

Sundaram Finance Limited

68th Annual Report
2020-21



SUNDARAM FINANCE
Enduring values. New age thinking.



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Enduring values. New age thinking.

Board of Directors	S Viji S Ram P N Venkatachalam S Mahalingam S Prasad L Ganesh Shobhana Ramachandhran R Raghuttama Rao T T Srinivasaraghavan Harsha Viji Rajiv C Lochan A N Raju	Chairman Executive Vice Chairman Managing Director Deputy Managing Director
Audit Committee	S Prasad R Raghuttama Rao Shobhana Ramachandhran	Chairman
Stakeholders Relationship Committee	S Prasad Rajiv C Lochan A N Raju	Chairman
Nomination, Compensation & Remuneration Committee	P N Venkatachalam S Prasad S Viji	Chairman
Corporate Social Responsibility Committee	Shobhana Ramachandhran T T Srinivasaraghavan Harsha Viji Rajiv C Lochan A N Raju	Chairperson
Risk Management Committee	Rajiv C Lochan A N Raju R Raghuttama Rao M Ramaswamy	Chairman
Asset Liability Management Committee	Harsha Viji Rajiv C Lochan A N Raju M Ramaswamy Lakshminarayanan Duraiswamy	Chairman
Information Technology Strategy Committee	S Mahalingam P N Venkatachalam Harsha Viji Rajiv C. Lochan A N Raju V Ananthanarayanan	Chairman
Chief Financial Officer	M Ramaswamy	
Secretary & Compliance Officer	P Viswanathan	
Chief Risk Officer	Rajmohan Vasudeva Pai	
Registered Office	21, Patullos Road, Chennai - 600 002 Tel: 044 2852 1181, Fax: 044 2858 6641 Email: investorservices@sundaramfinance.in Website: www.sundaramfinance.in	
CIN	L65191TN1954PLC002429	
Auditors	M/s. Sundaram & Srinivasan., Chartered Accountants 23, C.P.Ramaswamy Road, Alwarpet, Chennai 600 018	
Information Security Assurance Services	M/s. C.V. Ramaswamy & Co Office No. 1, Vidwan Sundaram Street, Nungambakkam, Chennai 600 034	

Management Team		
D Ravindran	Senior Vice President	
M J Kulkarni	National Head - MH & CE	
K Sankarakumar	Senior Vice President & Head - Distribution	
Moahan Ananda Venkatesan	Senior Vice President & Head - Tamil Nadu	
N Ramachandran	National Head - Auto & Head - North	
Deepa Ramesh	Vice President (SIS)	
V Ananthanarayanan	Chief Information Officer	
Rajesh Venkat	Vice President & Head - Western Region	
C Balasubramanian	Head - CCPD	
Manoj Arvindakshan Nair	Senior General Manager & Head – Strategy & Planning	
A K Ganesan	Senior General Manager & Head - Karnataka	
R Sridharan	Senior General Manager & Head - Indirect Taxation	
Balachander Gopinath	Senior General Manager & Head - East	
S Balasubramanian	Senior General Manager & Head - Andhra Region	
H Venkatesan	Senior General Manager - CCPD	
P S Sridhar	Senior General Manager - Treasury	
N Raman	Head - Internal Audit	
R Sekar	Head - Human Resources	
N Sri Raman	National Head - Fleet Cards	
K Narayanan	General Manager & Head - Corporate Finance & SME	
T E Ramani	Head - Deposits	
N Muthukrishnan	Head - Emerging Financial Institutions	
N Narayanan	Head - Legal	
S Kumar	Senior AGM & Head - Administration	

Subsidiaries		
Sundaram Home Finance Limited		Sundaram Trustee Company Limited
Sundaram Asset Management Company Limited		LGF Services Limited
Sundaram Asset Management Singapore Pte. Limited		Sundaram Fund Services Limited
Sundaram Alternate Assets Limited		

Bankers		
State Bank of India		Bank of Baroda
HDFC Bank Limited		Axis Bank Limited
ICICI Bank Limited		Federal Bank Limited
HSBC Limited		

Debenture Trustee	
Ms. Anjalee Athalye	
Vice President - Operations	
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 ₹73.5047 *
₹One Billion	=	₹100 Crores or ₹10,000 Lakhs	*RBI Reference Rate as on 31.03.2021

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International Finance & Leasing Association

Board's Report

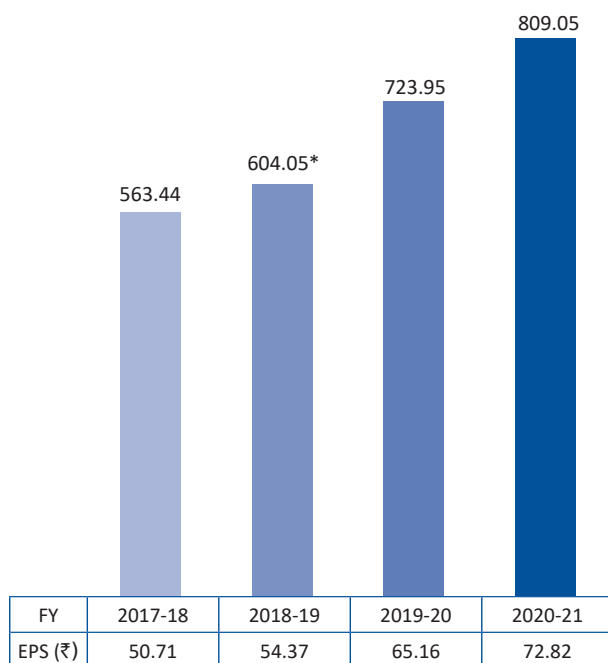
Your directors have pleasure in presenting the 68th Annual Report together with audited accounts for the year ended 31st March 2021. The summarised financial results of the Company are presented hereunder:

FINANCIAL RESULTS: STANDALONE

(₹ in cr.)

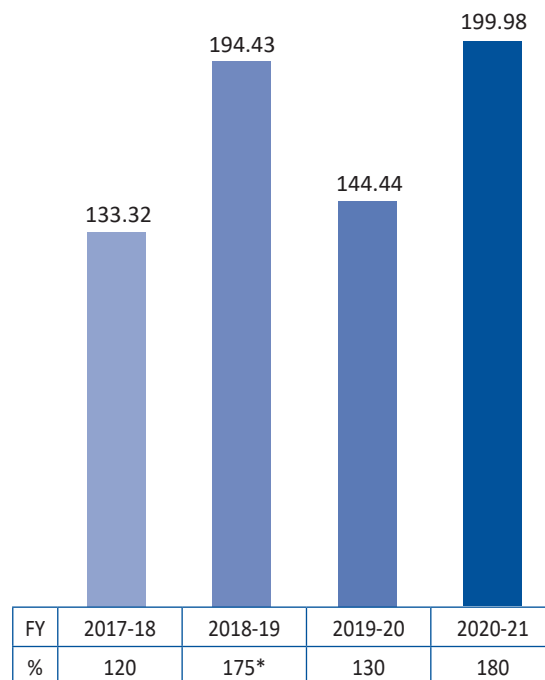
Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from Operations	3,953.74	3,842.09
Other Income	60.46	84.85
Total Revenue	4,014.20	3,926.94
Less: Total Expenses	2,957.90	2,981.82
Profit before exceptional items and tax	1,056.30	945.12
Add: Exceptional item	NIL	NIL
Profit before tax	1,056.30	945.12
Profit after Tax	809.05	723.95
Other Comprehensive Income	0.05	55.92
Surplus brought forward	519.51	444.76
Less: Transfer to COVID-19 Reserve (net of deferred tax)	(20.34)	20.34
Amount available for appropriation	1,348.94	1,204.28
Appropriations to:		
- Statutory Reserve	161.81	144.79
- General Reserve	-	246.75
Dividend		
- Final 2018-19	-	138.88
- Interim 2019-20	-	111.10
- Final 2019-20	33.33	-
- Interim 2020-21	133.32	-
Dividend Tax	-	43.25
Surplus carried to balance sheet	1,020.48	519.51

PAT
(₹ in cr.)



* excludes Exceptional Profit ₹522.26 cr.

Dividend
(₹ in cr.)



* includes Special Dividend - 50%

DIVIDEND

Your Company paid an interim dividend of ₹12/- per share in February 2021. Your directors are pleased to recommend a final dividend of ₹6/- per share, which, together with the interim dividend, would aggregate to a total dividend of ₹18/- per share (180% on the face value of ₹10/-), representing a dividend pay-out of 24.72%

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

CORPORATE GOVERNANCE

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

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

RELATED PARTY TRANSACTIONS

All transactions with related parties were in the ordinary course of business and on an arm's length basis. The Company

did not enter into any material transaction with such related parties, under Section 188 of the Companies Act, 2013, during the year. Form AOC-2, as required under Section 134 (3) (h) of the Act, read with Rule 8 (2) of the Companies (Accounts) Rules 2014, is attached as part of this report, vide Annexure III (i). The Company's policy on Related Party Transactions is attached as part of this report, vide Annexure III (ii).

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

The Annual Report on CSR Activities undertaken by the Company for the Financial Year 2020-21, prepared in the amended format, is annexed with this report, vide Annexure IV.

BUSINESS RESPONSIBILITY REPORT

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

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

The Company has in place a Policy for prevention of Sexual Harassment, in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints. All

employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaints were received during the financial year nor were any pending unresolved as on 31st March 2021.

SECRETARIAL AUDIT

In terms of Section 204 of the Companies Act, 2013 and the rules thereunder, the Company has appointed M/s Damodaran & Associates, Practising Company Secretaries, as the Secretarial Auditor of the Company. The Secretarial Audit Reports of the Company and its material unlisted subsidiary, viz., Sundaram Home Finance Limited, are annexed to this Report, vide Annexures VI(1) and VI(2) respectively.

