dividend		
Interim	49,99.67	—
Final (Proposed)	66,66.23	111,10.39
Dividend Tax	18,22.24	14,15.90
At the end of the year	162,10.89	137,69.41
	<b>2866,94.94</b>	<b>2293,81.26</b>

## NOTES TO THE ACCOUNTS (Contd.)

### Note 3.01: Net proceeds from SFL Share Trust

During the year, SFL Shares Trust sold 17,37,012 equity shares of Sundaram Finance Limited. These shares accrued to the Trust on account of the merger of Lakshmi General Finance Limited with Sundaram Finance Limited, in the year 2005, in accordance with a Scheme of Amalgamation approved by the High Court of Madras. Sundaram Finance Limited, being the sole beneficiary of the Trust received an amount of ₹25655.70 lakhs arising from the sale of above shares and credited the same directly to the Capital Reserve, in line with the underlying substance of the transaction.

### Note 4: Long-term Borrowings

(₹ in lakhs)

	31.03.2015	31.03.2014
<b>Secured</b>		
Non-Convertible Debentures (from a Joint Venture company)	45,00.00	45,00.00
Non-Convertible Debentures	4344,29.64	2874,99.18
	4389,29.64	2919,99.18
Term loans from banks	223,32.36	1100,00.00
<b>Unsecured</b>		
Subordinated Non-Convertible Debentures (from a Joint Venture company)	5,00.00	5,00.00
Subordinated Non-Convertible Debentures	857,10.00	682,10.00
	862,10.00	687,10.00
Fixed Deposits	1063,96.37	900,88.74
	<b>6538,68.37</b>	<b>5607,97.92</b>

### Maturity of Secured Non Convertible Debentures

(₹ in lakhs)

Maturities Implicit Interest Rate %	< 1 year	1 – 3 years	> 3 years	Total
8 to 9	174,58.83 (140,00.00)	641,16.09 (458,86.40)	— —	815,74.93 (598,86.40)
> 9 to 10*	1375,04.13 (1329,53.60)	2802,13.57 (1319,39.30)	446,00.00 (263,00.00)	4623,17.70 (2911,92.90)
> 10 to 11	380,19.09 (702,81.87)	300,00.00 (678,73.50)	200,00.00 (200,00.00)	880,19.09 (1581,55.37)
<b>Total – Secured</b>	1929,82.05 (2172,35.47)	3743,29.64 (2456,99.18)	646,00.00 (463,00.00)	6319,11.69 (5092,34.65)

\* Put option available for ₹5500 lakhs during 2015-16

Previous year figures are in brackets

(₹ in lakhs)

Secured Non-Convertible Debentures grouped as under:

		31.03.2015	31.03.2014
Long Term Borrowing under Non Current Liabilities	Refer Note No. 4	4389,29.64	2919,99.18
Short Term Borrowing under Current Liabilities	Refer Note No. 7	—	140,00.00
Long Term Borrowing – maturing within a year under Other Current Liabilities	Refer Note No. 9	1929,82.05	2032,35.47
		<b>6319,11.69</b>	<b>5092,34.65</b>



## NOTES TO THE ACCOUNTS (Contd.)

### Maturity of Secured Term Loans from Banks

(₹ in lakhs)

	As on 31.03.2015			As on 31.03.2014		
	< 1 year	1 – 3 years	Total	< 1 year	1 – 3 years	Total
Repayment	300,00.00	223,32.36	523,32.36	999,24.25	1100,00.00	2099,24.25

(₹ in lakhs)

Secured Term Loans from Banks grouped as under:

		31.03.2015	31.03.2014
Long Term Borrowing under Non Current Liabilities	Refer Note No. 4	223,32.36	1100,00.00
Short Term Borrowing under Current Liabilities	Refer Note No. 7	300,00.00	599,24.25
Long Term Borrowing – maturing within a year under Other Current Liabilities	Refer Note No. 9	–	400,00.00
		523,32.36	2099,24.25

The Secured Non-Convertible Debentures are secured by mortgage of immovable property ranking pari passu with charges created in favour of the trustees in addition to specific assets covered by charge on Hypothecation Loan receivables / Hire purchase / Lease agreements with a security cover of 100% / 125%, as per the terms of issue.

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

### Maturity of Unsecured Subordinated Non Convertible Debentures

(grouped under Long Term Borrowing under Non Current Liabilities - Refer Note No.4) (₹ in lakhs)

Maturities Implicit Interest Rate %	< 1 year	1 – 3 years	> 3 years	Total
9 to 10	–	195,00.00	427,10.00	622,10.00
	–	(195,00.00)	(252,10.00)	(447,10.00)
> 10 to 11	–	–	240,00.00	240,00.00
	–	–	(240,00.00)	(240,00.00)
<b>Total-Unsecured</b>	–	195,00.00	667,10.00	862,10.00
	–	(195,00.00)	(492,10.00)	(687,10.00)

Previous year figures are in brackets

The Unsecured Subordinated Non Convertible Debentures are subordinated to the existing and future unsecured borrowings of the Company and qualify as Tier II Capital under the Non Banking Financial (Deposit accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

## NOTES TO THE ACCOUNTS (Contd.)

### Note 5: Other Long-term liabilities

(₹ in lakhs)

	31.03.2015	31.03.2014
Interest accrued but not due on borrowings	77,50.87	36,77.76
Other liabilities	95,09.02	78,88.65
	<b>172,59.89</b>	<b>115,66.41</b>

### Note 6: Long-term provisions

(₹ in lakhs)

	31.03.2015	31.03.2014
Employee Benefits	6,81.15	5,26.21
Non-performing assets	22,98.12	23,27.49
Contingent provision against Standard Assets	53,96.26	49,45.63
	<b>83,75.53</b>	<b>77,99.33</b>

### Note 7: Short-term borrowings

(₹ in lakhs)

	31.03.2015	31.03.2014
<b>Secured</b>		
Working capital demand loans and Cash Credit	664,64.58	1202,54.24
Term Loans from Banks	300,00.00	599,24.25
Non-Convertible Debentures	—	140,00.00
	<b>964,64.58</b>	<b>1941,78.49</b>
<b>Unsecured</b>		
Credit facilities from Banks	13,73.37	13,41.64
Commercial Paper (from a Joint venture company)	—	5,52.96
Commercial paper	1195,29.21	613,31.69
	<b>1209,02.58</b>	<b>632,26.29</b>
	<b>2173,67.16</b>	<b>2574,04.78</b>

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

Refer Note 4 for Security provided for Term Loans from Banks and Non-Convertible Debentures.

Face value of commercial paper outstanding as on 31.03.2015 was ₹2,31,400.00 lakhs (31.03.2014 – ₹1,09,180.00 lakhs). Maximum amount of face value of commercial paper outstanding at any time during the period was ₹3,89,100.00 lakhs (2013-14 – ₹3,00,000.00 lakhs)

## NOTES TO THE ACCOUNTS (Contd.)

### Note 8: Trade Payables

(₹ in lakhs)

	31.03.2015	31.03.2014
Dealer Balances	33,63.26	16,15.42
Creditors for Expenses	4,66.58	2,84.26
Outstanding Liabilities	13,19.98	14,46.48
	<b>51,49.82</b>	<b>33,46.16</b>

### Note 9: Other current liabilities

(₹ in lakhs)

	31.03.2015	31.03.2014
<b>Secured</b>		
Non-Convertible Debentures (from a Joint Venture company)	10,00.00	15,00.00
Non-Convertible Debentures	1919,82.05	2017,35.47
Term loans from Banks	—	400,00.00
<b>Unsecured</b>		
Fixed Deposits	843,12.46	744,50.56
Commercial Paper	1050,07.15	417,40.45
Interest accrued but not due on borrowings	373,76.59	392,00.75
Unpaid dividends *	2,15.98	1,39.89
Income received in advance	1,58.68	2,76.55
Unpaid matured deposits *	17,63.09	20,18.01
Interest accrued on unpaid matured deposits *	3,28.86	2,83.15
Amount due on Assets Securitised / assigned	238,93.55	266,41.58
Advance from Customers	47,02.01	47,06.84
Other Liabilities	38,32.01	38,01.25
	<b>4545,72.43</b>	<b>4364,94.50</b>

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

### Note 10: Short-term provisions

(₹ in lakhs)

	31.03.2015	31.03.2014
Employee Benefits	38,45.87	35,17.04
Non-Performing Assets	103,86.19	74,79.98
Proposed dividend	66,66.23	111,10.38
Provision for dividend tax	8,22.60	14,15.89
	<b>217,20.89</b>	<b>235,23.29</b>

**Note 11: Fixed Assets**

(₹ in lakhs)

DESCRIPTION	GROSS BLOCK AT COST			DEPRECIATION			Net Book Value	Balance in Lease Adjustment Account as at 31.03.2015	NET BLOCK	
	As at 31.03.2014	Additions	Deductions	As at 31.03.2015	Upto 31.03.2014	Additions*	Deductions	Upto 31.03.2015	As at 31.03.2015	As at 31.03.2014
<b>i) Tangible Assets</b>										
1 Freehold Land and Buildings	32,58.48	-	4,42.93	28,15.55	8,63.49	2,45.04	1,49.24	9,59.29	18,56.26	23,94.99
2 Leasehold office / Residential Premises	14,90.01	-	-	14,90.01	8,44.93	31.66	-	8,76.59	6,13.42	6,45.08
3 Plant and Machinery and Computers	57,53.19	4,68.68	1,37.67	60,84.20	39,88.63	4,73.67	1,30.37	43,31.93	17,52.27	17,64.56
4 Furniture and fixtures	22,48.70	1,23.08	51.36	23,20.42	17,92.05	1,54.75	48.86	18,97.94	4,22.48	4,56.65
5 Vehicles	24,24.85	4,11.51	3,49.23	24,87.13	11,58.64	3,70.06	2,54.88	12,73.82	12,13.31	12,66.21
6 Office Equipment	16,35.34	1,72.65	58.96	17,49.03	9,25.71	2,67.89	47.43	11,46.17	6,02.86	7,09.63
	168,10.57	11,75.92	10,40.15	169,46.34	95,73.45	15,43.07	6,30.78	104,85.74	64,60.60	72,37.12
<b>7 Assets on Operating Lease</b>										
a) Plant and Machinery and Computers	45,00.12	43.43	28,46.78	16,96.77	22,14.02	3,67.64	17,67.45	8,14.21	8,82.56	22,86.10
b) Vehicles	37,497.09	91,71.56	94,40.61	372,28.04	154,95.79	66,02.88	58,10.18	162,88.49	209,39.55	220,01.30
	419,97.21	92,14.99	122,87.39	389,24.81	177,09.81	69,70.52	75,77.63	171,02.70	218,22.11	242,87.40
<b>8 Assets on Finance Lease</b>										
a) Plant and Machinery and Computers	38,03.75	-	35,97.62	2,06.13	37,00.12	7.81	35,05.50	2,02.43	29.25	31.31
b) Vehicles	5,55.64	-	5,55.64	-	5,53.64	0.31	5,53.95	-	-	0.25
c) Office Equipment	76.09	-	76.09	-	73.26	0.23	73.49	-	-	0.62
	44,35.48	-	42,29.35	2,06.13	43,27.02	8.35	41,32.94	2,02.43	29.25	32.18
<b>Total</b>	632,43.26	103,90.91	175,56.89	560,77.28	316,10.28	85,21.94	123,41.35	277,90.87	282,86.41	315,56.70
<b>ii) Intangible Assets</b>										
Computer Software	55,55.85	8,14.28	-	63,70.13	27,67.36	10,33.51	-	38,00.87	25,69.26	27,88.49
<b>iii) Intangible Assets Under Development</b>	3,19.69	3,36.36	4,50.11	2,05.94	-	-	-	-	2,05.94	3,19.69
<b>Grand Total</b>	<b>691,18.80</b>	<b>115,41.55</b>	<b>180,07.00</b>	<b>626,53.35</b>	<b>343,77.64</b>	<b>95,55.45</b>	<b>123,41.35</b>	<b>315,91.74</b>	<b>310,61.61</b>	<b>346,64.88</b>
Previous Year	645,27.50	137,81.39	91,90.09	691,18.80	311,79.05	92,23.76	60,25.17	343,77.64	347,41.16	331,88.52

\*Includes ₹485.45 lakhs adjusted against Retained earnings on account of Transitional provision as per Schedule II of Companies Act 2013.

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

Additions to Assets under development in Gross Block include depreciation on assets used for development of Computer software amounting to ₹3.22 lakhs.

Finance Lease Depreciation of ₹8.35 lakhs (31.03.2014 – ₹22.94 lakhs) has been netted off against Lease Income.

Building on lease hold land include ₹1193.63 lakhs (31.03.2014 – ₹1193.63 lakhs) being the cost of ownership flats in co-operative societies / associates.

Land and Building include ₹838.89 lakhs (31.03.2014 – ₹842.66 lakhs) representing undivided share of land.

## NOTES TO THE ACCOUNTS (Contd.)

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

(₹ in lakhs)

	31.03.2015	31.03.2014
Less than 1 year	97,67.37	103,05.26
Later than 1 year and not later than 5 years	123,42.92	140,93.34
<b>Total</b>	<b>221,10.29</b>	<b>243,98.60</b>

In accordance with Accounting Standard, AS - 26 - Intangible Assets, computer software purchased / developed amounting to ₹814.28 lakhs (31.03.2014 – ₹575.06 lakhs) is amortised over their expected useful life of three to five years based on a technical evaluation.

## Note 12: Non-current Investments

(₹ in lakhs)

	31.03.2015	31.03.2014
Investment Property (net of depreciation)	76,46.17	70,05.84
Investment in Equity Instruments	779,86.81	729,52.51
Investment in Preference Shares	5,00.00	5,00.00
Investment in Government securities	238,50.20	212,68.64
Investment in Mutual Funds	11,69.57	1,00.00
Investment in Pass through certificates	417.70	1115,70.45
	7,83.98	1026,10.97
Less: Aggregate provision for diminution in value of investments	57,91.41	52,27.33
	<b>1057,79.04</b>	<b>973,83.64</b>

(₹ in lakhs)

Particulars	Cost	Market Value
Aggregate amount of Quoted Investments	267,09.23	945,82.80
Aggregate amount of Unquoted Investments	714,23.64	
Investment Property	76,46.17	
<b>Total</b>	<b>1057,79.04</b>	

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 ₹23,812.30 lakhs (Cost – ₹23,850.20 lakhs) and bank deposits of ₹5,788.00 lakhs in favour of trustees representing the deposit holders of the company.

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

(₹ in lakhs)

Particulars	Note No.	Face Value (₹)	As at 31.03.2015		As at 31.03.2014	
			Holding (Number)	Cost	Holding (Number)	Cost
<b>Trade Investments</b>						
<b>Investment in Equity Instruments:</b>						
– <b>In Subsidiary Companies:</b>						
Sundaram BNP Paribas Home Finance Limited		10	5,07,28,473	151,57.10	5,07,28,473	151,57.10
Sundaram Asset Management Company Limited	1	10	2,00,00,000	184,87.24	1,53,33,229	153,13.84
Sundaram Trustee Company Limited		10	50,000	2,28.62	50,000	2,28.62
Sundaram Finance Distribution Limited		10	5,00,000	65.18	5,00,000	65.18
Sundaram Insurance Broking Services Limited		10	5,00,000	50.00	5,00,000	50.00
LGF Services Limited		10	2,50,000	5.00	2,50,000	5.00
– <b>In Joint Venture Companies</b>						
Royal Sundaram Alliance Insurance Company Limited		10	15,71,85,000	189,57.43	15,71,85,000	189,57.43
<b>Total Trade Investments</b>				<b>529,50.57</b>		<b>497,77.17</b>
<b>Non-Trade Investments</b>						
<b>Investment in Equity Instruments:</b>						
– <b>In Subsidiary Companies</b>						
Sundaram BNP Paribas Fund Services Limited	1 & 2	10	4,81,95,000	48,19.54	4,20,75,000	42,07.54
Sundaram Infotech Solutions Limited	2	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
– <b>In Associate Companies</b>						
The Dunes Oman LLC (FZC)	3	1	22,93,725	26,94.86	22,93,725	26,94.86
Flometallic India Private Limited	4 & 5	1,00,000	3,800	32,50.00	3,800	27,01.10
Sundaram Hydraulics Limited		10	1,12,50,000	11,25.00	1,12,50,000	11,25.00
Axles India Limited		10	98,91,754	10,15.70	98,91,754	10,15.70
Turbo Energy Private Limited	5	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
– <b>In Joint Venture Companies</b>						
BNP Paribas Sundaram Global Securities Operations Private Limited		10	36,48,050	3,64.92	36,48,050	3,64.92
– <b>In Other Companies</b>						
TVS Commutation Solutions Limited		10	79,100	8,77.21	79,100	8,77.21
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	1	10	1,12,00,000	11,20.00	42,00,000	4,20.00
Sundaram Investments Limited		5	22,73,085	2,90.88	22,73,085	2,90.88
Vishnu Forge Industries Limited		10	2,97,110	45.93	2,97,110	45.93
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	5	100	1,59,460	15.33	1,59,460	15.33
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
Reliance Industries Limited	2	10	40,850	3,47.22	40,850	3,47.22
India Motor Parts & Accessories Limited		10	15,40,784	5,77.49	15,40,784	5,77.49
Techtran Polylenes Limited	2	10	2,50,000	67.50	2,50,000	67.50

SUNDARAM FINANCE LIMITED

## NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Particulars	Note No.	Face Value (₹)	As at 31.03.2015		As at 31.03.2014	
			Holding (Number)	Cost	Holding (Number)	Cost
<b>Investment in Preference Shares:</b>						
Sundaram Hydraulics Limited – 9% Redeemable Cumulative Non-Convertible Preference Shares		100	5,00,000	5,00.00	5,00,000	5,00.00
<b>Investment in Government Securities:</b>						
Central Government Loans (Face Value in lakhs)	2	11,164	–	110,91.58	–	90,10.98
State Government Loans (Face Value in lakhs)	2	12,648	–	127,58.63	–	122,57.66
<b>Investment in Mutual Funds:</b>						
HDFC Debt Fund for Cancer Cure 2014		10	10,00,000	1,00.00	10,00,000	1,00.00
<i>Sundaram Mutual Fund:</i>	6					
Sundaram Tax Saver		10	66,392	50.00	–	–
Sundaram Growth Fund		100	37,057	50.00	–	–
Sundaram Select Focus		100	37,769	50.00	–	–
Sundaram Select Mid Cap		100	14,761	50.00	–	–
Sundaram Infrastructure Advantage Fund		10	1,89,910	50.00	–	–
Sundaram S.M.I.L.E Fund		10	70,221	50.00	–	–
Sundaram Select Thematic Funds Rural India Fund		10	1,93,829	50.00	–	–
Sundaram Select Thematic Funds PSU Opportunities		10	4,11,977	50.00	–	–
Sundaram Equity Multiplier		10	2,14,365	50.00	–	–
Sundaram Equity plus		10	3,61,549	50.00	–	–
Sundaram Financial Services Opportunities Fund		10	1,66,653	50.00	–	–
Sundaram Entertainment Opportunities Fund		10	1,43,225	26.49	–	–
Sundaram Balanced Fund		10	48,749	32.71	–	–
Sundaram Global Advantage		10	1,81,258	25.40	–	–
Sundaram Monthly Income Plan – Moderate Plan		10	1,83,268	36.80	–	–
Sundaram Monthly Income Plan – Aggressive Plan		10	1,25,982	18.83	–	–
Sundaram Monthly Income Plan – Conservative Plan		10	41,103	5.47	–	–
Sundaram Ultra Short Term Fund		10	2,60,510	50.00	–	–
Sundaram Flexible Fund Short Term Plan		10	2,27,773	50.00	–	–
Sundaram Select Debt Short Term Asset Plan		10	2,04,779	50.00	–	–
Sundaram Flexible Fund – Flexible Income Plan		10	2,57,897	50.00	–	–
Sundaram Bond Saver		10	1,22,372	50.00	–	–
Sundaram Income Plus		10	8,147	1.66	–	–
Sundaram Gilt Fund		10	1,54,998	36.79	–	–
Sundaram Money Fund		10	1,70,205	50.00	–	–
Sundaram Banking & PSU Debt Fund		10	3,54,093	35.41	–	–
<b>Investment in Pass Through Certificates:</b>			–	4,17.70	–	7,83.98
				509,73.71		458,27.96
Less: Provision for diminution in the value of investment				57,91.41		52,27.33
<b>Total Non-Trade Investments</b>				<b>451,82.30</b>		<b>406,00.63</b>

### Note:

- During the year, the company subscribed to the additional equity shares of Sundaram Asset Management Company Limited, Sundaram BNP Paribas Fund Services Limited and Experian Credit Information Company of India Private Limited.
- Denotes investment where provision for diminution in value has been made.
- Face value in Omani Riyal.
- Includes 1,100 partly paid shares @ ₹50,000/- per share. (Face value ₹1,00,000 per share). During the year the company has paid call money of ₹49,900/- per share on 1,100 preferential equity shares of Flometallic India Private Limited.
- Converted into Private Limited Company during March 2015.
- Investments in the growth option of the open-ended schemes of Sundaram Mutual Fund in compliance with the seed capital requirements stipulated by SEBI Mutual Funds (Amendment) Regulations, dated 6th May 2014. As per the Regulations, these investments cannot be redeemed, unless the scheme is wound up.

## NOTES TO THE ACCOUNTS (Contd.)

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

(₹ in lakhs)

#### Deferred Tax Assets

Depreciation	42,95.52
Provisions against Non-performing Assets	52,38.65
Provisions against Investments	2,15.03
Contingent Provisions against Standard Assets	18,67.65
Income derecognised on Non-performing Assets	7,82.04
Others	17,09.50

141,08.39

120,58.24

#### Less: Deferred Tax Liabilities

Hire Purchase Income	30,02.31
Others	23.30

30,25.61

10,65.64

**110,82.78**

**109,92.60**

### Note 14: Long-term loans and advances

(₹ in lakhs)

#### Secured, Considered good

Hypothecation Loans	5982,21.34
Net Investment in Stock-on-hire	948,08.39
Net investment in lease	12,96.03
Other loans	30,44.41

6973,70.17

6229,65.55

60,99.59

89,54.96

Amount retained on Assets securitised / assigned

#### Unsecured, Considered good

Capital Advances	19.72
Deposits	9,50.77
Other loans	32,85.43

42,55.92

40,94.12

#### Other loans and advances

Advance Income tax and Tax Deducted at Source (net of provision)	131,54.87
Other advances	13.59

131,68.46

107,13.61

**7208,94.14**

**6467,28.24**

The Long-term loans and advances includes Non-performing Assets of ₹3,507.25 lakhs (31.03.2014 – ₹3,575.50 lakhs)

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

(₹ in lakhs)

Provision for Income Tax	722,05.65
Income tax paid under dispute	29,14.68
Advance Fringe Benefit Tax	0.16
Provision for Fringe Benefit Tax	21.10

722,05.65

691,75.12

29,14.68

68,14.92

0.16

0.16

21.10

21.10

### Note 15: Other Non-Current Assets

(₹ in lakhs)

SFL Employees Welfare Trust	3,26.06
Other assets	9,85.77

**13,11.83**

**11,62.14**

Other assets includes Service Tax / Sales Tax paid under dispute of ₹961.97 lakhs (31.03.2014 – ₹800.39 lakhs)

**SUNDARAM FINANCE LIMITED**



## NOTES TO THE ACCOUNTS (Contd.)

### Note 16: Current Investments

(₹ in lakhs)

	31.03.2015	31.03.2014
Investment in Equity Instruments	—	1,40.01
Investment in Government Securities	183,02.36	96.75
Investment in Mutual Funds	250,00.00	460,00.00
Investment in Pass through certificates	7,09.63	11,21.75
Investment in Commercial Paper	23,56.49	—
Less: Aggregate provision for diminution in value of investment	—	15.00
	<b>463,68.48</b>	<b>473,43.51</b>

(₹ in lakhs)

Particulars	Cost	Market Value
Aggregate amount of Quoted Investments	183,02.36	183,96.79
Aggregate amount of Unquoted Investments	280,66.12	—
<b>Total</b>	<b>463,68.48</b>	

(₹ in lakhs)

Particulars	Face Value (₹)	As at 31.03.2015		As at 31.03.2014	
		Holding (Number)	Cost	Holding (Number)	Cost
<b>Non-Trade Investments</b>					
<b>Investment in Equity Instruments:</b>					
<b>— In Other Companies</b>					
Credit Information Bureau (India) Ltd.	—	—	—	6,25,000	1,25.01
NTTF Industries Pvt Ltd	—	—	—	75,000	15.00
<b>Investment in Government Securities:</b>					
Central Government Loans (Face Value in lakhs)	17,500	—	183,02.36	—	96.75
<b>Investment in Mutual Funds:</b>					
Sundaram Money Fund	10	8,47,60,416	250,00.00	7,45,07,320	200,00.00
Reliance Liquid Fund	1,000	—	—	80,034	25,00.00
HDFC Liquid Fund	10	—	—	93,39,021	25,00.00
ICICI Prudential Liquid Fund	100	—	—	13,18,147	25,00.00
Birla Sun Life Mutual Fund	100	—	—	12,16,557	25,00.00
SBI Premier Liquid Fund	1,000	—	—	1,24,076	25,00.00
UTI Liquid Fund	1,000	—	—	1,18,995	25,00.00
Tata Liquid Fund	1,000	—	—	74,292	15,00.00
IDFC Cash Fund	1,000	—	—	96,319	15,00.00
Kotak Liquid Fund	1,000	—	—	57,684	15,00.00
Religare Invesco Liquid Fund	1,000	—	—	85,099	15,00.00
LIC Nomura Liquid Fund	1,000	—	—	64,535	15,00.00
L&T Liquid Fund	1,000	—	—	85,355	15,00.00
HSBC Cash Fund	1,000	—	—	39,108	5,00.00
DSP BlackRock Liquidity Fund	1,000	—	—	27,266	5,00.00
Templeton India TMA Fund	1,000	—	—	26,166	5,00.00
Canara Robeco Liquid Fund	1,000	—	—	32,077	5,00.00
<b>Investment in Pass Through Certificates:</b>			7,09.63	—	11,21.75
<b>Investment in Commercial Paper:</b>	5,00,000	500	23,56.49	—	—
			<b>463,68.48</b>		<b>473,58.51</b>
Less: Provision for diminution in the value of investment			—		15.00
<b>Total Non-Trade Investments</b>			<b>463,68.48</b>		<b>473,43.51</b>

## NOTES TO THE ACCOUNTS (Contd.)

### Note 17: Cash and Bank balances

(₹ in lakhs)

	31.03.2015	31.03.2014
Cash and cash equivalents:		
Cash on hand	22,31.81	28,21.36
Balances with Banks in Current Accounts	29,35.29	37,36.59
Cheques, drafts on hand	41,45.42	56,01.73
	<u>93,12.52</u>	<u>121,59.68</u>
Bank Deposits		
Upto 12 months maturity	395,19.40	421,08.22
More than 12 months maturity	186,24.00	130,00.00
	<u>581,43.40</u>	<u>551,08.22</u>
Unpaid dividend account	2,15.98	1,39.89
	<u><b>676,71.90</b></u>	<u><b>674,07.79</b></u>

Bank Deposits include ₹27,633.58 lakhs (31.03.2014 - ₹26,884.70 lakhs) provided as collateral for assets securitised / assigned.

### Note 18: Short-term loans and advances

(₹ in lakhs)

	31.03.2015	31.03.2014
<b>Secured, Considered good</b>		
Hypothecation Loans	5513,64.31	5335,88.81
Net Investment in Stock-on-hire	691,60.33	385,35.25
Net Investment in lease	9,77.17	12,92.09
Trade receivables	26,91.45	32,19.23
Other loans	11,14.06	9,74.51
	<u>6253,07.32</u>	<u>5776,09.89</u>
Amount retained on Assets securitised / assigned	148,74.24	142,03.83
<b>Unsecured, Considered good</b>		
Advance for business assets	296,47.95	230,84.90
Loans and advances to related parties		
Subsidiary companies	2,66.31	15.41
Joint Venture Company	17.10	5,14.45
Associate Company	9.59	2.46
	<u>2,93.00</u>	<u>5,32.32</u>
Trade bills purchased	7,40.11	5,43.66
Other advances	34,64.42	10,30.06
	<u><b>6743,27.04</b></u>	<u><b>6170,04.66</b></u>

Short-term loans and advances include Non-Performing assets of ₹16,281.28 lakhs (31.03.2014 - ₹11,865.78 lakhs)

In accordance with Accounting Standard (AS-19) - Leases, the reconciliation between the total gross investment in the lease and the present value of minimum lease payments (MLP) receivables as on 31.03.2015 is as follows:

(₹ in lakhs)

	31.03.2015	31.03.2014
Gross Investment in lease	1953,76.83	1208,10.53
Less: Unearned Finance Charges	<u>291,35.57</u>	<u>197,26.29</u>
	<u><b>1662,41.26</b></u>	<u><b>1010,84.24</b></u>

## NOTES TO THE ACCOUNTS (Contd.)

Maturity Pattern of the Gross investment in lease / Present Value of MLP receivables:

(₹ in lakhs)

	31.03.2015		31.03.2014	
	Gross Investment in Lease	MLP Receivables	Gross Investment in Lease	MLP Receivables
Less than 1 year	862,11.30	701,54.18	509,66.78	398,32.67
Later than 1 year and not later than 5 years	1091,65.53	960,87.08	698,43.75	612,51.57
<b>Total</b>	<b>1953,76.83</b>	<b>1662,41.26</b>	<b>1208,10.53</b>	<b>1010,84.24</b>

### Note 19: Other current assets

(₹ in lakhs)

	31.03.2015	31.03.2014
Interest accrued on investments	9,21.80	3,94.68
Income Receivable	137,98.16	151,52.44
SFL Shares Trust	—	5,94.30
SFL Employees Welfare Trust	6.16	6.16
Repossessed assets (at realisable value)	28,04.50	25,21.76
Stamps and Stamp papers on hand	66.43	67.24
	<b>175,97.05</b>	<b>187,36.58</b>

## STATEMENT OF PROFIT AND LOSS

### Note 20: Revenue from Operations

(₹ in lakhs)

	2014-15	2013-14
Income from Financing Operations		
Hypothecation Loans / Hire Purchase	1885,57.39	1877,70.62
Assets securitised / assigned	112,65.33	94,25.61
Lease	111,86.30	119,53.75
Others	6,36.06	5,62.30
Recovery of bad debts	13,24.98	15,15.01
	<b>2129,70.06</b>	<b>2112,27.29</b>
Income from Investments		
Interest Income	56,88.36	49,86.77
Profit on sale of Non-Current Investments	10.12	16.67
Profit on sale of Current Investments	13,25.36	8,07.49
	<b>70,23.84</b>	<b>58,10.93</b>
Income from other Financial Services	39,64.17	34,40.14
Income from other Services	15,07.72	10,69.83
	<b>2254,65.79</b>	<b>2215,48.19</b>

Income from Hypothecation Loans / Hire Purchase is net of business origination cost of ₹4,465.83 lakhs (2013-14 - ₹4,611.38 lakhs).

Income from Lease is net of depreciation / lease equalisation account of ₹0.62 lakhs (2013-14 - ₹(29.07) lakhs)

Income from other Services include exchange difference amounting to ₹0.83 lakhs-net gain (2013-14 - ₹0.31 lakhs-net gain) arising on account of foreign currency transactions.

## NOTES TO THE ACCOUNTS (Contd.)

### Note 21: Other Income

	(₹ in lakhs)	
	2014-15	2013-14
Interest Receipts	3,17.30	4,46.87
Dividend Income		
Subsidiary companies	27,79.14	22,24.65
Others	<u>42,10.40</u>	<u>46,45.94</u>
	69,89.54	68,70.59
Profit on sale of Equity investments *	26,09.36	3,12.28
Rent Receipts	8,16.08	8,09.32
Profit on sale of assets	1,29.39	8,23.63
Other non-operating income	<u>5,79.41</u>	<u>5,80.31</u>
	<b><u>114,41.08</u></b>	<b><u>98,43.00</u></b>

\* ₹2,609.36 lakhs represents Profit on sale of 6,25,000 equity shares of face value of ₹10 each in Credit information Bureau (India) Limited during the current year.