REMUNERATION TO DIRECTORS / KEY MANAGEMENT PERSONNEL

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

SUNDARAM FINANCE EMPLOYEE STOCK OPTION SCHEME (SFESOS)

Based on the recommendations of the Nomination, Compensation & Remuneration Committee, your Board of Directors has amended the SFESOS by introducing Stock Appreciation Rights Scheme; the Board has granted, subject to regulatory approvals where necessary, 14,336 stock options and 2,384 Stock Appreciation Rights to select eligible employees, on 28th May 2021. The disclosure required under SEBI (Share Based Employee Benefits) Regulations, 2014 is furnished, vide Annexure VIII along with the amendments made to the SFESOS in Annexure IX.

ANNUAL RETURN

As required under Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management

and Administration) Rules, 2014, the draft form MGT-7 is hosted on the Company's website in the link: <https://www.sundaramfinance.in/downloads#annualreports>

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

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

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

Your Company has no activity relating to conservation of energy or technology absorption. During 2020-21, expenditure in foreign currencies amounted to ₹29.48 cr. Foreign currency earnings amounted to ₹2.63 cr.

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ECONOMY

The financial year 2020-21 (FY21) was fraught with uncertainty across the globe as the once-in-a-century COVID-19 pandemic led to a significant loss of lives and livelihoods globally. This had a devastating impact on global growth that witnessed a contraction of 3.5% year on year (YOY). The IMF notes that “the adverse impact has been severe on women, youth, the poor, informally employed, and those who work in contact-intensive sectors.” Countries, however, were quick to respond with sizeable stimulus measures. A total of US\$30 trillion has been spent by countries across the world on fiscal and monetary stimuli spanning FY21 to offset the impact of the pandemic. The IMF estimates that the impact could have been at least three times worse “if not for extraordinary policy support.” These policy measures and the gradual phased reopening of activity witnessed a sharp

pickup in consumption, of which pent-up demand played a large part in the initial phases, moving back to pre-pandemic levels of activity on the back of rising vaccinations. While advanced economies, except China which grew in 2020, are expected to return to their pre-COVID GDP levels this year, all emerging economies and low-income countries are not expected to do so till 2023.

The global economic growth for 2021 is expected to be 5.5-6%, although a high degree of uncertainty surrounds this estimate. The recovery paths of different countries are expected to be substantially different. Most emerging economies have seen a significant setback to their poverty reduction efforts of the past few years. In light of differential impact and recovery trajectories between advanced and emerging economies, greater international collaboration will likely be crucial on both the economic and healthcare fronts (particularly related to vaccines) and the economic prospects will depend largely on the global community's ability and willingness to fight the virus – increased resilience on the back of vaccinations and adherence to safety protocols will accelerate global progress, while new variants and strains that prolong the pandemic will depress global economic growth.

INDIAN ECONOMY

The first wave of COVID-19 infections in India spanned nearly the entire FY21 and caused significant economic disruption. The onset of the pandemic in India in the first quarter of FY21 was met with a series of national lockdowns that led to a sharp drop in activity. The contact-sensitive services segment was the most impacted and the largely informal nature of this segment in India, further worsened the economic impact on the nation. All told, the toll on India's economy has been severe and the provisional estimates show a GDP growth in FY21 of (7.3)% YOY.

In response, the government and the RBI announced a slew of fiscal and monetary measures to overcome the difficulties

caused by the national lockdowns. The year witnessed a number of government initiatives in the series of fiscally prudent Atma Nirbhar Bharat Abhiyan packages, including for agriculture and allied infrastructure. The key aspects of these measures started with food and health support during the lockdown. This was expanded on and followed up with other packages for MSMEs, NBFCs, migrant workers, agriculture, social sector funding, festival allowances and state government support. One notable highlight was the extension of the production-linked incentive (PLI) scheme to ten sectors. This is likely to have laid a key foundation for substantial capital expenditure and increased competitiveness for Indian industry in the years ahead.

In all, the Atma Nirbhar Bharat Abhiyan package of measures totalled ₹17.2 lakh crores in support. While these announcements were timely, they were largely focused on supply-side support and longer-term reforms. Demand-side measures were not quite as large as the stimulus packages seen in developed economies; the Indian government and policy makers seemed to privilege fiscal prudence over near-term economic stimulus.

The fiscal deficit for the 2020-21 was projected at 3.5% at the start of the year. However, the large loss of revenue for the centre due to the stringent COVID-19 related restrictions had led the government to target a higher fiscal slippage of 9.5% of GDP. The pickup in tax revenues during the last quarter is expected to bring down this deficit to just under 8%. Into the fiscal year 2021-22, the government has projected a fiscal deficit target of 6.8%. This is likely to worsen given the vicious second wave and the associated set of lockdowns leading to likely revenue shortfalls in the first quarter of FY22.

On the external front, the drop in growth had a positive rub-off on the currency. The sizeable stimulus measures in the western economies led to a constant inflow of money into emerging economies. India stood differentiated on its inherent strength and received large FII and FDI inflows in FY21. This

stabilised the rupee that saw an appreciation of 2.6% against the dollar, ending the fiscal year at 73.1. The RBI cashed in on this opportunity and added \$103bn to its forex reserves that currently stand at \$579bn. India's current account balance however, recorded a deficit of 0.2% of GDP after recording surplus (1.7% of GDP) during the three quarters ended December 2020.

The RBI more than compensated for the lack of substantial demand-side fiscal support through accommodative monetary policy to lessen the burden on borrowers and make abundant liquidity available during the difficult period of the pandemic. Starting the last week of March 2020, the RBI cut its key policy Repo rate by 115 basis points to 4% and cut the cash reserve ratio (CRR) by 100 basis points. Through various other liquidity tools like the long-term repo operations (LTRO), targeted long term repo operations (TLTRO), open market purchases (OMO), special liquidity to mutual funds and others, RBI infused a total liquidity of ₹12.7 lakh crores into the system, resulting in a significant reduction in interest rates. The measures of extended regulatory forbearance, easing of asset classification norms, relaxation to banks on commercial real estate, moratorium extensions, introduction of a resolution framework, particularly for the MSME segment, and rationalisation of risk weights for individual housing, all helped ease systemic stress. To top it all, in the early weeks of the financial year 2021-22, the RBI introduced a government security acquisition program (G-SAP) that would work to keep market rates further in check besides ensuring an assured secondary market purchase limit of securities by RBI.

The financial year 2020-21 also witnessed the passing of bills on agricultural reform and labour laws. The bills on agriculture were set to do away with the inter-state and intra-state restrictions imposed earlier on sale of agricultural produce. In addition, the easing of contract farming laws is intended to enable greater participation from the private sector in procurement, storage, and transportation of

agricultural produce, all of which were expected to unlock inefficiencies in the agricultural value chain. However, these bills currently remain suspended owing to large scale protests from farmers and other interest groups. The changes to the labour laws have been appreciated by the business community as it gives them the flexibility to deal with their employee workforce without compulsory notification to the government and facilitates the ease of doing business, even though the cost of establishment would substantially increase on account of changes in definition of “wages” and the associated emphasis on retiral savings as opposed to take-home pay.

AUTOMOTIVE SECTOR

The automotive sector was already witnessing bouts of weakness even before the commencement of financial year 2020-21. The onset of the COVID-19 pandemic only deepened the fall in this sector. The commercial vehicles (CV) segment was the worst affected, given its close linkages to overall economic growth. Even though the second half of the year was encouraging, on the whole, the sharp drop in economic activity and a postponement of the capex cycle led to a 28% YOY drop in MHCV volumes and a 17% YOY drop in LCV volumes. Increased e-commerce sales and brick-and-mortar businesses adopting door delivery enabled a ramp up in SCV sales, which partially cushioned the drop in volumes. The financial year 2020-21 was a very strong year for tractors. Three consecutive years of good harvests, increased government spending in rural India, strong agricultural output and elevated farmer sentiment resulted in a 27% YOY growth in tractor sales volumes. Agriculture as an industry and rural India in general, were relatively unaffected by the pandemic, unlike urban India which bore the brunt of it. While concerns around job losses and weakness in urban demand appeared to be two key reasons that led to a 13% YOY decline in two-wheeler volumes, the increased need for personal mobility by first-time owners led to a much lesser impact on passenger

vehicle (PV) volumes that contracted by a mere 2% YOY. However, within the PV segment, utility vehicles witnessed growth of 8% YOY, as customers with higher income profiles were relatively less affected by the pandemic.

OPERATING & FINANCIAL PERFORMANCE

Your Company's disbursements at ₹11,741 cr. (PY ₹15,176 cr.) were down by 22.63% during the year under review, reflecting the marked decline in sales across the automotive sector owing to multiple factors as also the elevated risk perceptions in light of the pandemic-induced disruptions. Disbursements against Commercial Vehicles declined 41% in unit terms as compared to the market drop of 21%; disbursements against passenger cars and utility vehicles declined 3%, almost mirroring the overall market which was lower by 2%. Gross receivables managed by your Company as of March 31, 2021, stood at ₹35,736 cr., as against ₹35,088 cr., showing a marginal growth over the previous year. Your Company's tight rein on operating costs and its ability to raise resources at competitive rates enabled it to maintain its margins at a reasonably healthy level.

Reflecting the economic slowdown and the cash flow strains faced by its customers, your Company's delinquencies increased during the year. However, your Company's superior credit standards and systematic collections and recovery efforts ensured best-in-class performance on asset quality. Stage-3 assets, Gross and Net of ECL provisions, stood at 1.84% (PY 2.47%) and 1.01% (PY 1.65%) respectively, as at 31st March, 2021.

RBI, as part of the COVID relief, had announced various measures like additional credit relief, moratorium, and restructuring, aimed at alleviating the financial hardships for individuals and small business customers. Your Company extended the moratorium and restructuring support for providing timely relief to such customers. In addition, your Company also extended financing support to its MSME

customers through the ECLGS window announced by the Government of India as part of the Atma Nirbhar Bharat Abhiyan package.