### Note 22: Finance Costs

	(₹ in lakhs)	
	2014-15	2013-14
Interest expense		
Non convertible debentures	639,28.86	618,00.15
Term loans	66,16.59	176,52.37
Fixed deposits	180,52.72	159,90.64
Commercial paper	266,72.46	193,35.61
Other interest	<u>9,53.89</u>	<u>13,27.80</u>
	1162,24.52	1161,06.57
Other borrowing costs	<u>5,32.73</u>	<u>2,67.84</u>
	<b><u>1167,57.25</u></b>	<b><u>1163,74.41</u></b>

### Note 23: Employee Benefits

	(₹ in lakhs)	
	2014-15	2013-14
Salaries, bonus and commission	178,44.28	164,62.02
Contribution to Provident and other funds	9,17.33	9,61.89
Employees Stock Options expense	1,45.51	1,01.83
Staff welfare expenses	<u>6,80.83</u>	<u>5,99.60</u>
	<b><u>195,87.95</u></b>	<b><u>181,25.34</u></b>

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

	(₹ in lakhs)				
Particulars	31-03-2015	31-03-2014	31-03-2013	31-03-2012	31-03-2011
Defined Benefit Obligation	23,37.74	20,63.01	17,52.47	14,64.54	10,90.07
Plan Assets	22,45.91	20,52.86	17,32.23	13,84.12	11,65.70
Surplus / (deficit)	(91.83)	(10.15)	(20.24)	(80.42)	75.63
Actuarial (gain) / loss on obligations	51.75	1,04.50	2,84.24	3,00.89	(47.70)
Actuarial (gain) / loss on plan assets	—	—	—	7.02	4.64

## NOTES TO THE ACCOUNTS (Contd.)

### Defined Benefit Plans

(₹ in lakhs)

Description of Benefit Plans	Funded Gratuity		Funded Compensation Absences	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
A) Reconciliation of opening and closing balances of the present value of the defined benefit obligation				
Opening Balance: Present value of obligation	20,63.01	17,52.47	6,82.70	5,40.26
Current service cost	1,59.30	1,66.24	15.41	73.34
Interest cost	1,64.62	1,40.20	50.63	46.93
Transfer of funds from Subsidiary companies / transfer within funds	—	—	—	—
Benefits paid	(1,00.94)	(1,00.40)	(70.64)	(56.97)
Actuarial (gain) / loss on obligations	51.75	1,04.50	30.48	79.14
Closing Balance: Present value of obligation	23,37.74	20,63.01	7,08.58	6,82.70
B) Reconciliation of opening and closing balances of the fair value of plan assets				
Opening Balance: Fair value of plan assets	20,52.86	17,32.23	6,02.96	6,08.87
Expected return on plan assets	1,82.23	1,50.90	51.55	58.44
Contributions made	89.20	2,70.13	42.15	—
Transfer of funds from Subsidiary companies / transfer within funds	22.56	—	—	—
Benefits paid	(1,00.94)	(1,00.40)	(70.64)	(56.97)
Actuarial gain / (loss) on plan assets	—	—	(0.85)	(7.38)
Closing Balance: Fair value of plan assets	22,45.91	20,52.86	6,25.17	6,02.96
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	23,37.74	20,63.01	7,08.58	6,82.70
Closing Balance: Fair value of plan assets	22,45.91	20,52.86	6,25.17	6,02.96
Unrecognised past service cost	—	—	—	—
Net Asset / (Liability) recognised in Balance Sheet (included under Other Current Liabilities in Note 9)	(91.83)	(10.15)	(83.41)	(79.74)
D) Expenses recognised in the Statement of Profit and Loss				
Current service cost	1,59.30	1,66.24	15.41	73.34
Interest cost	1,64.62	1,40.20	50.63	46.93
Expected return on plan assets	1,82.23	1,50.90	51.55	58.44
Net actuarial (gain) / loss recognised	51.75	1,04.50	31.33	86.52
Total Expenses (included under Employee benefits in Note 23)	1,93.44	2,60.04	45.82	1,48.35
E) Actual return on plan assets				
Expected return on plan assets	1,82.23	1,50.90	51.55	58.44
Actuarial gain / (loss) on plan assets	—	—	(0.85)	(7.38)
Actual return on plan assets	1,82.23	1,50.90	50.70	51.06
F) Actuarial assumptions *				
Discount rate	8%	8%	7.82%	9.17%
Expected rate of return on plan assets	8%	8%	7.82%	9.17%
Rate of increase in compensation levels	7%	7%	7%	6%
Attrition rate	1-3%	1-3%	6%	6%

\* 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 31.03.2015 is ₹109.65 lakhs (31.03.2014 - ₹93.79 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)

	31-03-2015	31-03-2014	31-03-2013	31-03-2012	31-03-2011
Employee assured bonus scheme	17,19.23	14,48.85	11,45.15	8,30.23	6,11.84
Staff Medical Scheme	2,79.46	2,14.74	1,95.36	1,60.12	1,02.50
Retired Employee Medical Scheme	1,09.86	1,08.44	1,16.67	1,15.97	1,29.50

### Employee Stock Option Scheme – SFESOS

The Board has approved issue of stock Options in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as follows:

Particulars	Grant 6	Grant 5
Board Meeting Date	26.05.2014	29.05.2013
Options Granted	18,000	18,000
Exercise Price	₹10/- per share	
Grant Date	26.05.2014	29.05.2013
Vesting Date	31.05.2015	31.05.2014
Vesting Period	12 months	12 months
Exercise Period	01.06.2015 to 31.08.2015	01.06.2014 to 31.08.2014
Market Price on a date immediately prior to Grant Date	867.75	571.60
Intrinsic Value	857.75	561.60
Expenses recognised for 2014-15 (₹ in lakhs)	1,28.66	16.85

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 and Earnings per share would have been as per the amounts indicated below:

	(₹ in lakhs)	
	2014-15	2013-14
Profit after Tax (as reported)	454,14.36	442,51.32
Add: SFESOS compensation expense included in net profit	1,45.51	1,01.83
Less: SFESOS compensation expense determined under fair value based method	1,45.66	1,01.96
<b>Profit after Tax (adjusted)</b>	<b>454,14.21</b>	<b>442,51.19</b>
Basic Earnings per Share of ₹10 each (as reported) (₹)	40.88	39.83
Basic Earnings per Share of ₹10 each (adjusted) (₹)	40.87	39.83

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

Date of Grant	26.05.2014	29.05.2013
Risk Free interest rate (% per annum)	8.64	7.14
Exercise Price (₹)	10	10
Life of the option	371 days	367 days
Expected Volatility	25.20%	29.37%
Price of the underlying share in market at the time of the Option grant (₹)	867.75	571.60
Fair Value of the Option (₹)	858.59	562.29
During the vesting period, the option holders are not entitled to receive dividends		

## NOTES TO THE ACCOUNTS (Contd.)

### Note 24: Administrative and Other Expenses

	(₹ in lakhs)	
	2014-15	2013-14
Rent	12,19.47	11,12.48
Rates and taxes	14,19.58	14,16.75
Communication expenses	10,43.81	9,75.89
Electricity expenses	5,85.26	5,91.29
Travelling and conveyance	16,56.07	15,67.05
Outsourcing cost	43,84.74	39,50.23
Insurance	1,49.33	1,32.53
Contribution to CSR/Donations	7,13.39	5,66.30
Repairs		
– Buildings	41.15	41.26
– Others	12,41.25	13,06.33
	12,82.40	13,47.59
Stamp Paper & Fees	7,77.47	9,11.24
Miscellaneous expenses	33,29.42	30,57.87
	<b>165,60.94</b>	<b>156,29.22</b>

### Note 25: Provisions and Write Off

	(₹ in lakhs)	
	2014-15	2013-14
Provision against non-performing assets (net)	28,76.84	26,07.98
Provision against Repossessed assets	2,75.57	4,01.57
Provision against Investments (net)		
– Subsidiary	4,82.51	6,06.42
– Others	66.57	52.42
Bad Debts	20,42.35	11,72.16
Loss on assets sold/written off	35,57.10	23,41.24
	<b>93,00.94</b>	<b>71,81.79</b>

### Note 26: General

#### 26.01 Segment Reporting

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

#### 26.02 In compliance with the Accounting Standard relating to 'Financial Reporting of Interests in Joint Ventures' (AS 27), the Company, has interests in the following jointly controlled entities:

	(₹ in lakhs)			
Particulars	Royal Sundaram Alliance Insurance Company Limited		BNP Paribas Sundaram Global Securities Operations Pvt Ltd	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Share Holding %	49.90	49.90	49.00	49.00
Assets	1399,64.71	1258,05.68	31,33.67	26,52.93
Liabilities	1126,93.56	995,69.38	20,81.38	17,30.43
Income	763,35.17	754,50.50	73,63.75	61,14.72
Expenditure	749,29.69	704,19.02	64,75.07	54,00.32
Capital Commitment	1,89.22	2,44.77	3.50	4.83
Contingent Liability	47,39.36	81,99.78	29.96	12.42

## NOTES TO THE ACCOUNTS (Contd.)

26.03 During the year, the Company entered into an agreement with Royal Sun Alliance Plc UK (RSA) whereby the Company would acquire 26% equity stake of RSA in Royal Sundaram Alliance Insurance Company Ltd (Royal Sundaram) for a consideration of ₹450 Crores which is awaiting regulatory approvals. The Company currently holds 49.90% in Royal Sundaram and the said acquisition would increase its holding to 75.90%.

26.04 The Company has spent an amount of ₹913.95 lakhs towards Corporate Social Responsibility (CSR) under Sec 135 of the Companies Act 2013, in the various areas covered under the regulatory provisions like health care, education, environment and protection of art and culture.

26.05 RELATED PARTIES DISCLOSURES:

Related party disclosures, as per Accounting Standard 18 - 'Related Party Disclosures', for the year ended 31st March 2015, are given below:

### RELATED PARTIES:

#### Subsidiary Companies:

Sundaram BNP Paribas Home Finance Ltd.  
Sundaram Asset Management Company Ltd.  
Sundaram Asset Management Singapore Pte Ltd.  
Sundaram Trustee Company Ltd.  
Sundaram Business Services Ltd.  
Sundaram BPO India Ltd.  
Sundaram Insurance Broking Services Ltd.  
Sundaram Finance Distribution Ltd.  
LGF Services Ltd.  
Sundaram BNP Paribas Fund Services Ltd.  
Sundaram Infotech Solutions Ltd.  
Infreight Logistics Solutions Ltd.  
Sundaram Parekh Warehousing Services Ltd. (merged with Infreight Logistics Solutions Ltd. with effect from 01.04.2014)

#### Associates:

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

### Joint Ventures:

Royal Sundaram Alliance Insurance Company Ltd.  
BNP Paribas Sundaram Global Securities Operations Private Ltd (BNP Paribas Sundaram GSO)

### Key Management Personnel:

Mr T T Srinivasaraghavan, Managing Director  
Mr Harsha Viji, Director (Strategy & Planning)  
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.



## NOTES TO THE ACCOUNTS (Contd.)

### RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED 31ST MARCH 2015

The nature and volume of transactions for the year ended 31st March 2015 with the above related parties are as follows.

(₹ in lakhs)

Particulars	Subsidiary Companies	Associates / Joint Venture	Key Management Personnel and Relatives	Enterprises over which KMP and his relatives is exercising significant influence	2014-15	2013-14
<b>INCOME</b>						
Income from Financing Operations	35.96	2,09.30			2,45.26	2,47.77
Income from Services	28,42.70	7,31.38			35,74.08	31,94.85
Dividend	27,79.14	26,52.44			54,31.57	57,15.97
Rent Receipts	6,00.01	87.02			6,87.03	7,05.32
Other non-operating income	1,13.05	24.46			1,37.51	1,49.97
<b>EXPENDITURE</b>						
Interest		6,57.84	83.75		7,41.59	6,92.28
Remuneration			6,57.77		6,57.77	4,28.37
Support Services	4,35.21				4,35.21	3,57.75
Software Expenses	66.48				66.48	1,91.10
Rent Paid	0.69				0.69	4.08
Insurance Premium		1,20.98			1,20.98	92.83
<b>DIVIDEND PAID</b>			10,81.06	3,37.21	14,18.27	4,35.05
<b>ASSETS</b>						
Purchase of Tangible Assets	3.32				3.32	5.07
Purchases of Software & Licenses	9.22				9.22	1,17.17
Advance towards Fixed Assets / Software & Licenses						1,01.57
Sale of Fixed Assets / Software licenses	8.02				8.02	1.06
Investments	37,85.40	5,48.90			43,34.30	50,29.10
Loans and Advances Disbursed	2,00.00	20,00.00			22,00.00	40,00.00
Repayment / Adjustment of Loans and Advances		25,00.00			25,00.00	41,98.53
Insurance Premium paid in advance		1,22.94			1,22.94	1,03.92
<b>LIABILITIES</b>						
Issue of Non Convertible Debentures		10,00.00			10,00.00	10,00.00
Redemption of Non Convertible Debentures		15,00.00			15,00.00	5,00.00
Intercompany deposit accepted						2,85.00
Intercompany deposit repaid						4,74.00

## NOTES TO THE ACCOUNTS (Contd.)

### Disclosure of Material Transactions with Related Parties

(₹ in lakhs)

Particulars	Related Parties	2014-15	2013-14
<b>INCOME</b>			
Income from Financing Operations	BNP Paribas Sundaram GSO Private Ltd.	66.83	99.00
	Turbo Energy Private Ltd.	68.70	61.83
	Royal Sundaram Alliance Insurance Co Ltd.	62.56	56.89
	Sundaram Asset Management Company Ltd.	17.68	14.54
Income from Services	Sundaram BNP Paribas Home Finance Ltd.	1273.63	1117.15
	Royal Sundaram Alliance Insurance Co Ltd.	671.84	726.13
	Sundaram Finance Distribution Ltd.	486.00	426.78
	Sundaram BNP Paribas Fund Services Ltd.	485.83	433.35
	Sundaram Infotech Solutions Ltd	279.00	154.43
	LGF Services Ltd.	294.00	240.48
	Turbo Energy Private Ltd.	59.54	75.21
Dividend	The Dunes Oman LLC (FZC)	1454.01	2561.89
	Sundaram BNP Paribas Home Finance Ltd.	2029.14	1624.66
	Turbo Energy Private Ltd.	576.00	512.00
	BNP Paribas Sundaram GSO Private Ltd.	368.45	331.97
	Sundaram Asset Management Company Ltd.	460.00	460.00
Rent Receipts	Royal Sundaram Alliance Insurance Co. Ltd.	43.50	195.84
	Sundaram Business Services Ltd.	158.41	170.47
	Sundaram Asset Management Company Ltd.	191.24	92.33
	Sundaram BNP Paribas Home Finance Ltd.	175.68	113.70
Other non-operating income	Sundaram BNP Paribas Home Finance Ltd.	69.81	76.59
	Royal Sundaram Alliance Insurance Company Ltd.	13.40	24.36
	Sundaram BNP Paribas Fund Services Ltd.	14.62	14.96
	Sundaram Asset Management Company Ltd.	17.41	12.40
<b>EXPENDITURE</b>			
Interest	Royal Sundaram Alliance Insurance Co. Ltd.	657.84	611.10
	Sundaram Finance Distribution Ltd.	—	6.78
Support Services	Sundaram BPO India Ltd.	427.79	357.75
Software Expenses	Sundaram Infotech Solutions Ltd.	66.48	191.10
Rent Paid	Sundaram BNP Paribas Home Finance Ltd.	0.69	4.08
Insurance Premium	Royal Sundaram Alliance Insurance Co. Ltd.	120.98	92.83

## NOTES TO THE ACCOUNTS (Contd.)

### Disclosure of Material Transactions with Related Parties

(₹ in lakhs)

Particulars	Related Parties	2014-15	2013-14
<b>ASSETS</b>			
Purchase of Fixed Assets / Software Licenses	Sundaram Infotech Solutions Ltd.	9.22	1,14.42
	Sundaram Business Services Ltd.	3.32	3.46
Sale of Fixed Assets / Software Licenses	Sundaram Infotech Solutions Ltd.		1.06
	Sundaram Business Services Ltd.	6.43	
	Sundaram BNP Paribas Fund Services Ltd.	1.59	
Advance towards Fixed assets / Software & Licenses	Sundaram Infotech Solutions Ltd.		1,01.57
Investments	Sundaram BNP Paribas Home Finance Ltd.		40,08.00
	Sundaram Asset Management Company Ltd.	31,73.40	
	Flometallic India Private Ltd.	5,48.90	1.10
	Sundaram BNP Paribas Fund Services Ltd.	6,12.00	10,20.00
Loans and Advances Disbursed	BNP Paribas Sundaram GSO Private Ltd.	20,00.00	40,00.00
Repayment of Loans and Advances	BNP Paribas Sundaram GSO Private Ltd.	25,00.00	41,92.53
	Infreight Logistics Solutions Ltd.		6.00
Insurance Premium paid in advance	Royal Sundaram Alliance Insurance Co Ltd.	1,22.94	1,03.92
<b>LIABILITIES</b>			
Issue of Non Convertible Debentures	Royal Sundaram Alliance Insurance Co Ltd.	10,00.00	10,00.00
Redemption of Non Convertible Debentures	Royal Sundaram Alliance Insurance Co Ltd.	15,00.00	5,00.00
Inter-corporate deposit accepted	Sundaram Finance Distribution Ltd.		2,00.00
	LGF Services Ltd.		85.00
Inter-corporate deposit repaid	Sundaram Finance Distribution Ltd.		2,95.00
	LGF Services Ltd.		1,79.00

### Balances with Related Parties as at 31st March 2015

(₹ in lakhs)

BALANCES OUTSTANDING	Subsidiary Companies	Associates / Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which KMP and his relatives is exercising significant influence	31.03.2015	31.03.2014
<b>ASSETS</b>							
Investments	430,82.67	284,00.82				714,83.49	671,49.19
Loans and Advances	2,36.27	27.76				2,64.03	5,26.27
Other Assets	2,48.63	1,89.81				4,38.44	4,95.78
<b>LIABILITIES</b>							
Equity Holdings			1,60.05	5,87.49	2,32.97	9,80.51	9,69.74
Non Convertible Debentures		60,00.00				60,00.00	65,00.00
Commercial Paper							5,52.96
Deposits			61.50	8,16.09		8,77.59	6,95.67
Interest on deposits			1.91	69.85		71.76	59.53
Interest accrued		4,44.64				4,44.64	3,81.56
Other Liabilities	2,23.16	36.25				2,59.41	3,88.46

## NOTES TO THE ACCOUNTS (Contd.)

### Disclosure of Material Balances with Related Parties as at 31st March 2015

(₹ in lakhs)

BALANCES OUTSTANDING	Subsidiary Companies	Associates / Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which KMP and his relatives is exercising significant influence	31.03.2015	31.03.2014
<b>ASSETS</b>							
<b>Investments</b>							
a) Investments in Equity Shares							
Royal Sundaram Alliance Insurance Co. Ltd.		189,57.43				189,57.43	189,57.43
Sundaram Asset Management Company Ltd.	184,87.24					184,87.24	153,13.84
Sundaram BNP Paribas Home Finance Ltd.	151,57.10					151,57.10	151,57.10
Sundaram BNP Paribas Fund Services Ltd.	48,19.54					48,19.54	42,07.54
The Dunes Oman LLC (FZC)		26,94.86				26,94.86	26,94.86
Sundaram Infotech Solutions Ltd.	16,40.00					16,40.00	16,40.00
Flometallic India Private Ltd.		32,50.00				32,50.00	27,01.10
Axles India Ltd.		10,15.70				10,15.70	10,15.70
Sundaram Hydraulics Ltd.		11,25.00				11,25.00	11,25.00
Sundaram Business Services Ltd.	15,00.00					15,00.00	15,00.00
BNP Paribas Sundaram GSO Private Ltd.		3,64.92				3,64.92	3,64.92
Sundaram BPO India Ltd.	11,29.99					11,29.99	11,29.99
Sundaram Trustee Company Ltd.	2,28.62					2,28.62	2,28.62
Turbo Energy Private Ltd.		1,88.41				1,88.41	1,88.41
Transenergy Ltd.		1,87.50				1,87.50	1,87.50
Sundaram Dynacast Private Ltd.		1,17.00				1,17.00	1,17.00
Sundaram Finance Distribution Ltd.	65.18					65.18	65.18
Sundaram Insurance Broking Services Ltd.	50.00					50.00	50.00
LGF Services Ltd.	5.00					5.00	5.00
Total	430,82.67	279,00.82				709,83.49	666,49.19
b) Investments in Preference Shares							
Sundaram Hydraulics Ltd.		5,00.00				5,00.00	5,00.00
<b>Loans and Advances</b>							
a) Intercompany Loans							
BNP Paribas Sundaram GSO Private Ltd.							5,00.00
Sundaram Business Services Ltd.	2,00.00					2,00.00	
b) Lease Receivables							
Sundaram Infotech Solutions Ltd.	35.54					35.54	26.24
Axles India Ltd.		27.76				27.76	17.06
<b>Other Assets</b>							
Sundaram Hydraulics Ltd.		1,05.78				1,05.78	13.24
Royal Sundaram Alliance Insurance Co. Ltd.		75.79				75.79	88.25
Sundaram BNP Paribas Fund Services Ltd.	56.46					56.46	1,22.46
Sundaram Infotech Solutions Ltd.	92.14					92.14	83.53
Sundaram BNP Paribas Home Finance Ltd.	74.34					74.34	51.53
Total	2,22.94	1,81.57				4,04.51	3,59.03

SUNDARAM FINANCE LIMITED

## NOTES TO THE ACCOUNTS (Contd.)

### Disclosure of Material Balances with Related Parties as at 31st March 2015

(₹ in lakhs)

BALANCES OUTSTANDING	Subsidiary Companies	Associates / Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which KMP and his relatives is exercising significant influence	31.03.2015	31.03.2014
<b>LIABILITIES</b>							
<b>Equity Holdings</b>			1,60.05	5,87.49	232.97	9,80.51	9,69.74
<b>Non Convertible Debentures</b>							
Royal Sundaram Alliance Insurance Co. Ltd.		60,00.00				60,00.00	65,00.00
<b>Commercial Paper</b>							
Royal Sundaram Alliance Insurance Co. Ltd.							5,52.96
<b>Deposits</b>			61.50	8,16.09		8,77.59	6,95.67
<b>Interest on deposits</b>			1.91	69.85		71.77	59.53
<b>Interest accrued</b>							
Royal Sundaram Alliance Insurance Co. Ltd.		4,44.64				4,44.64	3,81.56
<b>Other Liabilities</b>							
Sundaram BNP Paribas Home Finance Ltd.	1,43.44					1,43.44	2,33.44
Royal Sundaram Alliance Insurance Co Ltd.		36.25				36.25	74.93
Sundaram Asset Management Company Ltd.	26.95					26.95	26.95
Sundaram BPO India Ltd.	40.53					40.53	38.92
<b>Total</b>	<b>2,10.92</b>	<b>36.25</b>				<b>2,47.17</b>	<b>3,74.24</b>

26.06 The pending litigations as on 31st March 2015 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 The Company preferred an appeal against the demand raised by the Commissioner of Customs, Tuticorin, in respect of a lease transaction. The Customs Excise and Service Tax Appellate Tribunal (CESTAT) in its Order, remanded the appeal to the Adjudicating Commissioner for requantifying the duty. The Commissioner of Customs, Tuticorin vide Order dated 19.12.2012, re-quantified the duty at ₹43.79 lakhs. The company filed an appeal against the Order and remitted the duty under protest.

The Hon'ble High Court of Madras granted an interim stay against the collection of penalty of ₹10 lakhs imposed by CESTAT.

The Special Director of Enforcement, New Delhi, imposed a penalty of ₹10 lakhs on the Company. The Company has preferred an appeal against the penalty with the Appellate Tribunal for Foreign Exchange and obtained a stay after remitting ₹2.50 lakhs as directed by the Tribunal. Meanwhile the company has initiated arbitration proceedings against the Lessee and has received an award in its favour.

26.08 Contingent liabilities in respect of

(₹ in lakhs)

	31.03.2015	31.03.2014
a) Liability –		
To Banks –on Cheques discounted	3,41.05	6,97.09
on Letters of Credit	22,76.74	7,57.91
b) Claims against the company not acknowledged as debts:		
Service Tax	75,89.23	64,84.63
Others	14,90.22	15,84.04

## NOTES TO THE ACCOUNTS (Contd.)

26.09 Estimated amount of contracts remaining to be executed on capital account - ₹312.65 lakhs (net of advances of ₹611.87 lakhs) (31.03.2014 - ₹508.63 lakhs, net of advances of ₹346.56 lakhs) Investment in Partly paid-up Equity shares ₹550.00 lakhs (31.03.2014 - ₹1,098.90 lakhs)

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

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

26.11 Miscellaneous expenses under Administrative and other expenses include payment to Auditors towards: (₹ in lakhs)

	2014-15	2013-14
Statutory Audit	48.00	40.00
Tax Audit	12.00	10.00
Certification	28.60	26.72
Reimbursement of Expenses	0.14	1.74

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

26.13 Earnings per share (Basic and diluted)

A	Profit for the year after taxation (₹ in lakhs)
B	Number of equity shares of ₹10 each
C	Basic and Diluted Earnings Per Share of ₹10 each (in ₹)
D	Amount of Dividend (₹ in lakhs)
	Interim (paid)
	Final (proposed)
E	Amount of Dividend per share of ₹10 each (in ₹)
	Interim (paid)
	Final (proposed)

	2014-15	2013-14
A	454,14.36	442,51.32
B	11,11,03,860	11,11,03,860
C	40.88	39.83
D		
	49,99.67	—
	66,66.23	111,10.39
E		
	4.50	—
	6.00	10.00

(₹ in lakhs)

26.14 Cost Insurance Freight (CIF) value of imports:  
Capital goods (on payment basis)

26.15 Expenditure in foreign currency (on payment basis):  
Interest  
On other matters

26.16 Earnings in foreign currency  
Dividend from an Associate Company  
Income from other services (IT support services)

	2014-15	2013-14
26.14	—	—
26.15		
	1,04.46	—
	6.46	4.29
26.16		
	14,54.01	25,61.89
	96.17	56.34

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

## NOTES TO THE ACCOUNTS (Contd.)

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

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

S. No	Particulars	31.03.2015	31.03.2014
i)	CRAR (%)	21.41	18.18
ii)	CRAR – Tier I Capital (%)	17.22	14.46
iii)	CRAR – Tier II Capital (%)	4.19	3.72
iv)	Amount of Subordinated debt as Tier II Capital (₹ In lakhs)	706,10.00	570,10.00
v)	Amount raised by issue of Perpetual Debt Instruments	–	–

#### 27.02 Investments

(₹ in lakhs)

S. No	Particulars	31.03.2015	31.03.2014
1)	Value of Investments		
i)	Gross Value of Investments		
a)	In India	1552,44.07	1472,74.62
b)	Outside India	26,94.86	26,94.86
ii)	Provisions for Depreciation		
a)	In India	57,91.41	52,42.33
b)	Outside India	–	–
iii)	Net Value of Investments		
a)	In India	1494,52.66	1420,32.29
b)	Outside India	26,94.86	26,94.86
2)	Movement of provisions held towards depreciation on investments		
i)	Opening balance	52,42.33	53,90.73
ii)	Add: Provisions made during the year	5,64.08	7,84.40
iii)	Less: Write-off / write-back of excess provisions during the year	15.00	9,32.81
iv)	Closing balance	57,91.41	52,42.32

#### 27.03 Derivatives

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

(₹ in lakhs)

S.No	Particulars	31.03.2015	31.03.2014
i)	The notional principal of swap agreements	350,00.00	50,00.00
ii)	Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	8.04	21.60
iii)	Collateral required upon entering into swaps	–	–
iv)	Concentration of credit risk arising from the swaps	100% with Banks	100% with Banks
v)	The fair value of the swap book	(18.54)	21.60

The nature and terms of FRA / IRS as on March 31, 2015 are set out below:

S. No	Nature	Notional Principal (₹ in lakhs)	Benchmark	Terms
1	Hedging	150,00.00	OIS	Fixed Receivable V/s Floating Payable
2	Hedging	200,00.00	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 Disclosures on risk exposure of derivatives

i) Qualitative disclosures

The Company has a Board approved policy in dealing with derivative transactions. Derivative transactions comprises forward rate agreements, interest rate swaps and forward cover contracts. The Company undertakes derivative transactions for hedging on-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 closely monitors such transactions and reviews the risks involved.

ii) Quantitative disclosures (₹ in lakhs)

S. No	Particulars	Currency Derivatives		Interest Rate Derivatives	
		31.03.2015	31.03.2014	31.03.2015	31.03.2014
i)	Derivatives (Notional Principal Amount) For Hedging	211,81.79	—	350,00.00	50,00.00
ii)	Marked to Market Position				
a)	Asset (+)	2,58.27	—	8.04	21.60
b)	Liability (—)	—	—	26.58	—
iii)	Credit Exposure	71.07	—	3,50.00	1,50.00
iv)	Unhedged Exposures	—	—	—	—

27.04 Disclosures relating to Securitisation

27.04.01 SPVs and Minimum Retention Requirements (₹ in lakhs)

S.No	Particulars	31.03.2015
1	No. of SPVs Sponsored by the Company for Securitisation Transactions	10
2	Total amount of securitised assets as per books of the SPVs sponsored	1745,29.40
3	Total amount of exposures retained by the Company to comply with MRR as on the date of balance sheet	
a)	Off-balance sheet exposures	
	First loss	—
	Others	—
b)	On-balance sheet exposures	
	First loss	242,27.19
	Others	11,27.33
4	Total amount of exposures to securitisation transactions other than MRR	
a)	Off-balance sheet exposures	
i)	Exposures to own securitisations	
	First loss	—
	Others	—
ii)	Exposure to third party securitisations	
	First loss	—
	Others	—
b)	On-balance sheet exposures	
i)	Exposures to own securitisations	
	First loss	—
	Others	—
ii)	Exposure to third party securitisations	
	First loss	—
	Others	—



## NOTES TO THE ACCOUNTS (Contd.)

27.04.02 Details of Assignment transactions undertaken during the financial years (₹ in lakhs)

S.No	Particulars	2014-15	2013-14
i)	No. of accounts	—	21,287
ii)	Aggregate value (net of provisions) of accounts sold	—	1164,49.24
iii)	Aggregate consideration	—	1185,86.06
iv)	Additional consideration realised in respect of accounts transferred in earlier years	—	—
v)	Aggregate gain / loss over net book value	—	21,36.82

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 during the year 2014-15:

A Details of non-performing financial assets purchased: NIL

B Details of non-performing financial assets sold: NIL

27.05 Asset Liability Maturity Pattern of certain items of Assets and Liabilities (₹ in lakhs)

Particulars	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	61,33.40	66,38.18	79,90.04	231,08.44	422,05.51	1063,96.35	—	—	1924,71.92
Borrowings	655,36.74	886,67.66	299,22.15	561,34.93	2805,94.85	3938,29.66	591,00.00	667,10.00	10404,96.00
Foreign Currency Liabilities	—	—	—	—	—	223,32.36	—	—	223,32.36
Advances	900,71.85	819,10.34	874,78.45	1945,02.24	3293,03.89	6952,91.45	852,47.17	2,26.29	15640,31.69
Investments	258,14.12	8,79.20	193,45.86	30,15.46	78,26.28	138,33.14	1,79.52	785,59.07	1494,52.65
Foreign Currency Assets	47.99	—	—	—	—	—	—	26,94.86	27,42.85

## NOTES TO THE ACCOUNTS (Contd.)

27.06 Exposures

27.06.01 Exposure to Real Estate Sector

(₹ in lakhs)

S.No	Particulars	31.03.2015	31.03.2014
	Direct Exposure		
i)	Residential Mortgages: Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	28,18.38	7,64.46
ii)	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	5,96.64	10,62.60
iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures:		
	a. Residential	—	—
	b. Commercial Real Estate	—	—
	Total Exposure to Real Estate Sector	34,15.02	18,27.06

27.06.02 Exposure to Capital Market

(₹ in lakhs)

S.No	Particulars	31.03.2015	31.03.2014
i)	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;	731,72.79	681,11.41
ii)	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;	—	—
iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary	—	—
iv)	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;	—	—
v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	—	—
vi)	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;	—	—
vii)	Bridge loans to companies against expected equity flows / issues	—	—
viii)	All exposures to Venture Capital Funds (both registered and unregistered)	—	—
	Total Exposure to Capital Market	731,72.79	681,11.41

## 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:	IRDA – Composite Corporate Agency
27.08	Disclosure of penalties imposed by Reserve Bank of India and other regulators:	NIL

### 27.09 Rating Assignment by Credit Rating Agencies:

Sl No	Instrument	ICRA	CRISIL	INDIA RATINGS
i)	Deposits	AAA	AAA	–
ii)	Debentures	AA+	AA+	–
iii)	Subordinated Debentures	AA+	AA+	AA+
iv)	Long Term Bank Loans	–	–	AA+
v)	Consortium Bank Facilities	AA+	–	–
vi)	Short Term Debt / CPs	A1+	A1+	–
vii)	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	31.03.2015	31.03.2014
Provisions for depreciation on Investments	5,49.08	6,58.84
Provisions towards NPA	28,76.84	26,07.98
Provisions for Standard Assets	4,50.63	1,89.50
Provisions made towards Income tax	197,05.46	204,11.82

### 27.11 Concentration of Deposits (₹ in lakhs)

Particulars	31.03.2015
Total Deposits of twenty largest depositors	70,08.01
Percentage of Deposits of twenty largest depositors to Total Deposits of the Company	3.64%

### 27.12 Concentration of Advances (₹ in lakhs)

Particulars	2014-15
Total Advances to twenty largest borrowers	218,46.19
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	2.18%

### 27.13 Concentration of Exposures (₹ in lakhs)

Particulars	31.03.2015
Total Exposure to twenty largest borrowers / customers	549,70.13
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Company on borrowers / customers	4.02%

### 27.14 Concentration of NPAs (₹ in lakhs)

Particulars	31.03.2015
Total Exposure to top four NPA accounts	11,59.02

## NOTES TO THE ACCOUNTS (Contd.)

### 27.15 Sector-wise NPAs as a percentage to total advances

Sl No	Sector	31.03.2015
1)	Truck Operators	1.56
2)	Auto Loans	0.92
3)	Infrastructure Loans	2.46
4)	Agriculture	4.18
5)	Others	1.37

### 27.16 Movement of NPAs (₹ in lakhs)

Sl No	Particulars	31.03.2015	31.03.2014
i)	Net NPAs to Net Advances (%)	0.52%	0.45%
ii)	Movement of NPAs (Gross)		
a)	Opening balance	154,41.25	125,22.70
b)	Additions during the year	169,28.73	136,12.46
c)	Reductions during the year (including write off)	125,81.45	106,93.91
d)	Closing balance	197,88.53	154,41.25
iii)	Movement of Net NPAs		
a)	Opening balance	56,33.77	53,23.21
b)	Additions during the year	100,46.51	79,82.56
c)	Reductions during the year	85,76.05	76,72.00
d)	Closing balance	71,04.23	56,33.77
iv)	Movement of provisions of NPAs (excluding provisions on standard assets)		
a)	Opening balance	98,07.48	71,99.49
b)	Provisions made during the year	68,82.22	56,29.90
c)	Write-off / write-back of excess provisions	40,05.40	30,21.91
d)	Closing balance	126,84.30	98,07.48

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 pertaining to the financial year

Sl No	Particulars	2014-15
a)	No. of complaints pending at the beginning of the year	—
b)	No. of complaints received during the year	23
c)	No. of complaints redressed during the year	23
d)	No. of complaints pending at the end of the year	—

Signatures to Notes 1 to 27

As per our report of even date attached  
For **Brahmayya & Co.,**  
Chartered Accountants  
Registration No.000511S  
**P Babu**  
Partner  
Membership No.203358  
Chennai,  
Dated: 29th May, 2015

**M Ramaswamy**  
Chief Financial Officer

**P Viswanathan**  
Secretary & Compliance Officer

**S Viji**  
Chairman

**S Prasad**  
Director

**T T Srinivasaraghavan**  
Managing Director

**Harsha Viji**  
Director (Strategy & Planning)

**A N Raju**  
Director (Operations)

SUNDARAM FINANCE LIMITED

## Cash Flow Statement

(₹ in lakhs)