Your Company has been maintaining comfortable liquidity in the form of liquid investments and undrawn bank limits, to meet its maturing liabilities and did not opt for moratorium in respect of its debt obligations to its lenders.

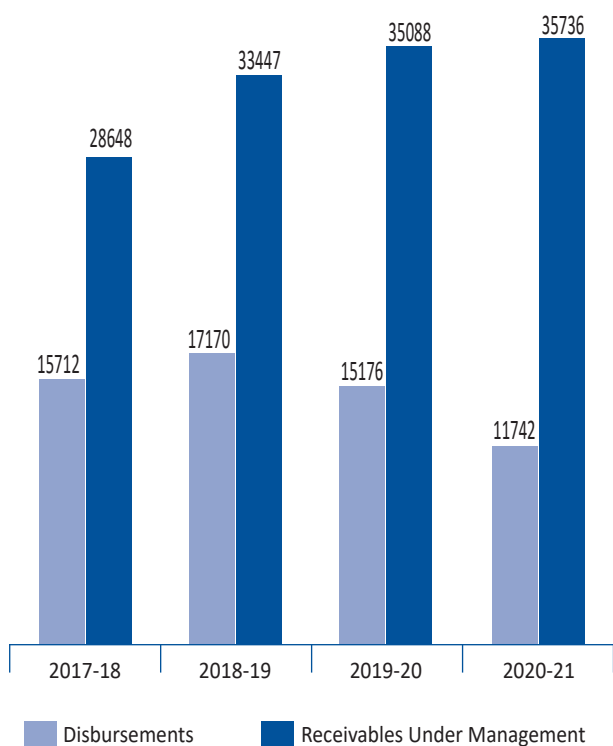
Your Company registered a net profit of ₹ 809 cr. compared to ₹ 724 cr. in the previous year, a growth of 12%. Excluding

the one-time gain of ₹ 53 cr. (on sale of equity shares in Sundaram Finance Holdings Ltd.) last year, net profit grew by 21% on a like-to-like basis. Your Company's net worth stood at ₹6,179 cr., as on 31.3.2021. Capital adequacy (CRAR) at 22.06% was comfortably higher than the statutory requirement of 15%.

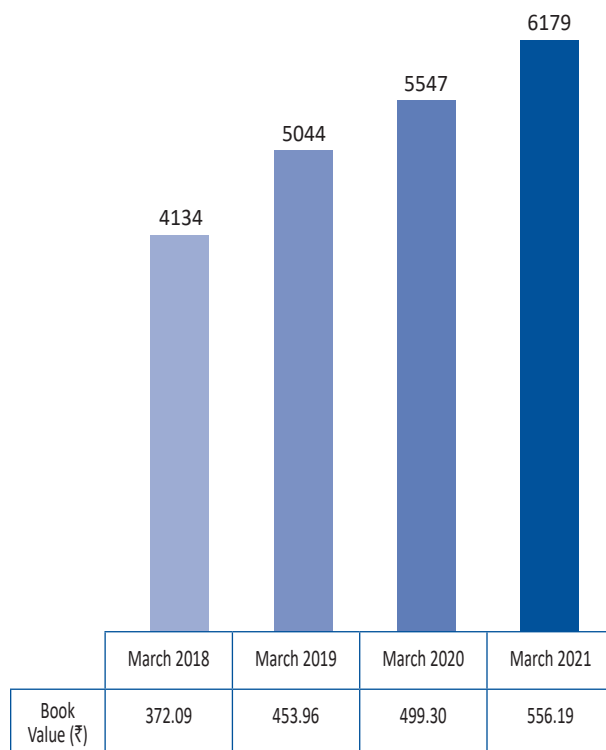
There are no significant changes in key financial ratios of the Company for F.Y. 2020-21 as compared to F.Y. 2019-20, except for the following:

	Net Profit Margin(%)			Return on Net Worth(%)		
	March 2021	March 2020	Variance	March 2021	March 2020	Variance
Ratios	20.15%	18.44%	9.33%	13.80%	13.67%	0.93%

Disbursement and Receivables Under Management (₹ in cr.)



Own Funds (₹ in cr.)



RESOURCE MOBILISATION

a) Deposits

During the year, your Company mobilised fresh deposits aggregating to ₹ 708.52 cr. Renewal of deposits during the year amounted to ₹1345.58 cr. representing 81% of the matured deposits of ₹1631.16 cr. Deposits outstanding at the year-end were at ₹4020.99 cr. as against ₹3676.19 cr. in the previous year. The net accretion for the financial year was ₹344.81 cr. As at 31st March 2021, 4090 TDRs amounting to ₹36.06 cr. had matured for payment and were due to be claimed or renewed. After close follow-up, these figures are currently 3243 and ₹24.53 cr. respectively. Continuous efforts are being made to arrange for repayment or renewal of these deposits. There has been no default in repayment of deposits or payment of interest thereon during the year. Investor Relation Services – Deposits continue to enjoy the ISO 9001:2015 Certification from Bureau Veritas (India) Private Limited.

During the year, your Company's outstanding deposits crossed ₹4000 cr. As part of the digital initiative to provide support to depositors, your Company launched Online services to its depositors through Customer Portal / Mobile APP in September 2020.

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 ₹7526 cr., across varying tenors.

c) Bank Finance

As part of the overall funding plan, your Company's working capital limits with consortium banks were

retained at ₹3000 cr. During the year, your Company also issued several tranches of commercial paper aggregating to ₹6500 cr. The maximum amount of outstanding commercial papers at any time was ₹4475 cr. and the amount outstanding at the end of the year was ₹2025 cr.

d) Assets Securitised / Assigned

During the year, your Company raised resources to the extent of ₹493.70 cr. through securitisation and assignment of receivables.

CREDIT RATINGS

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

COVID-19

The widespread disruption caused by the nationwide lockdown posed several challenges both in terms of people safety and technology. As a customer-facing business, your Company had to quickly reorient its approach and processes to respond to the emerging situation. While the primary objective was to ensure the safety of employees, customers, associates and other partners, it was vitally important to ensure that customer service levels were not compromised. Taking a cue from developments in other parts of the country, your Company took a number of steps to enable a 'Work from home' environment, ahead of the lockdown imposed by various state governments depending on the situation in the respective states. This included putting in place adequate IT security measures to safeguard the technology environment,

while providing access to nearly 3000 users on a real time basis. This ensured continuity of operations and service to customers, especially our depositors. All deposit maturities as well as redemption of other liabilities were met on or before due dates.

All borrowers were kept regularly informed about the regulatory developments, especially regarding the grant of moratorium. This was done entirely using digital methods and last mile servicing was done by our employees using telephones and digital communications. The digital tools deployed were enhanced to improve the customer experience.

Detailed safety protocols were put in place to ensure that operating procedures including deep cleaning and fumigation, educating and training the staff to wear masks, importance of social distancing and hand sanitisation/washing with soap and avoiding physical contact. These are being reinforced and communicated to all our employees continuously, using digital technology. A vaccination drive was conducted in your Company's head office and coordinated efforts continue to ensure all employees, especially frontline staff, are vaccinated at the earliest.

OUTLOOK

The pandemic has caused significant economic damage. However, the central government, stretching itself within its framework of prudence, and the swift and frequent RBI policy measures have greatly helped to contain the negative impact. Initial projections for FY22 indicated an appreciable spurt in growth, in the range of 11-13% YOY. However, the second wave of the pandemic that has hit the country suddenly and with an unexpectedly high intensity has crippled economic activity in the first quarter of FY22. Infection levels have been

at over four times that witnessed in the first wave. Mortality in absolute numbers has been correspondingly higher (although the mortality rate has remained between 1% and 1.5%). Worryingly, the second wave has spread wider into semi-urban and rural India. And to complicate matters, the pace of vaccinations has seen a sharp drop both on account of supply shortages of vaccines and vaccine hesitancy amongst citizens.

The lockdowns and associated restrictions that have been triggered in the states are likely to shave-off at least 150-250bps from the FY22 GDP growth projection. The second wave has peaked in May and, optimistically, the economic damage from this wave of the pandemic could well be contained in the June quarter. This could then lead to a faster leg of recovery through a layer of pent-up demand led sales that could bolster full year growth numbers.

Realistically, India's economic recovery in FY22 will be marked by a high degree of uncertainty. The country's ability to mobilise vaccines at scale, ramp up the pace of vaccinations, and the speedy containment of virus spread in rural India will all be major determinants of consumer confidence returning and consequently of faster economic recovery. Continued adherence to safety protocols and minimising super-spreader events will ensure any subsequent "waves" are contained to ripples. The emergence of newer variants and strains of the virus will trigger disruptions which could depress consumer sentiment and consequently, economic activity.

Given how sensitive the commercial vehicle (CV) sector is to economic momentum, this segment is likely to take a while to recover. A dramatic turnaround seems unlikely. Even the expected recovery in second half of FY22 on the back of a 3-year downcycle may get pushed out. However, if the second

wave is effectively contained within the first quarter of this financial year, there could be some support the sector may receive on the side-lines. The government's resolve to invest over ₹100 lakh crore behind infrastructure through the National Infrastructure Pipeline should provide support to construction equipment as well as tippers, within the MHCV segment. Continued growth of e-commerce sales and direct-to-home models across sectors are expected to support the LSCV segment growth. Rising global agricultural prices and a good monsoon are most likely to help hold up growth in rural India and as a result, in tractors and farm equipment sales. However, the second wave's significant inroads into rural India could soften growth in the tractor and farm equipment segment. It is expected that the need for personal mobility will continue to drive demand for passenger cars and utility vehicles. However, supply side challenges due to global shortage of semiconductors as well as rising commodity prices across steel and fuel are likely to dampen the recovery in demand.