	2014-15	2013-14
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit	454,14.36	442,51.32
Add: Lease Equalisation Account	(7.72)	(52.01)
Provision for Taxation	197,05.46	204,11.82
	<u>651,12.10</u>	<u>646,11.13</u>
Add: Financial Cost	1167,57.26	1163,74.41
	<u>1818,69.36</u>	<u>1809,85.54</u>
Depreciation	91,37.69	92,50.73
Provision against Investments (net)	5,49.08	6,58.83
Provision against Non – Performing assets (net)	31,52.42	30,09.55
Contingent Provisions against Standard Assets	4,50.63	1,89.50
Employee Stock Option Compensation Expenses	1,45.51	1,01.83
(Profit) loss on sale of assets	3,35.57	(6,22.89)
(Profit) loss on sale of Investments	(39,34.77)	(9,34.80)
Interest / Dividend Income	<u>(69,89.53)</u>	<u>(68,70.60)</u>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<u>1847,15.96</u>	<u>1857,67.69</u>
(Increase) Decrease in Leased assets – net of sales	(49,67.87)	(80,13.91)
(Increase) Decrease in Long Term Loans and Advances	(738,00.28)	(190,00.85)
(Increase) Decrease in Other Non-Current Assets	(1,61.59)	(1,62.14)
(Increase) Decrease in Bank deposits	(28,23.29)	192,96.91
(Increase) Decrease in Short Term Loans and Advances	(573,22.38)	(339,27.44)
(Increase) Decrease in Other Current Assets	2,69.63	(29,00.08)
(Increase) Decrease in SLR Investments (net)	(209,48.60)	(46,40.07)
Increase (Decrease) in Other Long-Term Provisions	1,54.93	(85.53)
Increase (Decrease) in Other Short-Term Provisions	3,28.82	2,36.29
Increase (Decrease) in Other Long-Term Liabilities	16,20.37	1,42.78
Increase (Decrease) in Trade Payables	18,03.65	(10,49.54)
Increase (Decrease) in Other Current Liabilities	<u>(27,63.88)</u>	<u>33,72.10</u>
Cash generated from Operations	<u>261,05.47</u>	<u>1390,36.21</u>
Financial Cost	(1144,62.59)	(1138,41.74)
Direct Taxes Paid	<u>(198,38.00)</u>	<u>(211,00.00)</u>
<b>NET CASH FROM OPERATING ACTIVITIES ( A )</b>	<u><b>(1081,95.12)</b></u>	<u><b>40,94.47</b></u>

## Cash Flow Statement (Contd.)

(₹ in lakhs)

	2014-15	2013-14
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(19,90.21)	(26,87.16)
Sale of Fixed Assets	2,53.52	2,35.51
Proceeds from SFL Share Trust	262,50.00	—
Purchase / Sale of current investments	187,73.48	(240,59.56)
Purchase / Sale of non-current Investments	22,78.43	(36,06.27)
Dividend Received	69,89.53	68,70.60
Purchase / Sale of Investments in Subsidiaries / Joint Venture / Associates	(43,34.30)	(50,29.08)
<b>NET CASH FROM INVESTING ACTIVITIES (B)</b>	<b>482,20.45</b>	<b>(282,75.96)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase (Decrease) in Long Term Borrowings	1140,84.10	70,29.45
Increase (Decrease) in Short Term Borrowings	(384,31.01)	238,81.91
Dividend paid (including Corporate Dividend Tax)	(185,25.58)	(54,71.29)
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>	<b>571,27.51</b>	<b>254,40.07</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)</b>	<b>(28,47.16)</b>	<b>12,58.58</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	121,59.68	109,01.10
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	93,12.52	121,59.68
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		
Current Account with Banks	29,35.29	37,36.59
Cash, Cheques & drafts on hand	63,77.23	84,23.09
	<b>93,12.52</b>	<b>121,59.68</b>

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

As per our report of even date attached  
For **Brahmayya & Co.,**  
Chartered Accountants  
Registration No.000511S  
**P Babu**  
Partner  
Membership No.203358  
Chennai,  
Dated: 29th May, 2015

**M Ramaswamy**  
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**T T Srinivasaraghavan**  
Managing Director

**Harsha Viji**  
Director (Strategy & Planning)

**A N Raju**  
Director (Operations)

## SCHEDULE

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

(₹ in lakhs)

	Particulars	Amount Outstanding	Amount Overdue
(1)	<b>Liabilities side:</b>		
	Loans and advances availed by the NBFCs @		
a	Debentures : Secured	6319,11.69	—
	: Unsecured	862,10.00	—
	(other than falling within the meaning of public deposits)		
b	Deferred Credits	—	—
c	Term Loans	223,32.36	—
d	Inter-corporate loans and borrowings	—	—
e	Commercial paper	2245,36.36	—
f	Public Deposits	1917,59.44	17,63.08 <sup>#</sup>
g	Other loans		
	— Bank Borrowing	978,37.95	—
	— Deposits from Corporates	7,12.48	—
(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	1917,59.44	17,63.08 <sup>#</sup>

@ Interest accrued but not due and not paid - Nil

# Represents unrenewed deposits

(₹ in lakhs)

	Particulars	Amount Outstanding
(3)	<b>Assets side:</b>	
	Break-up of Loans and Advances including bills receivables (other than those included in (4) below) :	
a	Secured	—
b	Unsecured (including Advance for Business Assets)	345,24.48
(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	29.25
b	Operating Lease	212,27.47
(ii)	Net Stock on hire including hire charges under sundry debtors	
a	Assets on hire	1658,08.00
b	Reposessed Assets	2,76.16
(iii)	Hypothecation loans counting towards EL / HP activities	
a	Loans where assets have been reposessed	25,28.34
b	Loans other than (a) above	11681,98.21

(₹ in lakhs)

	Particulars	Amount Outstanding	Market Value *
(5)	Break-up of Investments:		
	Current Investments:		
1.	Quoted: – Government Securities	183,02.36	183,96.79
2.	Unquoted:		
(i)	Equity Shares	–	–
(ii)	Units of Mutual Funds	250,00.00	250,18.56
(iii)	Others	30,66.12	30,66.12
	Long Term Investments:		
1.	Quoted:		
(i)	Equity Shares	32,58.60	697,94.83
(ii)	Debentures and Bonds	–	–
(iii)	Government Securities	238,50.21	247,87.96
2.	Unquoted:		
(i)	Shares		
a	Equity	747,28.21	1389,71.48
b	Preference	5,00.00	5,00.00
(ii)	Government Securities	–	–
(iii)	Units of Mutual Funds	11,69.57	11,63.56
(iv)	Bonds	–	–
(v)	Others	4,17.70	4,17.70
	<b>Total</b>	<b>1502,92.77</b>	<b>2821,17.00</b>

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

(6)	Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances (₹ in lakhs)			
	Category	Amount net of provisions		
		Secured	Unsecured	Total
1.	Related Parties**			
a	Subsidiaries	36.27	4,48.62	4,84.89
b	Companies in the same group	–	–	–
c	Other related parties	27.76	1,91.31	2,19.07
2.	Other than related parties	13454,84.65	337,19.00	13792,03.65
	<b>Total</b>	<b>13455,48.68</b>	<b>343,58.93</b>	<b>13799,07.61</b>

(7)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): (₹ in lakhs)		
	Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1.	Related Parties**		
a	Subsidiaries	571,49.19	376,90.84
b	Companies in the same group	–	–
c	Other related parties	709,08.07	284,00.82
2.	Other than related parties	1540,59.74	784,09.69
	<b>Total</b>	<b>2821,17.00</b>	<b>1445,01.35</b>

\*\* As per Accounting Standard

(8)	Other Information: (₹ in lakhs)	
	Particulars	Amount
(i)	Gross Non-Performing Assets	
a	Related Parties	–
b	Other than related parties	197,88.53
(ii)	Net Non-Performing Assets	
a	Related Parties	–
b	Other than related parties	71,04.23
(iii)	Assets acquired in satisfaction of debt (during the year)	4,68.04

SUNDARAM FINANCE LIMITED



*Consolidated*  
*Financial*  
*Statements*

# Consolidated Balance Sheet

as at 31st March, 2015

(₹ in lakhs)

Particulars	Note	March 31, 2015		March 31, 2014	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' funds</b>					
Share capital	2	111,10.39		111,10.39	
Reserves and surplus	3	3638,64.78	3749,75.17	2969,12.78	3080,23.17
Minority Interest			409,53.71		377,47.45
<b>Non-current liabilities</b>					
Long-term borrowings	4	11214,00.49		9046,10.52	
Other Long-term liabilities	5	607,77.54		494,17.25	
Long-term provisions	6	225,56.68	12047,34.71	173,43.41	9713,71.18
<b>Current liabilities</b>					
Short-term borrowings	7	2276,20.95		2866,16.50	
Trade Payables	8	440,17.11		354,32.35	
Other current liabilities	9	6619,81.53		7265,91.74	
Short-term provisions	10	242,62.05	9578,81.64	256,22.59	10742,63.18
<b>TOTAL EQUITY AND LIABILITIES</b>			<b>25785,45.23</b>		<b>23914,04.98</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Fixed assets	11				
Tangible assets		339,83.19		375,31.95	
Intangible assets		177,58.94		186,20.17	
		517,42.13		561,52.12	
Non-current investments	12	1802,45.01		1444,09.25	
Deferred tax assets (net)	13	123,03.46		148,76.47	
Long-term loans and advances	14	13678,24.46		12507,77.27	
Other non-current assets	15	86,96.86	16208,11.92	49,03.28	14711,18.39
<b>Current assets</b>					
Current investments	16	928,49.27		1005,53.28	
Cash and Bank balances	17	1088,40.79		1281,86.88	
Short-term loans and advances	18	7271,11.41		6624,79.14	
Other current assets	19	289,31.84	9577,33.31	290,67.29	9202,86.59
<b>TOTAL ASSETS</b>			<b>25785,45.23</b>		<b>23914,04.98</b>
Significant accounting policies and Notes to the Accounts	1 to 26				

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

**P Babu**  
Partner  
Membership No.203358  
Chennai,  
Dated: 29th May, 2015

**M Ramaswamy**  
Chief Financial Officer

**P Viswanathan**  
Secretary & Compliance Officer

**S Viji**  
Chairman

**S Prasad**  
Director

**T T Srinivasaraghavan**  
Managing Director

**Harsha Viji**  
Director (Strategy & Planning)

**A N Raju**  
Director (Operations)

SUNDARAM FINANCE LIMITED

# Consolidated Statement of Profit and Loss

for the Year Ended 31st March, 2015

(₹ in lakhs)

Particulars	Note	2014-15	2013-14
<b>REVENUE:</b>			
Revenue from Operations	20	4238,14.03	4086,79.58
Other income	21	56,13.01	38,15.12
<b>Total Revenue</b>	<b>(A)</b>	<b>4294,27.04</b>	<b>4124,94.70</b>
<b>EXPENSES:</b>			
Finance Costs	22	1781,54.34	1724,21.22
Insurance claims incurred (net)		507,30.71	501,08.87
Employee benefits	23	405,27.68	364,40.97
Administrative and Other expenses	24	484,72.32	434,74.95
Provisions and Write Off	25	137,54.93	107,50.77
Depreciation		112,04.99	111,95.52
Contingent Provision against Standard Assets		5,88.54	4,72.22
<b>Total expenses</b>	<b>(B)</b>	<b>3434,33.51</b>	<b>3248,64.52</b>
<b>Profit before Tax</b>		<b>859,93.53</b>	<b>876,30.18</b>
Tax expense:			
Current tax		295,54.57	328,79.58
Deferred tax		(8,62.42)	(32,98.68)
		286,92.15	295,80.90
<b>Net Profit (before adjustment for minority interest)</b>		<b>573,01.38</b>	<b>580,49.28</b>
Less: Minority Interest		68,42.93	69,38.62
		504,58.45	511,10.66
Add: Share of Profit in Associates		71,29.79	69,94.93
<b>Profit after Tax</b>		<b>575,88.24</b>	<b>581,05.59</b>
Basic and Diluted Earnings Per Share of ₹10 each (in ₹)		51.83	52.30
Significant accounting policies and Notes to the Accounts	1 to 26		

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

**P Babu**  
Partner  
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Director

**T T Srinivasaraghavan**  
Managing Director

**Harsha Viji**  
Director (Strategy & Planning)

**A N Raju**  
Director (Operations)

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# Notes to the Consolidated Financial Statements

## Note 1: Significant Accounting Policies

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

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

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

The preparation of the financial statements, 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 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 Finance loan transactions is accounted on the basis of the Internal Rate of Return method.

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

On assets securitised prior to 21 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.

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

Assets costing ₹5000 or less acquired during the year are written down to ₹1.

In respect of assets which have no remaining useful life, the carrying cost less residual value as on 31st March 14 has been absorbed against retained earnings and accounted as a Transition Reserve under Fixed Assets / Profit and Loss Account.

Cost of assets given on 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.

Cost of assets taken on lease on or after 01st April, 2001 is amortised over the lease tenure as per the Accounting Standard - 19 - 'Leases', based on the capital recovery method.

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 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 prevailing rates of exchange 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 year - end.

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.

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

### 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 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 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 an actuarial valuation, as at the balance sheet date, determined every year by an Insurance Company using the Projected Unit Credit method.

##### ii. Leave Encashment

The Company contributes to a staff leave encashment scheme managed by an Insurance Company. Liability on account of encashment of leave to employees is provided on the basis of an actuarial valuation.

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 an 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 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.

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

1.11 Basis of Presentation: 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.

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'.

<b>Name of the Subsidiary</b>	<b>Country of Incorporation</b>	<b>Proportion of ownership interest (%)</b>
Sundaram BNP Paribas Home Finance Limited	India	50.10
Sundaram Asset Management Company Limited.	India	100.00
Sundaram Asset Management Singapore Pte Ltd	Singapore	100.00
Sundaram Trustee Company Limited	India	100.00
Sundaram Business Services Limited	India	100.00
Sundaram BPO India Limited	India	100.00
Sundaram Insurance Broking Services Limited	India	100.00
Sundaram Finance Distribution Limited	India	100.00
LGF Services Limited	India	100.00
Sundaram BNP Paribas Fund Services Limited	India	51.00
Sundaram Infotech Solutions Limited	India	100.00
Infreight Logistics Solutions Limited	India	100.00

- b) The company has the following investments in Joint Venture for which the required treatment as per Accounting Standard - 27 on 'Accounting for Interests in Joint Ventures' has been given in the Consolidated Financial Statements.

<b>Name of the Joint Ventures</b>	<b>Country of Incorporation</b>	<b>Proportion of ownership interest (%)</b>
Royal Sundaram Alliance Insurance Company Limited	India	49.90
BNP Paribas Sundaram Global Securities Operations Private Limited	India	49.00

- c) 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/details.

<b>Name of the Associates</b>	<b>Country of Incorporation</b>	<b>Proportion of ownership interest (%)</b>
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	37.50
Flometallic India Private Limited	India	40.63
Dunes Oman LLC (FZC)	Sultanate of Oman	43.69

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

- d) The Consolidated Financial Statements have been prepared on the following basis.

The Financial Statements of the Parent 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.

Sundaram Asset Management Singapore Pte Ltd.

- (i) 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.
- (ii) 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)

Royal Sundaram Alliance Insurance Company Limited depreciates all its assets using straight-line method of depreciation.

BNP Paribas Sundaram Global Securities Operations Private Limited depreciates Leasehold improvements and Electrical Equipments using straight line method of depreciation.

The associate, Sundaram Dynacast Private Limited's Financial statements are prepared for 15 months' period (01-01-2014 to 31-03-2015) and the same have been considered for the purpose of Consolidated Financial Statements.

## BALANCE SHEET

### Note 2: Share Capital

Authorised Capital  
25,00,00,000 Equity Shares of ₹10/- each

Issued, Subscribed and fully paid-up  
11,11,03,860 Equity Shares of ₹10/- each

(₹ in lakhs)	
31.03.2015	31.03.2014
250,00.00	250,00.00
111,10.39	111,10.39

### Reconciliation of number of shares

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

31.03.2015	31.03.2014
11,11,03,860	11,11,03,860
—	—
11,11,03,860	11,11,03,860



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

## Note 3: Reserves and Surplus

(₹ in lakhs)

	31.03.2015	31.03.2014
<b>a) Capital Reserve (on Consolidation)</b>		
At the beginning of the year	5,29.05	3,75.39
Add: Change in the value of holdings in Subsidiaries / Associates	(0.83)	1,53.66
At the end of the year	5,28.22	5,29.05
<b>b) Capital Reserve</b>		
At the beginning of the year	50,79.64	50,79.64
Add: Net proceeds from SFL Share Trust (Refer note 3.01)	256,55.70	—
At the end of the year	307,35.34	50,79.64
<b>c) Securities Premium Account</b>	19,52.77	19,52.77
<b>d) Share Options Outstanding Account</b>		
Granted during the previous year	1,01.09	1,05.55
Less: Shares transferred on exercise of Option	11.89	5.73
Less: Transfer to General Reserve	89.20	99.82
Add: Granted during the year	1,54.40	1,01.09
Less: Deferred Employee Compensation Cost	25.73	16.85
At the end of the year	1,28.67	84.24
<b>e) Statutory Reserve</b>		
At the beginning of the year	607,22.02	517,64.04
Add: Transfer from Surplus in the Statement of Profit and Loss	91,47.23	89,57.98
At the end of the year	698,69.25	607,22.02
<b>f) Special Reserve</b>		
At the beginning of the year	52,76.87	38,74.07
Add: Transfer from Surplus in the Statement of Profit and Loss	14,02.80	14,02.80
At the end of the year	66,79.67	52,76.87

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

(₹ in lakhs)

	31.03.2015	31.03.2014
<b>g) General Reserve</b>		
At the beginning of the year	1639,68.80	1406,19.34
Add: Transfer from Share Options Outstanding account	89.20	99.82
Add: Transfer from Surplus in the Statement of Profit and Loss	222,58.87	232,49.64
At the end of the year	1863,16.87	1639,68.80
<b>h) Foreign Currency Translation Reserve</b>		
At the beginning of the year	15,64.64	6,85.72
Add: Increase during the year	2,66.16	8,78.92
At the end of the year	18,30.80	15,64.64
<b>i) Surplus in the Statement of Profit and Loss</b>		
At the beginning of the year	577,34.75	458,79.41
Add: Change in the value of holdings in Associates / Subsidiaries	(2,43.41)	4,21.39
Less: Transfer to Deferred Tax Liability on Special Reserve	(18,48.84)	—
Less: Transition provision for depreciation	(4,92.95)	—
Add: Profit for the year	575,88.24	581,05.59
	<b>1127,37.79</b>	<b>1044,06.39</b>
Less: Appropriation		
Statutory Reserve	91,47.23	89,57.98
Special Reserve	14,02.80	14,02.80
General Reserve	222,58.87	232,49.64
Dividend		
Interim	49,99.67	—
Final (Proposed)	66,66.23	111,10.39
Dividend Tax	24,39.80	19,50.83
At the end of the year	658,23.19	577,34.75
	<b>3638,64.78</b>	<b>2969,12.78</b>

### Note 3.01: Net proceeds from SFL Share Trust

During the year, SFL Shares Trust sold 17,37,012 equity shares of Sundaram Finance Limited. These shares accrued to the Trust on account of the merger of Lakshmi General Finance Limited with Sundaram Finance Limited, in the year 2005, in accordance with a Scheme of Amalgamation approved by the High Court of Madras. Sundaram Finance Limited, being the sole beneficiary of the Trust received an amount of ₹25,655.70 lakhs arising from the sale of above shares and credited the same directly to the Capital Reserve, in line with the underlying substance of the transaction.

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

## Note 4: Long-Term Borrowings

	(₹ in lakhs)	
	31.03.2015	31.03.2014
<b>Secured</b>		
Non-Convertible Debentures	5762,40.14	4015,04.68
Term loans from banks	2578,98.79	2805,66.14
<b>Unsecured</b>		
Subordinated Non-Convertible Debentures	1174,60.50	924,62.50
Fixed Deposits	1692,62.06	1300,77.20
Other borrowings	5,39.00	—
	<b>11214,00.49</b>	<b>9046,10.52</b>

## Note 5: Other Long-term liabilities

	(₹ in lakhs)	
	31.03.2015	31.03.2014
Interest accrued but not due on borrowings	149,58.86	67,70.88
Other liabilities	458,18.68	426,46.37
	<b>607,77.54</b>	<b>494,17.25</b>

## Note 6: Long-term provisions

	(₹ in lakhs)	
	31.03.2015	31.03.2014
Employee Benefits	8,62.98	7,94.37
Non-performing assets	132,65.60	87,09.49
Contingent provision against Standard Assets	84,28.10	78,39.55
	<b>225,56.68</b>	<b>173,43.41</b>

## Note 7: Short-term borrowings

	(₹ in lakhs)	
	31.03.2015	31.03.2014
<b>Secured</b>		
Working capital demand loans and Cash Credit	673,04.34	1297,25.35
Term Loans from Banks	300,00.00	619,24.25
Non -Convertible Debentures	—	140,00.00
	<b>973,04.34</b>	<b>2056,49.60</b>
<b>Unsecured</b>		
Credit facilities from Banks	14,27.39	14,75.82
Commercial paper	1287,10.09	788,28.89
Other loans and advances	1,79.13	6,62.19
	<b>1303,16.61</b>	<b>809,66.90</b>
	<b>2276,20.95</b>	<b>2866,16.50</b>

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

### Note 8: Trade Payables

(₹ in lakhs)

	31.03.2015	31.03.2014
Dealer Balances	33,63.26	16,15.42
Creditors for Expenses	382,05.66	310,99.52
Outstanding Liabilities	24,48.19	27,17.41
	<b>440,17.11</b>	<b>354,32.35</b>

### Note 9: Other current liabilities

(₹ in lakhs)

	31.03.2015	31.03.2014
<b>Secured</b>		
Non-Convertible debentures	2279,03.05	2887,74.05
Term loans from Banks	564,53.10	1272,18.41
<b>Unsecured</b>		
Fixed Deposits	1086,11.98	1013,29.62
Commercial Paper	1374,73.10	742,98.12
Interest accrued but not due on borrowings	518,99.12	579,12.02
Unpaid dividends *	2,15.98	1,39.89
Income received in advance	13,48.42	11,75.46
Unpaid matured deposits *	22,14.86	24,70.89
Interest accrued on unpaid matured deposits *	3,80.24	3,32.52
Amount due on Assets Securitised / assigned	267,36.85	294,06.76
Advance from Customers	54,04.21	47,10.56
Sundry Creditors for Unexpired Insurance Risk	377,49.06	335,25.93
Other Liabilities	55,91.56	52,97.51
	<b>6619,81.53</b>	<b>7265,91.74</b>

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

### Note 10: Short-term provisions

(₹ in lakhs)

	31.03.2015	31.03.2014
Employee Benefits	46,99.78	43,28.92
Non-Performing Assets	111,81.21	78,88.98
Proposed dividend	66,66.23	111,10.38
Provision for dividend tax	17,14.83	22,94.31
	<b>242,62.05</b>	<b>256,22.59</b>

## Note: 11 Fixed Assets

(₹ in lakhs)

DESCRIPTION	GROSS BLOCK AT COST				DEPRECIATION				Net Book Value	Balance in Lease Adjustment Account as at 31.03.2015	NET BLOCK	
	As at 31.03.2014	Additions	Deductions	Translation Exchange Difference	As at 31.03.2015	Upto 31.03.2014	Additions*	Deductions	Translation Exchange Difference	Upto 31.03.2015	As at 31.03.2015	As at 31.03.2014
<b>(i) Tangible Assets</b>												
1. Freehold Land and Buildings	61,40.00	-	16.73	-	61,23.27	14,24.23	3,99.67	8.27	-	18,15.63	43,07.64	47,15.77
2. Leasehold office / Residential Premises	14,92.37	-	-	-	14,92.37	8,46.39	31.70	-	-	8,78.09	6,14.28	6,45.98
3. Plant and Machinery and Computers	113,47.84	11,04.74	2,75.37	(0.16)	121,77.05	82,48.20	9,99.08	2,32.90	(0.12)	90,14.26	31,62.79	30,99.64
4. Furniture and Fixtures	51,07.45	3,02.09	3,04.52	(1.31)	51,03.71	34,07.07	5,27.65	2,93.17	(1.06)	36,40.49	14,63.22	17,00.38
5. Vehicles	31,94.55	5,38.63	4,00.18	-	33,33.00	14,67.92	4,74.93	2,91.60	-	16,51.25	16,81.75	17,26.63
6. Office Equipment	31,06.35	2,55.94	89.14	(0.14)	32,73.01	16,24.26	6,61.99	73.43	(0.10)	22,12.72	10,60.29	14,82.09
	303,88.56	22,01.40	10,85.94	(1.61)	315,02.41	170,18.07	30,95.02	8,99.37	(1.28)	192,12.44	122,89.97	133,70.49
<b>7. Operating Lease</b>												
a) Plant and Machinery and Computers	45,00.12	43.08	28,46.78	-	16,96.42	22,14.02	3,67.64	17,67.45	-	8,14.21	8,82.21	22,86.10
b) Vehicles	372,53.62	91,71.91	94,40.61	-	369,84.92	154,10.44	66,02.88	58,10.17	-	162,03.15	207,81.77	218,43.18
	417,53.74	92,14.99	122,87.39	-	386,81.34	176,24.46	69,70.52	75,77.62	-	170,17.36	216,63.98	241,29.28
<b>8. Assets on Finance Lease</b>												
a) Plant and Machinery and Computers	38,03.75	-	35,97.62	-	2,06.13	37,00.12	7.81	35,05.49	-	2,02.44	29.24	31.31
b) Vehicles	5,55.64	-	5,55.64	-	-	5,53.64	0.31	5,53.95	-	-	-	0.25
c) Office Equipment	76.09	-	76.09	-	-	73.26	0.23	73.49	-	-	-	0.62
	44,35.48	-	42,29.35	-	2,06.13	43,27.02	8.35	41,32.93	-	2,02.44	29.24	32.18
<b>Total</b>	765,77.78	114,16.39	176,02.68	(1.61)	703,89.88	389,69.55	100,73.89	126,09.92	(1.28)	364,32.24	339,57.64	375,31.95
<b>(ii) Intangible Assets</b>												
Goodwill (on Consolidation)	149,89.35	0.23	-	-	149,89.58	-	-	-	-	-	149,89.58	149,89.35
Computer Software	97,95.42	10,73.26	-	-	108,68.68	64,44.39	18,67.92	-	-	83,12.31	25,56.37	33,51.03
<b>(iii) Intangible Assets Under Development</b>	2,79.79	3,83.31	4,50.11	-	2,12.99	-	-	-	-	-	2,12.99	2,79.79
<b>Grand Total</b>	1016,42.34	128,73.19	180,52.79	(1.61)	964,61.13	454,13.95	119,41.81	126,09.92	(1.28)	447,44.55	517,16.58	561,52.12
Previous Year	951,03.38	163,86.14	98,49.98	2.80	1016,42.34	408,40.50	112,18.88	66,47.20	1.76	454,13.94	561,52.12	541,02.96

\* Includes ₹716.20 lakhs adjusted against Retained earnings on account of Transitional provision as per Schedule II of Companies Act, 2013.

\* Finance Lease Depreciation of ₹8.35 lakhs (Previous Year - ₹22.94 lakhs) has been netted off against Lease Income.

Additions to Intangible Assets under development in Gross Block include depreciation on assets used for development of Computer software amounting to ₹3.22 lakhs.

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

### Note 12: Non-current Investments

(₹ in lakhs)

	31.03.2015	31.03.2014
Investment Property (net of depreciation)	51,95.92	46,86.16
Investment in Equity Instruments	492,32.01	437,22.91
Investment in Preference Shares	5,00.00	5,00.00
Investment in Government securities	710,90.92	525,73.26
Investment in Debentures or Bonds	513,47.65	412,06.21
Investment in Mutual Funds	15,49.81	8,70.00
Investment in Pass through certificates	17,73.64	12,95.79
	<u>1806,89.95</u>	<u>1448,54.33</u>
Less: Aggregate provision for diminution in value of investments	4,44.94	4,45.08
	<u><b>1802,45.01</b></u>	<u><b>1444,09.25</b></u>

Carrying amount of associates includes Capital Reserve on acquisition of shares ₹271.70 lakhs (31.03.14 – ₹271.93 lakhs)

(₹ in lakhs)

Particulars	Cost	Market Value
Aggregate amount of Quoted Investments	1311,95.40	2009,33.78
Aggregate amount of Unquoted Investments	438,53.69	
Investment Property	51,95.92	
<b>Total</b>	<u><b>1802,45.01</b></u>	

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

(₹ in lakhs)

	31.03.2015	31.03.2014
<b>Deferred Tax Assets</b>		
Depreciation	43,08.34	29,70.93
Provisions against Non-performing Assets	93,09.42	67,14.61
Provisions against Investments	11,86.76	8,28.30
Contingent Provisions against Standard Assets	29,16.91	26,64.67
Income derecognised on Non-performing Assets	7,82.04	5,58.60
Others	20,00.74	26,21.21
	<u>205,04.21</u>	<u>163,58.32</u>
<b>Less: Deferred Tax Liabilities</b>		
Hire Purchase Income	30,02.31	10,42.76
Others	51,98.44	4,39.09
	<u>82,00.75</u>	<u>14,81.85</u>
	<u><b>123,03.46</b></u>	<u><b>148,76.47</b></u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)****Note 14: Long-term loans and advances**

(₹ in lakhs)

**Secured, Considered good**

	31.03.2015	31.03.2014
Hypothecation Loans	5982,21.34	5603,73.94
Mortgage Loans	6363,92.90	5937,53.49
Net Investment in Stock-on-hire	948,08.39	598,43.39
Net investment in lease	12,70.75	13,95.94
Other loans	2,41.57	2,42.04
	13309,34.95	12156,08.80
Amount retained on Assets securitised / assigned	94,44.61	121,21.78
<b>Unsecured, Considered good</b>		
Capital Advances	4,70.05	3,14.72
Deposits	18,39.94	21,55.91
Other loans	34,28.80	30,85.53
	57,38.79	55,56.16
<b>Other loans and advances</b>		
Advance Income tax and Tax Deducted at Source (net of provision)	208,08.53	170,52.59
Other advances	8,97.58	4,37.94
	21,706.11	174,90.53
	<b>13678,24.46</b>	<b>12507,77.27</b>

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

(₹ in lakhs)

	31.03.2015	31.03.2014
SFL Employees Welfare Trust	3,26.06	3,37.95
Other assets	83,70.80	45,65.33
	<b>86,96.86</b>	<b>49,03.28</b>

**Note 16: Current Investments**

(₹ in lakhs)

	31.03.2015	31.03.2014
Investment in Equity Instruments	50,00.34	1,40.01
Investment in Government Securities	218,40.13	89,09.94
Investment in Debentures / Bonds / Commercial paper	174,08.16	246,78.32
Investment in Mutual Funds	439,94.66	641,24.80
Investment in Pass through certificates	7,69.92	12,00.26
Investment in Subordinate Tranche Securities	29.45	23.99
Investment in Commercial Paper	23,56.49	—
Other Current Investments	14,50.12	14,96.59
	928,49.27	1005,73.91
Less: Aggregate provision for diminution in value of investment in Government Securities	—	20.63
	<b>928,49.27</b>	<b>1005,53.28</b>

(₹ in lakhs)

Particulars	Cost	Market Value
Aggregate amount of Quoted Investments	442,48.63	444,13.87
Aggregate amount of Unquoted Investments	486,00.64	
<b>Total</b>	<b>928,49.27</b>	

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

### Note 17: Cash and Bank balances

(₹ in lakhs)

	31.03.2015	31.03.2014
Cash and cash equivalents:		
Cash on hand	30,19.62	35,07.29
Balances with Banks in Current Accounts	87,26.54	66,96.56
Bank Deposits (upto 3 months maturity)	236,39.76	485,62.68
Cheques, drafts on hand	<u>41,45.42</u>	<u>56,01.73</u>
	365,11.72	608,60.97
Bank Deposits		
More than 3 months and upto 12 months maturity	404,09.40	503,54.47
More than 12 months maturity	<u>286,84.07</u>	<u>133,24.26</u>
	690,93.47	636,78.73
Unpaid dividend account	2,15.98	1,39.89
	<b><u>1088,40.79</u></b>	<b><u>1281,86.88</u></b>

### Note 18: Short-term loans and advances

(₹ in lakhs)

	31.03.2015	31.03.2014
<b>Secured, Considered good</b>		
Hypothecation Loans	5513,64.31	5335,88.81
Mortgage Loans	491,66.63	421,60.99
Net Investment in Stock-on-hire	691,60.33	385,35.25
Net Investment in lease	9,66.91	12,83.42
Trade receivables	26,91.45	32,19.23
Other loans	<u>6,63.55</u>	<u>4,27.69</u>
	6740,13.18	6192,15.39
Amount retained on Assets securitised / assigned	152,34.98	145,00.69
<b>Unsecured, Considered good</b>		
Advance for business assets	296,47.95	230,84.90
Trade bills purchased	7,40.11	5,43.66
Other advances	<u>74,75.19</u>	<u>51,34.50</u>
	378,63.25	287,63.06
	<b><u>7271,11.41</u></b>	<b><u>6624,79.14</u></b>

### Note 19: Other current assets

(₹ in lakhs)

	31.03.2015	31.03.2014
Interest accrued on investments	20,68.41	15,01.23
Income Receivable	239,86.34	243,76.60
SFL Shares Trust	—	5,94.30
SFL Employees Welfare Trust	6.16	6.16
Reposessed assets (at realisable value)	28,04.50	25,21.76
Stamps and Stamp papers on hand	66.43	67.24
	<b><u>289,31.84</u></b>	<b><u>290,67.29</u></b>



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

## STATEMENT OF PROFIT AND LOSS

## Note 20: Revenue from Operations

	(₹ in lakhs)	
	2014-15	2013-14
Income from Financing Operations		
Hypothecation Loans / Hire Purchase	1885,57.39	1877,64.79
Mortgage Loans	857,61.38	814,24.17
Assets securitised / assigned	143,60.59	111,69.73
Lease	111,30.44	119,05.66
Others	6,13.91	1,48.51
Recovery of bad debts	13,26.58	15,10.22
	3017,50.29	2939,23.08
Insurance Premium earned (Net)	649,70.99	655,86.85
Income from Investments		
Interest Income	169,16.29	156,40.89
Profit on sale of Non-Current Investments	6,90.16	52.16
Profit on sale of Current Investments	55,92.66	33,90.73
	231,99.11	190,83.78
Investment Management and Advisory fee	148,58.61	119,65.12
Income from other Financial Services	38,11.99	35,03.49
Income from other Services	132,22.50	115,34.96
Loan processing & other fees	18,71.67	30,07.57
Sale of products	1,28.87	74.73
	<b>4238,14.03</b>	<b>4086,79.58</b>