INTERNAL FINANCIAL CONTROLS

The Company has a well-established internal financial control and risk management framework to ensure the highest standards of integrity and transparency in its operations and a strong corporate governance structure. 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 accounting records; and
- e) timely preparation of reliable financial information.

The Board has adopted policies and procedures to ensure compliance and oversight to the implementation of its internal financial control and risk management framework.

RISK MANAGEMENT

Your Company has built a robust risk management framework over the years. Engaged as it is in retail financing, the Company has to manage various risks, including credit risk, liquidity risk, interest rate risk and operational risk. The Risk Management Committee and the Asset Liability Management Committee review and monitor these risks on a regular basis.

The primary objectives of the Risk Management Committee include:

- i) To assist the Board in fulfilling its corporate governance oversight responsibilities with regard to the identification, evaluation and mitigation of strategic, operational, and external environment risks;
- ii) To monitor and approve the enterprise risk management framework and associated practices of the Company;
- iii) To periodically assess risks to the effective execution of business strategy by reviewing key leading indicators in this regard; and
- iv) To periodically review the risk management processes and practices of the Company and ensure that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.

The primary responsibility of ALCO (Asset Liability Committee) includes:

- i) Monitoring and advising on Liquidity risk management;
- ii) Management of market risks;

-
- iii) Funding and capital planning;
 - iv) Profit planning and growth projection; and
 - v) Forecasting and analysing 'What if scenario' and preparation of contingency plans primary focus of ALCO on Liquidity and Interest Rate risks as stipulated under RBI guidelines.

The Company manages credit risk through stringent credit norms established through several decades of experience in retail lending and continues to follow the time-tested practice of personally assessing every borrower, before committing to a credit exposure. The Company monitors ALM on an ongoing basis to mitigate liquidity risk, while interest rate risks arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of the maturity profiles. The Company also measures the interest rate risk by the duration gap method.

Operational risks can arise due to changes in business environment or changes in processes, affecting the control effectiveness. The internal audit team reviews the processes and controls to ensure the design effectiveness and adequacy of controls to mitigate risk. A stable and experienced risk management team and the Treasury team provide much-needed continuity and expertise in managing the dynamic changes in the market environment. Your Company has well-documented standard operating procedures for all processes to ensure superior control over transaction processing and regulatory compliance and periodical review of the same ensures that the risks including technology risks are under control. While meeting the strategic objectives is the primary goal, your Company's values and culture that are enshrined in the Sundaram Way of doing business and the obligations and commitment to our customers, employees, deposit holders

and the community around us are the foundations on which its risk framework rests.

Your Company has additionally taken steps to adopt the Enterprise Risk Management (ERM) framework and map with the internal financial controls. This will assist in several ways to identify and mitigate risk besides acting as a safety monitoring mechanism.

The detailed Risk Management Framework of your Company has been furnished in the Notes to the Accounts under Note 38, for your information.

Your Company has implemented the policy on Liquidity Coverage Ratio with effect from 1st December 2020, as mandated by RBI. RBI introduced the Liquidity Risk Management framework for NBFCs in the year 2019-20. During the year, the Board of Directors approved the Liquidity Risk Management Policy and implemented the Liquidity coverage ratio (LCR). Your Company will maintain a sufficient liquidity buffer in terms of LCR and ensure adequate High Quality Liquid Assets (HQLA) in line with regulatory norms in order to prudently manage any potential acute liquidity stress scenarios.

INTERNAL AUDIT

Your Company's internal audit department independently evaluates the adequacy of control measures on a periodic basis and recommends improvements, wherever appropriate to suit the changes in business and control environment. The effectiveness and efficiency of the controls, and the design are regularly measured through process reviews and risk assessment. The Internal Audit team plays a vital role in monitoring the effectiveness of the Standard Operating Procedures and makes extensive use of software and analytical tools which enables effective offsite or remote auditing. A

robust process that includes a continuous learning mechanism ensures that the Internal Audit team regularly updates its skills and knowledge base in order to analyse, assess, mitigate and continuously monitor the controls and guard against inadequacies including various risks that could pose a threat to your Company's strategic objectives, as part of key pillar or 3rd line of defence. Systematic identification of risks, red flags and early warning signals on a proactive basis enables quick decision-making on strengthening and redesigning the controls where required, through agile audit plans. The internal audit function is fully geared to meet the emerging challenges in the post COVID-19 era.

The internal audit department is staffed by highly qualified and experienced personnel and reports directly to the Audit Committee of the Board. The Audit Committee regularly reviews the audit findings as well as the adequacy and effectiveness of the internal control measures.

Additionally, an Information Security Assurance Service is also provided by independent external professionals. Based on their recommendations, the Company has implemented a number of control measures both in operational and IT-related areas, apart from information security related measures.

To ensure adequate strengthening of controls surrounding information security and mitigate technology risks, external information systems auditors carry out periodical and continuous reviews on both network and application systems. They work along with Internal Audit teams to ensure adequate independence while reviewing IT applications infrastructure and network management.

In the wake of COVID-19, the Internal Audit team along with the information systems auditors are redefining the scope of coverage to address future risks as part of the risk mitigation

strategy and to facilitate strengthening of the internal IT control systems in line with the regulatory requirements.

INFORMATION TECHNOLOGY

Your Company is strictly following the IT Framework Master Directions laid down by RBI and conducts resilience drills regularly to safeguard the customers' and shareholders' data.

The IT Strategy Committee of your Company is periodically monitoring the robustness of your Company's infrastructure and its processes to protect the IT landscape. This committee also shares its expertise in strengthening various measures implemented by your Company's strong technology team.

Your Company has a state-of-the-art Data Centre catering not only to its own needs but also to those of its subsidiaries and associates, with a capacity of over 300 servers, managed by professionals providing 24/7 support, with over 99.99% uptime. The Data Centre is accredited for ISO/IEC 27001:2013 by TUV Rheinland for Information Security Management System. The Disaster Recovery Site for all critical applications is hosted at a separate facility located in a different seismic zone, with near real-time data replication. Your Company continues to invest in various new technologies, software tools and monitoring mechanisms to improvise and modernize the IT Infrastructure. Your Company has engaged in regular discussions with external consultants, industry experts to reinforce Information & Cyber Security methodologies. Periodic vulnerability assessment and penetration testing were carried out on the infrastructure to ascertain the effectiveness of the practices laid down by your Company.

With proficiency in a variety of technologies, our in-house IT team has proven capability to develop and maintain complex business applications that cater to the Company's

operations and business functions. Your Company employs technology not only to enrich the jobs of our employees, but also to aid decision-making, provide better controls, manage risk, and enhance our customer's experience. The end-to-end process of credit to the retail segment has been substantially digitised through mobile-enabled applications, credit decisioning automation that provides approval in under 30 seconds at the point-of-sale and direct payment into the dealers' bank accounts via a "straight to bank" payment solution. Collections processes are automated through a homegrown "mCollect" application that enables monitoring, follow-up and resolution of all past-due accounts digitally. A range of digital payment solutions have been enabled for customers to transact electronically to update their accounts. These digital technology capabilities of your Company were put to test during the Covid-19 pandemic and succeeded in supporting both customers and staff during the lockdown and work from home phases of the pandemic. Significant investments continue to be made in technology to expand the automation of processes, augment the digital interfaces for customers and employees and enable delivery of the unique 'Sundaram Experience' to customers. The modernization of IT application platforms to ensure reliability and minimise any risks of obsolescence is also a priority.

Your Company is in a relationship-centric business relying on physical interactions with customers and other stakeholders. The digital strategy has consciously been adopted to augment these relationships and for resources to be digitally available for customers, as and when they need them.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the provisions of Section 129 (3) of the Companies Act, 2013, the Consolidated Financial Statements,

drawn up in accordance with the applicable Accounting Standards, form part of the Annual Report. A separate statement containing the salient features of the financial statements of Subsidiaries and Associates in Form AOC-I forms part of the Annual Report.

The Consolidated profit after tax is ₹1165.08 cr. as against ₹791.54 cr. of the previous year. The total comprehensive income for the year was ₹1210.89 cr. as against ₹754.81 cr.

The annual accounts of all the Subsidiary Companies have been posted on your Company's website – www.sundaramfinance.in. Detailed information, including the annual accounts of the Subsidiary Companies will be available for inspection by the members, through a digital platform which would be provided by the Company as physical inspection of documents at the registered office of the Company is not possible under the existing restrictive procedures advised by the Central and State Governments as safety measures to avoid the COVID-19 risk.

SUBSIDIARIES

• Sundaram Finance Holdings Limited

Sundaram Finance Holdings Limited reported a gross income of ₹39.76 cr. as against ₹94.35 cr. in the previous year. Profit after tax was ₹14.55 cr. as compared to ₹61.39 cr. in the previous year, a clear reflection of disruption caused by the Covid-19 pandemic and its impact on the business operations of its associate companies, including their subsidiary companies, which in turn, have impacted the financials results of the Company. The Company has recommended a final dividend of ₹0.50 per share (10%) for the year ended 31st March 2021.

- **Sundaram Home Finance Limited**

Sundaram Home Finance Limited approved loans aggregating to ₹1446 cr. (Previous year ₹2240 cr.). Disbursements during the year were lower by 41% at ₹1254 cr. (PY ₹2113 cr.). The Company earned a gross income of ₹1039 cr. (PY ₹1079 cr.) and reported a profit after tax at ₹191.64cr. (PY ₹218.15 cr.). The Net Profit after tax for the year ended 31st March 2021 is not comparable with that of the previous period, which included a onetime exceptional item of ₹60.25 cr. on account of write back of deferred tax liability. The loan portfolio under management as at 31st March 2021 stood at ₹9173 cr. as against ₹9638 cr. in the previous year. Gross Stage -3 assets stood at 4.48% and net of ECL provisions stood at 1.09%, as at 31st March, 2021. The Board of Directors have recommended a final dividend of ₹5.50 per share (55%) for the year ended 31st March 2021. This together with Interim dividend of ₹1.50 per share (15%) already paid, would aggregate to a total dividend of ₹7/- per share (70%).