## Note 21: Other Income

	(₹ in lakhs)	
	2014-15	2013-14
Interest Receipts	5,19.07	5,02.76
Dividend Income	15,76.54	11,64.08
Rent Receipts	2,06.94	2,52.63
Profit on sale of assets	1,42.76	8,07.27
Profit on sale of Equity investments	26,09.36	3,12.28
Other non-operating income	5,58.34	7,76.10
	<b>56,13.01</b>	<b>38,15.12</b>

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

### Note 22: Finance Costs

(₹ in lakhs)

	2014-15	2013-14
Interest expense		
Non convertible debentures	827,20.81	826,89.38
Term loans	360,02.16	401,96.85
Fixed deposits	254,31.11	224,45.89
Commercial paper	319,30.81	247,37.32
Other interest	10,14.51	14,36.53
	1770,99.40	1715,05.97
Other borrowing costs	10,19.17	8,96.60
Less: Net gain /(loss) on foreign currency transaction	(35.77)	(18.65)
	10,54.94	9,15.25
	<b>1781,54.34</b>	<b>1724,21.22</b>

### Note 23: Employee benefits

(₹ in lakhs)

	2014-15	2013-14
Salaries, bonus and commission	363,01.15	326,09.74
Contribution to Provident and other funds	19,40.20	18,97.72
Employees Stock Options expense	1,45.51	1,01.83
Staff welfare expenses	21,40.82	18,31.68
	<b>405,27.68</b>	<b>364,40.97</b>

### Note 24: Administrative and other expenses

(₹ in lakhs)

	2014-15	2013-14
Rent	31,79.43	33,57.37
Rates and taxes	16,36.10	17,01.82
Communication expenses	19,22.81	18,22.56
Electricity expenses	12,67.78	12,53.03
Travelling and conveyance	30,82.51	28,91.21
Outsourcing cost	154,93.23	124,21.10
Insurance	3,61.29	3,44.86
Contribution to CSR / Donations	10,59.23	7,19.33
Repairs		
– Buildings	41.15	41.26
– Others	36,78.42	38,37.06
	37,19.57	38,78.32
Marketing and related expenses	94,04.50	83,80.07
Exchange loss on foreign currency translation (net)	1,51.71	45.86
Miscellaneous expenses	71,94.16	66,59.42
	<b>484,72.32</b>	<b>434,74.95</b>

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

(₹ in lakhs)

	2014-15	2013-14
Provision against non-performing assets (net)	78,48.35	64,18.98
Provision against Repossessed assets	2,75.57	4,01.57
Provision against Investments (net)	(1,60.91)	2,96.24
Bad Debts	22,24.34	12,37.62
Loss on assets sold / written off	35,67.58	23,43.87
Loss on sale of long term investments	—	52.49
	<b>137,54.93</b>	<b>107,50.77</b>

**Note 26: General**

26.01 During the year, the Company entered into an agreement with Royal Sun Alliance Plc UK (RSA) whereby the Company would acquire 26% equity stake of RSA in Royal Sundaram Alliance Insurance Company Ltd (Royal Sundaram) for a consideration of ₹450 Crores which is awaiting regulatory approvals. The Company currently holds 49.90% in Royal Sundaram and the said acquisition would increase its holding to 75.90%.

26.02 On 13th November 2014, the Board of Directors approved a Scheme of Amalgamation ('Scheme') of Sundaram Parekh Warehousing Services Limited ('Transferor Company') with the Infreight Logistics Solutions Ltd (Infreight) ('Transferee Company') under Sections 391 and 394 of the Companies Act, 1956. In January 2015, Infreight filed a petition for approval of the scheme with the Hon'ble High Court of Madras ('the Court'). The Court approved the Scheme vide its Order dated 18th March 2015 with the appointed date (effective date) as 1st April 2014. The certified true copy of the Scheme was filed under Form INC-28, with the Registrar of Companies on 1st April 2015.

From the appointed date (effective date), the authorised share capital of the transferor Company shall stand combined with the authorised share capital of the transferee Company. Upon the Scheme becoming fully effective, the authorised share capital of the Company would be ₹10,10,00,000/- divided into 1,01,00,000 equity shares of ₹10/- each.

26.03 Sundaram BNP Paribas Fund Services Ltd has made a petition to Madras High Court for Reduction of Share Capital on 16th April, 2015.

26.04 In accordance with the directions of IRDA, Royal Sundaram Alliance Insurance Company 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 fulfillment 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.

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

Accordingly, based on the statements received for the period ended December 31, 2014 the Company combines its proportionate share of the premium, claims and pool administrator fees with similar items in its financial statements, on a line-by-line basis. For the calendar quarter ended 31st March 2015, the premium, claims and pool administrator fees have been considered based on the management estimate. The difference, if any, between the estimates and the actual for the said quarter shall be recognised in the calendar quarter in which the Pool Administrator makes available the audited statement.

### 26.05 Indian Motor Third Party Pool

In accordance with Insurance Regulatory and Development Authority (IRDA) guidelines, all general insurance companies participated in the Indian Motor Third Party Insurance Pool (IMTPIP) administered by the General Insurance Corporation of India from 1st April 2007, to collectively service Commercial Vehicle Third Party Insurance business.

- a) IRDA had vide its Orders IRDA/NL/ORD/MPL/277/12/2011 dated 23rd December 2011 and IRDA/NL/ORD/MPL/003/01/2012 dated January 3, 2012 directed dismantling of the IMTPIP with effect from March 31, 2012. The dismantling of the pooling arrangement of IMTPIP implied that the insurers liability on motor third party insurance on commercial vehicles got restated from industry market share basis to actual policy issued basis.
- b) Based on Actual statements from the Pool received for the period from April 2007 to March 2012, Royal Sundaram Alliance Insurance Company Ltd. has recognised an amount of ₹9057.26 lakhs (including interest thereon amounting to ₹279.15 lakhs) as Due to Members of the Pool with a corresponding reduction in the outstanding claims. Of which, the Company has effected the settlement for the underwritten years 2007-08 and 2008-09 amounting to ₹6687.10 lakhs (including interest of ₹74.99 lakhs) in Financial year 2012-13 and settlement for the underwritten year 2009-10 amounting to ₹2351.31 lakhs (including interest of ₹38.43 lakhs) in Financial year 2013-14. The balance amount of ₹18.85 lakhs (including interest of ₹2.72 lakhs) for underwriting years 2010-11 and 2011-12 was settled by the Company in Financial year 2014-15.

- 26.06 NHB vide Circular No 62/2014 dated 27th May 2014, has directed Housing Finance Companies to create the deferred tax liability (DTL) in respect of amount transferred to "Special Reserve" created under Section 36(1)(viii) of the Income-tax Act, 1961.

Accordingly, Sundaram BNP Paribas Home Finance Ltd has charged its Statement of Profit and Loss for the year ended 31st March 2015 with ₹958.84 lakhs.

For the opening balance of Special Reserve created under Section 36(1)(viii) of the Income-tax Act, 1961 amounting to ₹10857.00 lakhs, Deferred tax liability to the extent of ₹3690.29 lakhs has been adjusted against the surplus in the Statement of Profit and Loss under Reserves.

- 26.07 The pending litigations as on 31st March 2015 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 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.

## 26.09 Segment Reporting (₹ in lakhs)

Business Segments	Asset Financing		Insurance		Other Operations		Eliminations		Consolidated Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
<b>REVENUE</b>										
Segment Revenue	3158,92.43	3064,47.66	756,11.49	748,85.40	323,10.11	273,46.53	—	—	—	—
Inter segment sales	99.93	1,02.59	6,44.29	5,62.06	107,39.02	108,40.48	114,83.24	115,05.14	—	—
Total Revenue	3159,92.36	3065,50.25	762,55.78	754,47.46	430,49.13	381,87.01	114,83.24	115,05.14	4238,14.03	4086,79.58
<b>RESULT</b>										
Segment Result	754,27.48	759,05.46	13,59.02	50,28.44	38,61.13	27,46.54	12,36.33	12,10.94	818,83.96	848,91.38
Unallocated income (net of expense)	—	—	—	—	—	—	—	—	41,09.57	27,38.80
Profit before tax	—	—	—	—	—	—	—	—	859,93.53	876,30.18
Less: Income tax	—	—	—	—	—	—	—	—	286,92.15	295,80.90
Add: Share of Profit in Associates	—	—	—	—	—	—	—	—	71,29.79	69,94.93
Less: Minority Interest	—	—	—	—	—	—	—	—	68,42.93	69,38.62
Profit after Tax	—	—	—	—	—	—	—	—	575,88.24	581,05.59
<b>OTHER INFORMATION</b>										
Segment Assets	23926,10.42	22278,11.66	1379,15.75	1242,46.57	289,81.07	205,72.67	188,87.18	193,47.80	25406,20.06	23532,83.10
Unallocated Assets	—	—	—	—	—	—	—	—	379,25.17	381,21.88
<b>Total Assets</b>	20404,32.95	19345,36.17	1126,93.54	995,69.36	90,85.11	56,92.38	79,76.30	75,68.25	25785,45.23	23914,04.98
Segment Liabilities	—	—	—	—	—	—	—	—	21542,35.30	20322,29.66
Unallocated Liabilities	—	—	—	—	—	—	—	—	83,81.05	134,04.70
<b>Total Liabilities</b>	—	—	—	—	—	—	—	—	21626,16.35	20456,34.36
Capital Expenditure	119,30.71	169,27.72	4,38.85	15,09.43	6,69.43	10,04.39	—	—	130,38.99	194,41.54
Depreciation	89,61.11	91,39.88	2,70.56	4,89.00	18,78.49	14,90.40	—	—	111,10.16	111,19.28
Non-cash expenses other than depreciation	147,47.24	117,23.25	—	52.49	78.74	53.67	—	—	148,25.98	118,29.41

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

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

Particulars	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
<b>Name of the Entity</b>				
<b>Parent: Sundaram Finance Ltd.</b>		2978,05.33		454,14.36
Less: Investment made in Subsidiaries / JVs / Associates		735,40.44		–
Add: Goodwill / Unrealised Profit and other adjustments		202,51.67		3,35.98
Less: Dividend received from Subsidiary / JV / Associates		–		54,31.57
	58.79	2445,16.56	62.58	403,18.77
<b>Subsidiaries:</b>				
<b>Indian:</b>				
Sundaram BNP Paribas Home Finance Ltd.	9.64	400,88.18	11.39	73,35.80
Sundaram Asset Management Company Ltd.	3.37	140,05.26	3.37	21,69.31
Sundaram Trustee Company Ltd.	0.02	82.84	0.06	39.25
Sundaram Business Services Ltd.	0.16	6,63.03	(0.26)	(1,70.32)
Sundaram BPO India Ltd.	0.23	9,41.84	0.11	72.17
Sundaram Insurance Broking Services Ltd.	0.01	59.21	0.00	1.00
Sundaram Finance Distribution Ltd.	0.38	16,00.13	0.30	1,90.72
LGF Services Ltd.	0.12	4,98.31	0.23	1,48.74
Sundaram BNP Paribas Fund Services Ltd.	0.26	10,67.62	(0.75)	(4,82.51)
Sundaram Infotech Solutions Ltd.	0.21	8,73.01	(0.36)	(2,32.71)
Infreight Logistics Solutions Ltd.	(0.12)	(5,10.60)	(0.02)	(13.34)
<b>Foreign:</b>				
Sundaram Asset Management Singapore Pte Ltd.	0.08	3,36.46	(1.16)	(7,45.06)
<b>Minority Interests in all Subsidiaries</b>	9.85	409,53.71	10.62	68,42.93
<b>Associates: (Investment as per Equity method)</b>				
<b>Indian:</b>				
Axles India Ltd.	0.66	27,37.82	0.38	2,44.87
Turbo Energy Private Ltd.	6.11	254,00.73	5.61	36,16.00
Transenergy Ltd.	0.08	3,52.91	0.03	16.53
Sundaram Dynacast Private Ltd.	0.13	5,37.57	0.31	2,01.18
Sundaram Hydraulics Ltd.	0.04	1,73.54	(0.25)	(1,61.84)
Flometallic India Private Ltd.	0.90	37,41.93	0.75	4,81.81
<b>Foreign:</b>				
The Dunes Oman LLC (FZC)	2.28	94,85.36	4.47	28,77.02
<b>Joint Ventures: (As per proportionate consolidation)</b>				
<b>Indian:</b>				
Royal Sundaram Alliance Insurance Company Ltd.	6.56	272,71.17	1.70	10,97.27
BNP Paribas Sundaram Global Securities Operations Private Ltd	0.25	10,52.29	0.91	5,83.58
<b>Total</b>		<b>4159,28.88</b>		<b>644,31.17</b>

Proposed dividend has been grossed up in arriving at Net Assets, since this has not been received by the Holding Company before 31.03.2015

SUNDARAM FINANCE LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)****26.11 RELATED PARTIES DISCLOSURES:**

Related party disclosures, as per Accounting Standard 18 - 'Related Party Disclosures', for the year ended 31st March 2015, are given below:

**Related Parties:****Associates:**

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

**Key Management Personnel:**

Mr T T Srinivasaraghavan, Managing Director  
Mr Harsha Viji, Director (Strategy & Planning)  
Mr A N Raju, Director (Operations)

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

	<b>Mr T T Srinivasaraghavan</b>	<b>Mr Harsha Viji</b>	<b>Mr A N Raju</b>
Father	Mr T T Rangaswamy	Mr S Viji	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 2015**

The nature and volume of transactions for the year ended 31st March 2015 with the above related parties are as follows. (₹ in lakhs)

<b>Particulars</b>	<b>Associates</b>	<b>Key Management Personnel and Relatives</b>	<b>Enterprises over which KMP and his relatives is exercising significant influence</b>	<b>2014-15</b>	<b>2013-14</b>
<b>INCOME</b>					
Income from Financing Operations	79.91			79.91	72.18
Income from Services	59.54			59.54	75.21
Dividend	22,83.98			22,83.98	31,59.35
Rent Receipts	43.52			43.52	40.80
Other non-operating income	2.98			2.98	3.16
<b>EXPENDITURE</b>					
Interest	-	83.75		83.75	72.34
Remuneration		6,57.77		6,57.77	4,28.37
<b>DIVIDEND PAID</b>		10,81.06	3,37.21	14,18.27	4,35.05
<b>ASSETS</b>					
Investments	5,48.90			5,48.90	1.10

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

### Disclosure of Material Transactions with Related Parties

(₹ in lakhs)

Particulars	Related Parties	2014-15	2013-14
<b>INCOME</b>			
Income from Financing Operations	Turbo Energy Private Ltd.	68.70	61.83
Income from Services	Turbo Energy Private Ltd.	59.54	75.21
Dividend	The Dunes Oman LLC (FZC)	14,54.01	25,61.89
	Turbo Energy Private Ltd.	5,76.00	5,12.00
Rent Receipts	Turbo Energy Private Ltd.	43.52	40.80
Other non-operating income	Turbo Energy Private Ltd.	2.98	3.16
<b>ASSETS</b>			
Investments	Flometallic India Ltd.	5,48.90	1.10

### Balances with Related Parties as at 31st March 2015

(₹ in lakhs)

BALANCES OUTSTANDING	Associates	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which KMP and his relatives is exercising significant influence	31.03.2015	31.03.2014
<b>ASSETS</b>						
Investments	90,78.47				90,78.47	85,29.57
Loans and Advances	27.76				27.76	17.06
Other Assets	1,11.68				1,11.68	21.13
<b>LIABILITIES</b>						
Equity Holdings		1,60.05	5,87.49	2,32.97	9,80.51	9,69.74
Deposits		61.50	8,16.09		8,77.59	6,95.67
Interest on deposits		1.91	69.85		71.76	59.53

### Disclosure of Material Balances with Related Parties as at 31st March 2015

(₹ in lakhs)

BALANCES OUTSTANDING	Associates	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which KMP and his relatives is exercising significant influence	31.03.2015	31.03.2014
<b>ASSETS</b>						
<b>Investments</b>						
a) Investments In Equity Shares						
The Dunes Oman LLC (FZC)	26,94.86				26,94.86	26,94.86
Flometallic India Private Ltd.	32,50.00				32,50.00	27,01.10
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 Private Ltd.	1,17.00				1,17.00	1,17.00
<b>Total</b>	<b>85,78.47</b>				<b>85,78.47</b>	<b>80,29.57</b>
b) Investments in Preference Shares						
Sundaram Hydraulics Ltd.	5,00.00				5,00.00	5,00.00
<b>Loans and Advances</b>						
a) Lease Receivables						
Axles India Ltd.	27.76				27.76	17.06
<b>Other assets</b>						
Sundaram Hydraulics Ltd.	1,05.78				1,05.78	13.24



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

## 26.12 Contingent liabilities in respect of

(₹ in lakhs)