- **Sundaram Asset Management Company Limited (On consolidated basis)**

The Company reported a consolidated gross income of ₹288.15 cr. as against ₹300.50 cr. in the previous year. Consolidated Profit after tax was ₹55.13 cr. as compared to ₹32.69 cr. during the previous year. The Average Assets under Management amounted to ₹ 36,962cr. for the year 2020-21 as compared to ₹ 36,916 cr. in the previous year. The Company has recommended a final dividend of ₹7.50 per share (75%) for the year ended 31st March 2021.

- **Sundaram Trustee Company Limited**

Sundaram Trustee Company Limited earned a gross

income of ₹ 1.37cr., as against ₹1.48 cr., in the previous year and reported a profit after tax of ₹0.72 cr. for the year, as against ₹0.80 cr. in the previous year. The Company recommended a dividend of ₹50 per share (500%) for the year ended 31st March 2021.

- **LGF Services Limited**

During the year, the Company reported a gross income of ₹0.11cr. as against ₹ 0.19 cr. in the previous year. The profit after tax for the year was ₹0.06 cr. as against ₹0.11cr. in the previous year. The Company recommended a dividend of ₹2.5 (25%) per share for the year.

- **Sundaram Fund Services Limited**

Sundaram Fund Services Limited earned an income of ₹ 4.94 cr. during the year as against ₹5.30 cr. in the previous year. The Company reported a profit after tax at ₹0.11 cr. as against a profit of ₹0.58 cr. in the previous year.

JOINT VENTURE

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

Royal Sundaram reported a Gross Written Premium (GWP) of ₹2,883 cr. as compared to ₹3,718 cr. in the previous year, impacted primarily by a drop in motor insurance sales due to the pandemic situation and the Company's decision to exit from writing crop business during the financial year 2020-21. The Company reported, as per IND AS, a profit after tax of ₹313 cr. for the current year as against a loss after tax of ₹76 cr. in the previous year. The current year's profit was higher due to decline in motor claims in the early months of lock-down and marked to market (MTM) gain of ₹137 cr. (net of tax)

on equity investments against the previous year MTM loss of ₹72 cr. (net of tax) on equity investments.

BOARD & AUDIT COMMITTEE

The details regarding number of board meetings held during the financial year and composition of Audit Committee are furnished in the Corporate Governance Report. The details of all other Committees are provided elsewhere in this Annual Report.

KEY MANAGEMENT PERSONNEL

Sri T T Srinivasaraghavan laid down his Managing Directorship on 31-3-2021. He served your Company in various capacities in an outstanding career spanning around four decades. During his long and illustrious career, Sri T T Srinivasaraghavan has provided dynamic leadership not only for your Company but also for the Non-Banking financial sector. Your Directors place on record their recognition and appreciation of Sri T T Srinivasaraghavan's leadership, which has helped the Company to retain its pre-eminent position in the industry. Sri T T Srinivasaraghavan continues as a non-executive Director, and he would mentor the managerial and senior management of the Company.

Based on the recommendations of the Nomination, Compensation & Remuneration Committee:

- a) Sri Harsha Viji, Deputy Managing Director, was appointed as the Executive Vice Chairman of the Company with effect from 1-4-2021;
- b) Sri Rajiv C Lochan, Director-Strategy, took over as Managing Director on 1-4-2021; and
- c) Sri A N Raju, Director (Operations) was appointed as Deputy Managing Director with effect from 1-4-2021.

The tenure of office of all these three Key Management Personnel is five years.

DIRECTORS

Sri S. Ram and Sri S Viji, Directors retire by rotation and being eligible, offer themselves for re-election which is subject to approval by a Special Resolution.

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 they meet with the criteria of their Independence laid down in Section 149 (6).

ANNUAL EVALUATION BY THE BOARD

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

DIRECTORS' RESPONSIBILITY STATEMENT

Your directors confirm that:

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

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

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

AUDITORS

As per the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) (“RBI Guidelines”) issued by the Reserve Bank of India (RBI) vide their Notification dated 27th April 2021, the existing Statutory Auditors of the Company would not be eligible to continue as the statutory auditors if their term has exceeded three years as on 30th September 2021 and the Company is required to appoint two independent Chartered Accountant firms in their place as the Joint Statutory Auditors for a maximum term of three (3) consecutive years.

Accordingly, M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, who had been appointed as the Statutory Auditors of your Company, to hold office for a term of five (5) consecutive years from the conclusion of the 64th Annual General Meeting held on 20th July 2017 until the

conclusion of the 69th Annual General Meeting, would be demitting office as the Statutory Auditors of the Company at the conclusion of the 68th Annual General Meeting, in compliance with the provisions of the RBI Guidelines.

Your Company has initiated steps to identify two Chartered Accountant firms for appointment as the Joint Statutory Auditors of the Company within the timeline stipulated in the RBI Guidelines. The appointment of the Joint Statutory Auditors will be subject to the approval of the shareholders at the 68th Annual General Meeting and will take effect from the conclusion of that Meeting.

ACKNOWLEDGEMENT

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

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

Chennai 600 002
28.05.2021

For and on behalf of the Board
S VIJI
Chairman

SFL Policy for Distribution of Dividends

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

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

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

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

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

Report on Corporate Governance

Sundaram Finance Limited has been following robust corporate governance practices since its inception. The strong edifice of the Company, started in 1954, is supported by the pillars of customer trust, investor faith and employee loyalty. Your Company's approach to corporate governance is guided by the Sundaram Way – a set of values enshrined in the Company's culture by its founder Chairman, Sri T. S. Santhanam.



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. We believe that a well-informed and participative Board is necessary to ensure the highest standards of corporate governance. The Board oversees the Management's functions and safeguards the long-term interests of our stakeholders.

As of March 31, 2021, the Board comprised twelve members, of which six members are Independent Directors. An Independent Director is the chairperson of each of the Board committees, viz., Audit Committee, Nomination, Compensation & Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee.

I. BOARD OF DIRECTORS

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

The composition of the Board is in conformity with the listing requirements as on 31st March 2021.

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

Name of the Director	DIN	Attendance Particulars		Directorships in other public limited companies (as on 31st March 2021)				Committees in which Chairman/Member of other public limited companies* (as on 31st March 2021)		Directorship in other listed company	
		Board Meetings	AGM	Chairman		Director		Chairman	Member	Name of the Company	Category of Directorship
				Listed	Unlisted	Listed	Unlisted				
Promoter Directors											
Sri S. Viji Non-Executive Chairman	00139043	9	Yes	–	1	1	1	1	1	Wheels India Limited	Non – Executive Director
Sri S. Ram Non-Executive Director	00018309	9	Yes	2	1	–	1	2	1	Wheels India Limited India Motor Parts & Accessories Limited	Non – Executive Chairman
Sri S. Ravindran [#] Non-Executive Director	00045076	3	Yes	–	–	–	–	–	–	–	–
Sri T. T. Srinivasaraghavan, Managing Director	00018247	9	Yes	1	2	–	2	–	3	Sundaram Finance Holdings Limited	Non – Executive Chairman
Sri Harsha Viji Deputy Managing Director	00602484	9	Yes	–	1	1	3	1	4	Sundaram Finance Holdings Limited	Non – Executive Director
Independent Directors											
Sri R. Raghuttama Rao	00146230	9	Yes	–	–	1	2	–	2	Wheels India Limited	Independent Director
Sri P.N. Venkatachalam	00499442	9	Yes	–	–	1	5	2	4	Edelweiss Financial Services Ltd	Independent Director
Sri S. Mahalingam	00121727	9	Yes	–	1	2	3	4	2	Sundaram Fasteners Limited JSW Steel Limited	Independent Director
Sri S. Prasad	00063667	9	Yes	–	–	3	2	4	2	Wheels India Limited Sundaram Finance Holdings Limited India Motor Parts & Accessories Limited	Independent Director

Name of the Director	DIN	Attendance Particulars		Directorships in other public limited companies (as on 31st March 2021)				Committees in which Chairman/Member of other public limited companies* (as on 31st March 2021)		Directorship in other listed company	
		Board Meetings	AGM	Chairman		Director		Chairman	Member	Name of the Company	Category of Directorship
				Listed	Unlisted	Listed	Unlisted				
Ms Shobhana Ramachandhran	00273837	7	Yes	-	-	3	2	-	1	TVS Srichakra Limited	Executive Director
										Sundaram Brake Linings Limited	Non-Executive Director
										Sundaram Finance Holdings Limited	Independent Director
Sri L. Ganesh [§]	00012583	6	No	4	-	2	-	-	7	Rane Holdings Limited	Executive Chairman
										Rane Brake Lining Limited	Non – Executive Chairman
										Rane (Madras) Limited	Non – Executive Chairman
										Rane Engine Valve Limited	Non – Executive Chairman
										EIH Limited	Independent Director
										EIH Associated Hotels Limited	Independent Director
Executive Directors											
Sri Rajiv C. Lochan Director – Strategy (w.e.f. 03.06.2020)	05309534	9	Yes	-	-	-	-	-	-	-	-
Sri A.N. Raju Director (Operations)	00036201	9	Yes	-	-	-	-	-	-	-	-

* Audit Committee and Stakeholders' Relationship Committee considered.