		31.03.2015	31.03.2014
A	Liability –		
	To Banks – on Cheques discounted	3,41.05	6,97.09
	on Letters of Credit	22,76.74	7,57.91
B	Claims against the Company not acknowledged as debts	146,01.56	169,75.62

## 26.13 Earnings per share (Basic and diluted)

		2014-2015	2013-2014
A	Profit for the year after taxation (₹ in lakhs)	575,88.24	581,05.59
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 ₹)	51.83	52.30
D	Amount of Dividend (₹ in lakhs)		
	Interim (paid)	49,99.67	–
	Final (proposed)	66,66.23	111,10.39
E	Amount of Dividend per share of ₹10 each (in ₹)		
	Interim (paid)	4.50	–
	Final (proposed)	6.00	10.00

26.14 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  
**P Babu**  
Partner  
Membership No.203358  
Chennai,  
Dated: 29th May, 2015

**M Ramaswamy**  
Chief Financial Officer

**P Viswanathan**  
Secretary & Compliance Officer

**S Viji**  
Chairman

**S Prasad**  
Director

**T T Srinivasaraghavan**  
Managing Director

**Harsha Viji**  
Director (Strategy & Planning)

**A N Raju**  
Director (Operations)

## Consolidated Cash Flow Statement

(₹ in lakhs)

	2014-15		2013-14	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit	575,88.24		581,05.59	
Add: Lease Equalisation Account	(7.72)		(52.01)	
Provision for Taxation	286,92.15		295,80.90	
	862,72.67		876,34.48	
Add: Financial Cost	1781,54.34	2644,27.01	1724,21.22	2600,55.70
Depreciation		112,13.34		112,18.46
Profit attributable to Minority Interests		68,42.93		69,38.62
Provision against Investments (net)		(1,60.91)		2,96.24
Provision against Non - Performing assets (net)		81,23.92		68,20.55
Contingent Provisions against Standard Assets		5,88.54		4,72.22
Employee Stock Option Compensation Expenses		1,45.51		1,01.83
(Profit) loss on sale of assets		3,48.29		(5,84.16)
(Profit) loss on sale of Investments		(81,48.89)		(28,93.05)
Interest / Dividend Income		(134,29.91)		(121,41.13)
Exchange difference on translation of foreign currency		(52.04)		(6.53)
Effect of Foreign Exchange rates on Cash and Cash Equivalents, net		2.59		(0.68)
Share of Profits from Associates		(71,29.79)		(69,94.93)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		2627,70.59		2632,83.14
(Increase) Decrease in Leased assets - net of sales	(49,67.87)		(80,13.91)	
(Increase) Decrease in Long Term Loans and Advances	(1172,51.51)		(967,91.77)	
(Increase) Decrease in Other Non-Current Assets	(38,05.48)		(4,79.17)	
(Increase) Decrease in Bank deposits	(37,01.10)		263,43.74	
(Increase) Decrease in Short Term Loans and Advances	(646,32.29)		(405,13.24)	
(Increase) Decrease in Other Current Assets	(7,34.47)		(34,89.35)	
(Increase) Decrease in SLR Investments (net)	(202,20.95)		(66,01.38)	
Increase (Decrease) in Other Long-Term Provisions	68.62		(33.84)	
Increase (Decrease) in Other Short-Term Provisions	3,70.86		2,56.45	
Increase (Decrease) in Other Long-Term Liabilities	31,72.30		58,10.63	
Increase (Decrease) in Trade Payables - Current	85,84.78		(46.55)	
Increase (Decrease) in Other Current Liabilities	25,48.79	(2005,68.32)	17,48.07	(1218,10.32)
Cash generated from Operations		622,02.27		1414,72.82
Financial Cost	(1759,31.53)		(1671,64.03)	
Direct Taxes Paid	(292,41.06)	(2051,72.59)	(306,63.56)	(1978,27.59)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>		<b>(1429,70.32)</b>		<b>(563,54.77)</b>

## Consolidated Cash Flow Statement (Contd.)

(₹ in lakhs)

	2014-15	2013-14
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(33,68.62)	(53,38.61)
Sale of Fixed Assets	3,18.14	2,65.76
Proceeds from SFL Share Trust	262,50.00	—
Purchase / Sale of non-current Investments	(167,84.18)	(88,13.21)
Purchase / Sale of current investments	230,35.00	(232,28.44)
Interest Received	110,39.15	98,43.39
Dividend Received	38,76.67	44,97.75
Purchase/Sale of Investments in Associates	(5,48.90)	(1.10)
<b>NET CASH FROM INVESTING ACTIVITIES (B)</b>	<b>438,17.26</b>	<b>(227,74.46)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase (Decrease) in Long Term Borrowings	1539,90.67	947,06.24
Increase (Decrease) in Short Term Borrowings	(573,90.04)	85,07.03
Dividend paid (including Corporate Dividend Tax)	(215,10.36)	(77,98.97)
Increase in Share capital / premium	13,45.46	49,72.00
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>	<b>764,35.73</b>	<b>1003,86.30</b>
<b>D) Effect of Foreign Exchange rates on Cash and Cash Equivalents, net (D)</b>	<b>(2.59)</b>	<b>0.68</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)+(D)</b>	<b>(227,19.92)</b>	<b>212,57.75</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	622,51.26	409,93.51
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	395,31.34	622,51.26
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		
Current Account with Banks	87,26.54	66,96.56
Cash, Cheques, drafts on hand	71,65.04	91,09.02
Short Term Deposit	236,39.76	464,45.68

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

As per our report of even date attached  
For **Brahmayya & Co.,**  
Chartered Accountants  
Registration No.000511S  
**P Babu**  
Partner  
Membership No.203358  
Chennai,  
Dated: 29th May, 2015

**M Ramaswamy**  
Chief Financial Officer

**P Viswanathan**  
Secretary & Compliance Officer

**S Viji**  
Chairman

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Director

**T T Srinivasaraghavan**  
Managing Director

**Harsha Viji**  
Director (Strategy & Planning)

**A N Raju**  
Director (Operations)

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# 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, 2015, 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, but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 and Jointly Controlled entities, as at March 31, 2015;
- 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. Emphasis of Matter

During the year, the Holding Company credited an amount of ₹256,55.70 lakhs to the Capital Reserve, which pertains to the sale of 17,37,012 equity shares of Sundaram Finance Limited, held by SFL Shares Trust, as stated in Note 3.01 of the Notes to the Accounts. The Holding Company received these proceeds being the sole beneficiary of the Trust. These shares accrued to the Trust on account of the merger of Lakshmi General Finance Limited with the Holding Company in the year 2005.

Our Opinion is not qualified in respect of this matter.

## 6. Other Matters

- a) We did not audit the financial statements of three subsidiaries, and two jointly controlled entities, whose financial statements reflect total assets of ₹2,87,838.43 lakhs as at 31st March, 2015, total revenues of ₹1,68,219.71 lakhs and net cash inflows amounting to ₹889.47 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries and jointly controlled entities, 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 ₹36,59.56 lakhs for the year ended 31st March, 2015, in respect of six associates, whose financial

statements are unaudited. The consolidated financial statements also include the Group's share of net profit of ₹36,16.00 lakhs for the year ended 31st March, 2015, in respect of one associate, whose financial information is unaudited. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid associates, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

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

## 7. Report on Other Legal and Regulatory Requirements

- i) As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, based on the comments in the auditor's reports of the Holding Company, subsidiary companies, associate companies and jointly controlled companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraph 3 of the Order.
  - A. The Order is not applicable for the following companies that have been consolidated:
    - a. Royal Sundaram Alliance Insurance Company Limited, being an insurance company as defined under the Insurance Act, 1938
    - b. Sundaram Asset Management Singapore Pte. Ltd, a company incorporated in Singapore and which does not come within the purview of Section 2(42) of the Companies Act, 2013.

- c. Dunes Oman LLC, a company incorporated in the Sultanate of Oman and which does not come within the purview of Section 2(42) of the Companies Act, 2013.

The Annexure does not include the particulars pertaining to the above companies.

- B. The Consolidated financial statements include the Group's share of net profit of ₹43,98.55 lakhs for the year ended 31st March, 2015 in respect of five associates whose financial statements are unaudited and one associate whose financial information is unaudited and therefore the matters in the Annexure do not include those pertaining to the six associate companies.

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 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, 2015 taken on record by the Board of Directors

of the Holding Company and the reports of the statutory auditors of its subsidiary companies and jointly controlled companies incorporated in India, and none of the directors of the Group companies, its associates and jointly controlled companies incorporated in India are disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) 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 and jointly controlled entities – as mentioned in Note 26.07;
- ii. based on the current assessment of the long term contracts, in the ordinary course of business, the Group and Jointly controlled entities have made provision for losses as explained in Note 26.08 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.

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

**P. BABU**  
Partner

Place: Chennai  
Date: 29-05-2015

Membership No.203358



## Annexure to the Auditors' Report Referred to in Paragraph 7 of our Report of Even Date

1. a) The Group and the jointly controlled entity 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 of the respective companies during the year, in accordance with an annual plan of verification, which based on the comments in the auditor's reports of the respective companies is reasonable having regard to the size of the Group 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.
2. a) The Inventory has been physically verified during the year by the management of one subsidiary company to which this clause is applicable. The frequency of physical verification is reasonable compared to Inventory level of that company.  
b) The procedures of physical verification of inventory for the year under review followed by the management of the company is reasonable and adequate in relation to that company and the nature of its business.  
c) The Subsidiary company is maintaining records of inventory. No material discrepancies have been noticed on physical verification of stock as compared to the book records.
3. The Group has granted secured loans to five companies covered in the register maintained under Section 189 of the Act. The balance outstanding as at the end of the year was ₹10,034.79 lakhs in respect of secured loans.
  - i) The receipt of principal amount and interest are regular
  - ii) There is no amount overdue on the loans
  - iii) Apart from the above, the Group or the jointly controlled entity has not granted loans to companies, firms or other parties covered in the register maintained under Section 189 of the Act.
4. Based on the comments in the auditor's reports of the respective companies, there are adequate internal control procedures commensurate with the size of the Group and the jointly controlled entity and the nature of their businesses with regard to purchase of fixed assets. During the course of our audit and review, no major weaknesses were noticed in the internal controls and therefore the reporting of the same does not arise.
5. Based on the comments in the auditor's reports of the respective companies, the Group and the jointly controlled entity has complied with the directions issued by the Reserve Bank of India, National Housing Bank and the provisions of Section 73 to 76, and any other relevant provisions of the Act and the rules framed thereunder, wherever applicable with regard to the deposits accepted from the public.
6. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act.
7. i) Based on the comments in the auditor's reports of the respective companies undisputed statutory dues, including Provident Fund, Employees State Insurance, Income tax, Wealth tax and Service tax and other material statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, there are no arrears of statutory dues which are outstanding as at 31st March 2015 for a period of more than six months from the date they became payable.  
ii) Based on the comments in the auditor's reports of the respective companies, there are no dues of Wealth tax

which have not been deposited on account of any dispute. Details of disputed income tax, sales tax and service tax not deposited are as follows:

Nature of dues	Amount (₹ Lakhs)	Period to which the amount relates (Financial Year)	Forum where the dispute is pending
Income tax	310.00	2008-09 to 2014-15	Various appellate authorities
Sales tax	8,78.97	1997-98 to 2011-12	Various appellate authorities
Service tax	82,53.89	2001-02 to 2012-13	Various appellate authorities

iii) Based on the comments in the auditor's reports of the respective companies, the amount to be transferred to the Investor Education and Protection Fund by the Group during the year has been transferred within time in accordance with the relevant provision of the Companies Act, 1956 and the rules made thereunder.

8. The Group and the jointly controlled entity do not have any accumulated losses at the end of the financial year and have not incurred cash losses during the current and immediately preceding financial years, except for three subsidiary companies viz; Sundaram Infotech Solutions Limited and Sundaram BNP Paribas Fund Services Limited, Infreight Logistics Solutions Limited.

9. Based on the comments in the auditor's reports of the respective companies, the Group and the jointly controlled entity have not defaulted in the repayment of dues to financial institutions, banks or debenture holders.

10. Based on the comments in the auditor's reports of the respective companies, the Group and the jointly controlled entity have not given any guarantees for loans taken by others from banks or financial institutions.

11. Based on the comments in the auditor's reports of the respective companies, the term loans were applied for the purposes for which the loans were obtained.

12. To the best of our knowledge and belief and based on the comments in the auditor's reports of the respective companies, during the year, no fraud by the Group and the Jointly controlled entity and no material frauds on the Group and the Jointly controlled entity were noticed or reported during the course of our audit.

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

**P. BABU**  
Partner

Place: Chennai  
Date: 29-05-2015

Membership No.203358



## 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)

1.	Sl. No.	1	2	3	4	5	6	7	8	9	10	11	12
2.	Name of the subsidiary	Sundaram BNP Paribas Home Finance Limited	Sundaram Asset Management Company Limited	Sundaram Asset Management Singapore Pte Limited	Sundaram Trustee Company Limited	Sundaram Business Services Limited	Sundaram BPO India Limited	Sundaram Insurance Broking Services Limited	Sundaram Finance Distribution Limited	LGF Services Limited	Sundaram BNP Paribas Fund Services Limited	Sundaram Infotech Solutions Limited	Infreight Logistics Solutions 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	NA	Singapore Dollars Exchange rate as on 31/03/2015 ₹45.43	NA	NA	NA	NA	NA	NA	NA	NA	NA
5.	Share capital	101,25.44	20,00.00	22,29.32	5.00	15,00.00	8,95.13	50.00	50.00	25.00	94,50.00	16,40.00	5,61.12
6.	Reserves & surplus	663,46.78	114,05.26	(18,92.85)	52.84	(8,36.97)	98.64	9.21	14,25.13	3,73.31	(73,56.63)	(7,66.99)	(10,71.72)
7.	Total assets	7503,38.38	195,56.04	5,19.97	96.94	11,60.90	11,23.67	59.47	16,65.36	5,29.67	25,08.42	11,38.98	12.50
8.	Total Liabilities	6738,66.16	61,50.78	1,83.50	39.10	4,97.86	1,29.90	0.25	1,90.23	1,31.36	4,15.05	2,65.97	5,23.09
9.	Investments	220,14.08	58,41.37	-	77.27	-	2,25.37	57.67	11,58.69	1,99.58	11,63.77	1,59.53	-
10.	Turnover	954,35.65	149,83.38	1,77.56	91.85	24,02.58	20,19.39	1.99	10,94.57	7,72.19	22,01.60	16,75.25	0.73
11.	Profit / (Loss) before taxation	219,26.14	31,93.01	(7,45.06)	54.79	(1,40.74)	43.24	1.42	2,77.55	2,21.74	(10,52.33)	(2,37.08)	(13.34)
12.	Provision for taxation	72,83.82	10,23.69	-	15.54	29.58	(28.91)	0.42	86.83	73.00	(1,06.23)	(4.36)	-
13.	Profit / (Loss) after taxation	146,42.32	21,69.31	(7,45.06)	39.25	(1,70.32)	72.17	1.00	1,90.72	1,48.74	(9,46.10)	(2,32.71)	(13.34)
14.	Proposed Dividend	35,43.91	6,00.00	-	25.00	-	-	-	1,25.00	100.00	-	-	-
15.	% of shareholding	50.10%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	51.00%	100.00%	100.00%

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

2. Name of the Subsidiary Company which has been merged during the year: Sundaram Parekh Warehousing Services Ltd.

## Part "B": Associates and Joint Ventures

## Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures (₹ in lakhs)

Name of Associates/Joint Ventures	Royal Sundaram Alliance Insurance Company Limited	BNP Paribas Sundaram Global Securities Operations Private Limited	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	31-03-2015	31-03-2015	31-03-2015	31-03-2015	31-03-2015	31-03-2015	31-03-2015	31-03-2015	31-03-2015
2. Shares of Associate / Joint Ventures held by the company on the year end									
Number (in lakhs)	15,71.85	36.48	98.92	25.60	1.20	11.70	1,12.50	0.04	22.94
Amount of Investment in Associates / Joint Ventures	189,57.44	3,64.92	10,15.70	1,88.40	1,87.50	1,17.00	11,25.00	32,50.00	26,94.86
Extent of Holding %	49.90%	49.00%	38.81%	32.00%	42.31%	26.00%	37.50%	40.63%	43.69%
3. Description of how there is significant influence	NA	NA	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	NA	NA
5. Networth attributable to Shareholding as per latest audited Balance Sheet	272,71.17	10,52.29	27,37.82	254,00.73	3,52.91	5,37.57	1,73.54	37,41.93	94,85.36
6. Profit / Loss for the year									
i. Considered in Consolidation	10,97.27	5,83.58	2,44.87	36,16.00	16.53	2,01.18	(1,61.84)	4,81.81	28,77.02
ii. Not Considered in Consolidation	11,01.67	6,07.40	3,86.10	76,84.00	22.53	5,72.58	(2,69.73)	7,04.19	37,08.05

\* 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

**P Babu**  
Partner  
Membership No.203358  
Chennai.  
Dated: 29th May, 2015

**S Viji**  
Chairman

**T T Srinivasaraghavan**  
Managing Director

**M Ramaswamy**  
Chief Financial Officer

**Harsha Viji**  
Director (Strategy & Planning)

**P Viswanathan**  
Secretary & Compliance Officer

**A N Raju**  
Director (Operations)

**S Prasad**  
Director

## Sundaram Finance Branch Network – 589 Branches