Sri S Ravindran resigned his directorship w.e.f. 10th August 2020

§ Sri L Ganesh was appointed as an Independent Director w.e.f. 12th August 2020

Following are the changes in the directorships w.e.f 1st April 2021:

- (1) Sri Harsha Viji has been elevated as "Executive Vice Chairman"
- (2) Sri Rajiv C. Lochan has been elevated as "Managing Director"
- (3) Sri A.N. Raju has been elevated as "Deputy Managing Director"
- (4) Sri T.T. Srinivasaraghavan has become a Non-Executive Director on the Board

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

Category	Expertise	Skills / Competencies
Non-Executive Non-Independent Directors Sri S. Viji Sri S. Ram Sri S. Ravindran (till 10.08.2020)	<ul style="list-style-type: none"> • In-depth Industry Knowledge • Capital Markets • Legal and Regulatory Framework • Risk Assessment and Management • Business Policies • Strategic Management 	<ul style="list-style-type: none"> • Entrepreneurial • Governance • Behavioural
Independent Directors Ms Shobhana Ramachandhran Sri R. Raghuttama Rao Sri S. Mahalingam Sri S. Prasad Sri P.N. Venkatachalam Sri L. Ganesh (inducted on 12.08.2020)	<ul style="list-style-type: none"> • In-depth Industry Knowledge • Audit and Financial Management • Treasury • Legal and Regulatory Framework • Risk Assessment and Management • Business Policies • Capital Markets 	<ul style="list-style-type: none"> • Technical/Professional • Analytical • Technological • Behavioural
Executive Directors Sri T.T. Srinivasaraghavan (Non-Executive Director w.e.f. 01.04.2021) Sri Harsha Viji Sri Rajiv C Lochan (inducted on 03.06.2020 & elevated as Managing Director w.e.f. 01.04.2021) Sri A.N. Raju	<ul style="list-style-type: none"> • In-depth Industry Knowledge • Audit and Financial Management • Wealth Management • Treasury Operations and Management • Business Policies • Legal and Regulatory Framework • Capital Markets • Risk Assessment and Management • Asset Liability Management • Strategic Management 	<ul style="list-style-type: none"> • Governance • Leadership • Technical • Analytical • Organisational • Technological • Planning • Resource Management and Utilisation • People Management • Communication • Behavioural

II. BOARD MEETINGS

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

During the year under review, 9 meetings of the Board of Directors were held.

24.04.2020	20.01.2021
29.05.2020	05.02.2021
10.08.2020	04.03.2021
17.09.2020	26.03.2021
06.11.2020	

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

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

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

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

III. AUDIT COMMITTEE

The Audit Committee reviews the financial accounting policies, adequacy of internal control systems and systems audit and interacts with the statutory auditors, internal auditors and systems auditors. Senior Executives and functional heads are invitees to the committee meetings. Besides, the Committee inter alia 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.

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

Name of the Member		No. of Meetings Attended	Meeting dates
Sri S. Prasad	Chairman	10	24.04.2020 29.05.2020
Sri R. Raghuttama Rao [@]	Member	6	28.07.2020 04.08.2020 17.09.2020
Sri S. Ravindran*	Member	3	27.10.2020 02.11.2020 21.12.2020
Ms Shobhana Ramachandhran	Member	10	04.02.2021 15.03.2021

@ w.e.f. 10th August 2020

* Upto 10th August 2020

The Company Secretary is the Secretary to the Committee.

IV. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee

- i) approves and monitors transfers, transmission, splits and consolidation of securities of the Company,
- ii) reviews and resolves the grievances of security holders / depositors / debenture holders of the Company including complaints related to transfer/transmission of shares, Non-receipt of annual report, Non-receipt of declared dividends, Non-receipt of interest on deposits/debentures, issue of new/duplicate certificates, general meetings etc., and
- iii) reviews the compliances with various statutory and regulatory requirements.

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

Name of the Member		No. of Meetings Attended	Meeting date
Sri S. Prasad	Chairman	1	18.03.2021
Sri T.T. Srinivasaraghavan [@]	Member	1	
Sri A.N. Raju	Member	1	

@ upto 31st March 2021;

Sri Rajiv C Lochan became a member of the Committee w.e.f. 1st April 2021.

Besides, Transfer/Transmission of shares were approved by resolutions passed in circulation on 12 occasions.

Sri P. Viswanathan, Secretary, is the Compliance Officer. Two investor complaint were received during the year and it was resolved immediately. None was pending unresolved as on 31st March 2021.

V(I) RISK MANAGEMENT COMMITTEE

The Risk Management Committee (RMC) formed in accordance with the Directions of the Reserve Bank of India, functions 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 Composition of the Risk Management Committee and attendance of the members at Committee meetings are as follows:

Name of the Member		No. of RMC Meetings attended	RMC Meeting dates
Sri T.T. Srinivasaraghavan*	Chairman	4	27.06.2020 29.09.2020 11.12.2020 08.03.2021
Sri R Raghuttama Rao**	Member	-	
Sri Harsha Viji*	Member	4	
Sri A.N. Raju	Member	3	
Sri Rajiv C Lochan@	Member	4	
Sri Lakshminarayanan Duraiswamy*	Member	4	
Sri M. Ramaswamy	Member	3	

* Upto 31st March 2021.

@ Sri Rajiv C Lochan became the Chairman w.e.f. 1st April 2021.

** Sri R Raghuttama Rao became a member w.e.f. 28th June 2021.

The Company Secretary is the Secretary to the Committee.

V(II) ASSET LIABILITY MANAGEMENT COMMITTEE

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

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.

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

Name of the Member		No. of ALCO Meetings attended	ALCO Meeting dates		
Sri T.T. Srinivasaraghavan*	Chairman	12	First Half	21.04.2020	26.06.2020
Sri Harsha Viji #	Member	11		31.07.2020	22.08.2020
Sri Rajiv C Lochan	Member	11		27.08.2020	29.09.2020
Sri A.N. Raju	Member	12	Second Half	30.10.2020	30.11.2020
Sri M. Ramaswamy	Member	11		29.12.2020	02.02.2021
Sri Lakshminarayanan Duraiswamy	Member	9		02.03.2021	24.03.2021

* Upto 31st March 2021.

Sri Harsha Viji became the Chairman w.e.f. 1st April 2021.

The Company Secretary is the Secretary to the Committee.

VI. SEPARATE MEETING OF INDEPENDENT DIRECTORS

A Separate Meeting of Independent Directors was held on 18th December 2020 without the attendance of Non-Independent Directors and members of management. All the Independent Directors attended the meeting and:

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

VII. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

https://www.sundaramfinance.in/assets/app_docs/investor-info/corporate_governance/familiarisation_programme/familirisation-programme-listing-regulation-report_2020_2021.pdf

VIII. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

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

Name of the Member		No. of Meetings Attended	Meeting dates
Ms Shobhana Ramachandhran	Chairman	3	28.05.2020
Sri S. Ravindran [@]	Member	1	02.03.2021
Sri T. T. Srinivasaraghavan	Member	3	24.03.2021
Sri A N Raju*	Member	2	

[@] Upto 10th August 2020.

* Sri A N Raju became a member w.e.f. 10th August 2020.

Sri Rajiv C Lochan and Sri Harsha Viji became Members of the Committee. w.e.f. 1st April 2021 and 23rd April 2021 respectively.

The Company Secretary is the Secretary to the Committee.

IX. NOMINATION, COMPENSATION & REMUNERATION COMMITTEE

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

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

The 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	18.05.2020
Sri S Prasad	Member	4	07.08.2020
Sri S Viji*	Member	2	18.01.2021
Sri S Ravindran [®]	Member	1	24.03.2021

* Sri S Viji became a member w.e.f. 6th November 2020.

[®] Upto 10th August 2020.

The Company Secretary is the Secretary to the Committee.

X. INFORMATION TECHNOLOGY STRATEGY COMMITTEE

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

- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- Ensuring proper balance of IT investments for sustaining Company's growth and becoming aware about exposure towards IT risks and controls;
- deliberating and deciding on any other matter which may be referred to the Committee by the Board of Directors or which in the opinion of the Committee will affect the IT Governance of the Company.

The Composition of the Information Technology Strategy Committee and attendance of the members at Committee Meeting is as follows:

Name of the Member		No. of Meeting attended	Meeting dates
Sri S. Mahalingam	Chairman	2	
Sri P.N. Venkatachalam	Member	2	
Sri Rajiv C. Lochan	Member	2	20.04.2020
Sri T.T. Srinivasaraghavan [®]	Member	2	&
Sri A.N. Raju	Member	2	15.10.2020
Sri V. Ananthanarayanan	Member	2	

[®] Upto 31st March 2021

Sri Harsha Viji became a member w.e.f. 1st April 2021.

The Company Secretary is the Secretary to the Committee.

The company had formed an "IT STEERING COMMITTEE" consisting of business owners, the development team and other stakeholders to provide oversight and monitoring of the progress of the projects, including deliverables to be realised at each phase of the project and milestones to be reached according to the project timetable. Thus this Committee, operating at an executive level focusses on priority setting, resource allocation and project tracking.

XI. REMUNERATION OF DIRECTORS

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

Board	₹25,000/- for each meeting
Audit Committee	
Nomination, Compensation & Remuneration Committee	
Risk Management Committee	
Information Technology Strategy Committee	
Stakeholders Relationship Committee	₹10,000/- for each meeting
Corporate Social Responsibility Committee	
Separate Meeting of Independent Directors	

The Non-Executive Directors are remunerated by way of commission for each financial year as decided by the Board of Directors within the ceiling of 1% of the net profits of the Company approved by the shareholders. The details of remuneration paid to the Non-Executive Directors and number of shares held by them are as follows:

Name of the Director	Sitting Fee (₹ in lakhs)	Commission (₹ in lakhs)	Number of Shares held individually (as on 31.03.2021)	Relationship with other Directors
Sri S. Viji	2.75	8.00	9,09,780 ⁽¹⁾	Brother of Sri S. Ram and Father of Sri Harsha Viji
Sri S. Ram	2.25	8.00	5,06,788 ⁽²⁾	Brother of Sri S. Viji
Sri R. Raghuttama Rao	3.85	10.00	—	—
Sri P.N. Venkatachalam	3.85	12.00	—	—
Sri S. Mahalingam	2.85	12.00	3,200	—
Sri S. Prasad	5.95	15.00	— ⁽³⁾	—
Sri S. Ravindran	1.85	6.00	4,91,360 ⁽⁴⁾	—
Ms Shobhana Ramachandhran	4.65	12.00	3,02,000	—
Sri Rajiv C. Lochan	0.75	—	5,000	—
Sri L. Ganesh	1.60	6.00	— ⁽⁵⁾	—

Note: • Number of shares held jointly with others: ⁽¹⁾ 8,684 ⁽²⁾ 6,09,896 ⁽³⁾ 25,200 ⁽⁴⁾ 1,36,342 ⁽⁵⁾ 2,500
 • Number of shares held as Karta of HUF: ⁽¹⁾ 4,79,912

Amount of deposits placed by the Non-Executive Directors in the Company aggregated to ₹13,08.08 lakhs as on March 31, 2021. The interest on these deposits paid / credited during the year 2020-2021 amounted to ₹1,06.17 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 & Remuneration Committee and Board of Directors. The remuneration is within the limits prescribed under Schedule V to the Companies Act, 2013.

The details of remuneration paid to the Executive Directors for the Financial Year 2020-21 are as follows:

(₹ in lakhs)

Nature of Payment	Sri T.T. Srinivasaraghavan Managing Director	Sri Harsha Viji* Deputy Managing Director	Sri Rajiv C Lochan Director – Strategy	Sri A.N. Raju Director (Operations)
Salary and allowances	1,65.57	1,42.82	1,08.78	1,14.92
Commission	6,50.00	2,85.00	1,20.00	1,50.00
Contributions to Provident, Superannuation and Gratuity Funds	14.19	12.04	9.79	11.29
Perquisites	4.84	4.52	2.92	7.26
Stock Options	Nil	Nil	Nil	29.94 ^{#^}
Total	8,34.61	4,44.38	2,41.49	3,13.41

* Son of Sri S. Viji, Chairman

Value of 2,500 stock options exercised during the financial year 2020-21

[^] 1,000 stock options were granted at ₹10/- per share (at par) on 29th May 2020. The said Options would vest on 1st June 2021 and would be exercisable between 2nd June 2021 and 1st September 2021.

XII. GENERAL BODY MEETINGS

Details relating to last three Annual General Meetings:

Year	Date	Time	Location	No. of Special Resolutions Passed
2020	22nd July 2020	10.00 AM	Through Video Conferencing Mode	–
2019	19th July 2019	10.00 AM	The Music Academy, New No.168, Old No.306, TTK Road, Chennai 600 014	–
2018	20th July 2018	10.00 AM	The Music Academy, New No.168, Old No.306, TTK Road, Chennai 600 014	Two

No Special Resolution was passed through Postal Ballot and E-Voting during the Financial Year 2020-21.

No special Resolution is proposed to be passed, through postal ballot.

XIII. VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

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

https://www.sundaramfinance.in/assets/app_docs/investor-info/corporate_governance/policies/sfl-whistle-blower-policy.pdf

XIV. DISCLOSURES

- There were no materially significant related party transactions having potential conflict with the interests of the company at large.
- Information pertaining to the Credit Ratings assigned by various Credit Rating Agencies for the Company's short term and long term borrowings, including fixed deposits, has been provided in the Board's Report on page no. 9 and as part of the Notes to the Accounts (Note: 44.09) on page no. 147.
- All the mandatory requirements specified in Regulations 17 to 27 and Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been complied with.
- The Company will continue to adopt other Non-mandatory requirements as appropriate.
- The Company has a record of unqualified financial statements since inception.

XV. POLICIES ON MATERIAL SUBSIDIARIES AND RELATED PARTY TRANSACTIONS

The company's policies on Material Subsidiaries and Related Party Transactions are available on the website under the following web links:

https://sundaramfinance.in/assets/app_docs/investor-info/corporate_governance/policies/sfl-policy-on-material-subsidiaries.pdf

https://www.sundaramfinance.in/assets/app_docs/investor-info/corporate_governance/policies/sfl-policy-on-related-party-transactions.pdf

XVI. MEANS OF COMMUNICATION

- The annual audited financial results for the year ended 31st March 2020 were not published in the newspapers in accordance with the exemption granted by the Securities and Exchange Board of India. The unaudited financial results for first three quarters of the financial year 2020-21 and the audited financial results for the year ended 31st March 2021 have been published in "Business Line" (English) and "Makkal Kural" (Tamil).
- The results and press releases were also displayed on the Company's website at <https://www.sundaramfinance.in/investor-info>
- Shareholders have been provided with an opportunity to provide their email addresses for receiving correspondence and annual report in electronic form.
- The Notice of the 68th Annual General Meeting, together with the Annual Report for the financial year 2020-21, has been sent only in electronic form, in accordance with the relaxation granted by the Securities and Exchange Board of India vide Circular dated 15th January 2021, to those shareholders who have registered their email id with the Company/Depositories.

XVII. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Date	Time	Mode
6th September 2021 (Monday)	10.00 AM	Video Conference / Other Audio Visual Means (OAVM)

- Financial Year – 1st April 2021 to 31st March 2022
- Book Closure dates – 26th August 2021 to 6th September 2021 (both days inclusive)
- Dates of payment of dividend

Interim	On 17th February 2021	₹12.00 per share (120%)
Final	On or after 7th September 2021	₹6.00 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 2020-21 & 2021-22 to the above stock exchange.
- NSE Stock Code: SUNDARFIN
- ISIN : INE660A01013
- Details of outstanding shares in Sundaram Finance Limited Unclaimed Shares Suspense Account (USSA).

Particulars	Aggregate Number of shareholders	Outstanding shares lying in Sundaram Finance Limited Unclaimed Shares Suspense Account
Opening Balance as on 1st April 2020	83	24,965
Less: Shareholders approached for transfer / delivery during 2020-21 and Shares transferred / delivered during 2020-21	Nil	Nil
Less: Shares transferred to Investor Education and Protection Fund Authority on:		
05.06.2020	59	17,916
17.11.2020	6	1,943
Closing Balance as on 31st March 2021	18	5,106

- Details of outstanding shares in Investor Education and Protection Fund Authority, Ministry of Corporate Affairs

Particulars	Aggregate Number of shareholders	Outstanding shares lying in Sundaram Finance Limited IEPF Account
Opening Balance as on 1st April 2020	120	42,413
Less: Shareholders approached for transfer / delivery during 2020-21 and Shares transferred / delivered during 2020-21	Nil	Nil
Add : Transfer of shares to Investor Education and Protection Fund Authority Ministry of Corporate Affairs during 2020-21		
(i) Shares transferred on 05.06.2020 (including shares transferred from USSA)	126	50,546
(ii) Shares transferred on 17.11.2020 (including shares transferred from USSA)	17	4,866
Balance as on 31st March 2021	263	97,825

Statutory Reminders are sent to members, in respect of shares transferred to the Unclaimed Share Suspense Account and IEPF authority through e-mails and phone contacts. Members who have not yet made claims are, therefore, requested to contact the Company / Registrar and Share Transfer Agents immediately by e-mail, enclosing therewith a self-attested copy of PAN, cancelled signed cheque leaf, self-attested valid address proof.

- 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
Dividend 2013-14	23rd August 2021	Interim Dividend 2017-18	28th May 2025
Interim Dividend 2014-15	2nd March 2022	Final Dividend 2017-18	20th August 2025
Final Dividend 2014-15	23rd August 2022	Interim Dividend 2018-19	4th March 2026
Interim Dividend 2015-16	1st March 2023	Final Dividend 2018-19	19th August 2026
2nd Interim Dividend 2015-16	8th April 2023	Interim Dividend 2019-20	12th March 2027
Final Dividend 2015-16	22nd August 2023	Final Dividend 2019-20	24th August 2027
Interim Dividend 2016-17	20th April 2024	Interim Dividend 2020-21	22nd February 2028
Final Dividend 2016-17	21st August 2024		

Reminders are sent to members for encashing unclaimed and unpaid dividends, on a regular basis, in addition to the reminders through e-mails and phone contacts. Members who have not yet made claims are, therefore, requested to contact the Company / Registrar and Share Transfer Agents immediately e-mail, enclosing therewith a self-attested copy of PAN, cancelled signed cheque leaf, self-attested valid address proof.

- Fees paid to M/s. Sundaram & Srinivasan, Chartered Accountants, Statutory Auditors, for all services: (FY: 2020-21)

Sl. No.	Name of the Company	Total Fees Paid (₹ in lakhs)
1.	Sundaram Finance Limited	1,22.09
2.	Sundaram Home Finance Limited	36.00
3.	Sundaram Asset Management Company Limited	38.80
4.	Sundaram Trustee Company Limited	1.50
	Total	1,98.39

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

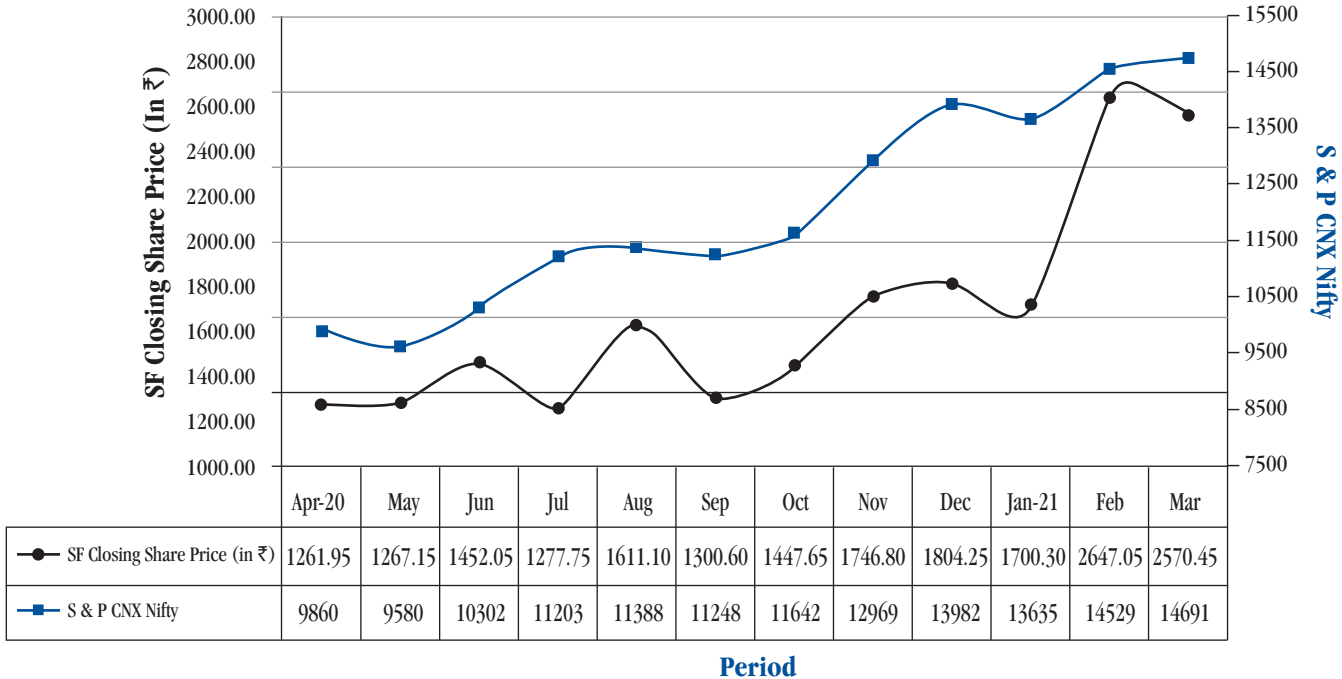
The Prevention, Prohibition and Redressal Policy against Sexual Harassment of women at work place is available under the following web link: https://sundaramfinance.in/assets/app_docs/investor-info/corporate_governance/policies/shp_20062014.pdf

MARKET PRICE DATA ON THE NATIONAL STOCK EXCHANGE

(in ₹)

Month	Apr-20	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan-21	Feb	Mar	
NSE	High	1369.60	1291.10	1469.95	1467.15	1680.00	1616.35	1500.00	1834.00	1928.65	1890.00	2739.95	2868.00
	Low	1150.05	1181.30	1190.30	1196.50	1272.20	1270.05	1276.05	1445.00	1711.10	1651.50	1695.20	2305.55

SHARE PRICE PERFORMANCE



- Share transfers were processed and share certificates despatched within the specified time limit from lodgement in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. Dematerialisation requests have been confirmed within the specified time limit. Investor Relation Services - Shares continue to enjoy the ISO 9001:2015 certification by Bureau Veritas Certification (India) Private Limited. M/s Cameo Corporate Services Ltd, Registrars and Share Transfer Agents of the company have attended to the share transfer formalities regularly. The Registrar and Share Transfer Agents can be contacted by the investors at the following address:

M/s Cameo Corporate Services Ltd	
'Subramanian Building', No 1 Club House Road, Chennai 600 002	
Phone	044 2846 0390 to 0395
Fax	044 2846 0129
Email	investor@cameoindia.com
Contact Persons	Sri. R.D. Ramasamy, Director Ms R Komalavalli, Senior Manger

Debenture Trustee	Ms. Anjalee Athalye Vice President - Operations IDBI Trusteeship Services Limited Asian Building, Ground Floor, No.17, R. Kamani Marg Ballard Estate, Mumbai – 400 001 Tel: 022 40807018 Fax: 022 66311776 Email: anjalee@idbitrustee.com
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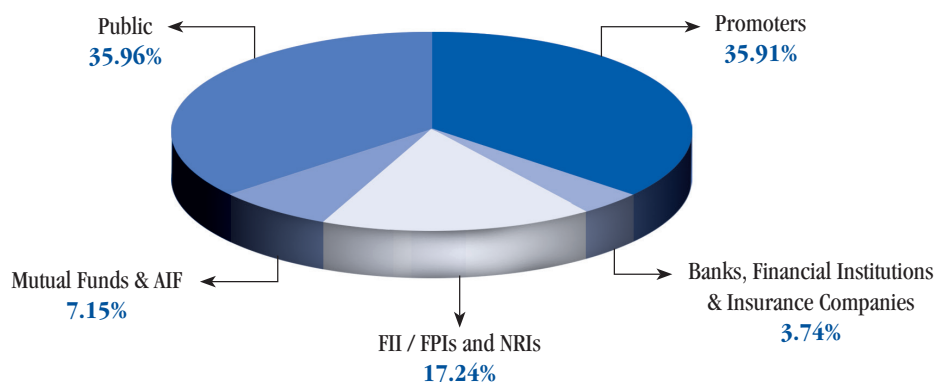
DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2021

No. of Equity Shares Held	Total Shareholders	Total Shares	Total % to Capital
Upto 250	17,265	7,96,302	0.72
251 to 500	1,892	7,21,438	0.65
501 to 1000	1,449	11,07,124	1.00
1001 to 5000	1,902	46,32,738	4.17
5001 to 10000	374	28,07,655	2.53
10001 to 50000	412	94,66,963	8.52
50001 to 100000	115	85,12,690	7.66
100001 and above	197	8,30,58,950	74.75
Total	23,606	11,11,03,860	100.00

Total shares held in dematerialised form 97.10%

Public shareholding in dematerialised form 95.48%

SHAREHOLDING PATTERN AS ON 31.03.2021



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

Rajiv C Lochan
 Managing Director

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,

The Members of SUNDARAM FINANCE LIMITED,
21, PATULLOS ROAD, CHENNAI – 600 002.

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Sri. Thiruvallur Thattai Srinivasaraghavan	00018247	01/02/1998
2.	Sri. Santhanam Ram	00018309	27/09/1988
3.	Sri. Ayalur Natarajan Raju	00036201	01/06/2014
4.	Sri. Raghavendra Raghuttama Rao	00146230	01/04/2019
5.	Sri. Sreenivasan Prasad	00063667	28/10/2008
6.	Sri. Mahalingam Seturaman	00121727	26/05/2014
7.	Sri. Santhanam Viji	00139043	17/01/1986
8.	Ms. Shobhana Ramachandhran	00273837	27/01/2014
9.	Sri. Pudugramam Narayanaswamy Venkatachalam	00499442	28/01/2011
10.	Sri. Harsha Viji	00602484	24/09/2010
11.	Sri. Rajiv Lochan Chellappa	05309534	25/11/2016
12.	Sri. Ganesh Lakshminarayan	00012583	12/08/2020

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

For **M DAMODARAN & ASSOCIATES LLP**

M. DAMODARAN

Managing Partner

Membership No.: 5837

COP. No.: 5081

ICSI UDIN No.: F005837C000379650

Place: Chennai

Date: 27th May 2021

SUNDARAM FINANCE LIMITED

CRITERIA FOR EVALUATION

(as amended on 29th March 2019)

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

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

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

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

Criteria for evaluation of Independent Directors by the entire Board:

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

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

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

SUNDARAM FINANCE LIMITED REMUNERATION POLICY

(as amended on 29th March 2019)

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

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

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

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

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

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

I Definitions

- a) “Remuneration” means any monetary benefit or its equivalent extended to any person for services rendered by him/her and includes perquisites as defined under the Income-tax Act, 1961.
- b) “Key Managerial Personnel” means,
 - i) Managing Director, Chief Executive Officer or Manager;
 - ii) Whole-time Director;
 - iii) Chief Financial Officer;
 - iv) Company Secretary.
- c) “Senior Management” means all executives one level below the Managing Director / Whole-time Directors, and shall include the Chief Financial Officer and Company Secretary.
- d) “Employee” will mean an employee who has been appointed on the rolls of Sundaram Finance Limited (hereinafter referred to as ‘the Company’) and has been issued an appointment order by the Company.
- e) “Employee Stock Option (ESOP)” means stock options granted under the Sundaram Finance Employee Stock Option Scheme – 2008, which is in line with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

II Board Diversity

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

III Remuneration Pattern

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

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

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

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

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

IV Implementation of the Remuneration Policy

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

The Remuneration payable to Key Managerial Personnel and Senior Management shall be determined by the NCRC after taking into account their experience, qualification, responsibilities, contributions, performance and industry standards.

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

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

Certificate on Corporate Governance

The Members of SUNDARAM FINANCE LIMITED,
Chennai.

I, M Damodaran, Managing Partner of M Damodaran & Associates LLP, Practicing Company Secretaries have examined the compliance of the conditions of Corporate Governance by Sundaram Finance Limited, Chennai for the year ended on 31st March, 2021, as stipulated in Regulations 17 to 27 of Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of the conditions of corporate governance is the responsibility of the management. My examination was limited to a review of the procedures and implementation thereof, adopted by the company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the company has complied with the conditions of Corporate Governance stipulated in the above mentioned SEBI Regulations.

I state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Place: Chennai
Date: 27.05.2021

For **M DAMODARAN & ASSOCIATES LLP**
M. DAMODARAN
Managing Partner
FCS No.: 5837
COP. No.: 5081
ICSI UDIN: F005837C000379639

Annexure III (i)

Form No. AOC-2

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

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

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

Chennai
28th May 2021

S VIJI
Chairman

Annexure III (ii)

Policy On Related Party Transactions

(as per Regulations 23 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)
(as amended on 4th March 2021)

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

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

However, transaction(s) involving payment(s) made to a related party with respect to brand usage or royalty, shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% 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 2020-21

1. A brief outline of the company's CSR policy:

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

https://www.sundaramfinance.in/assets/app_docs/investor-info/corporate_governance/policies/csr.pdf?v=1.0

2. The Composition of the CSR Committee:

Sl. No.	Name of Director	Designation /Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms Shobhana Ramachandhran	Chairperson	3	3
2	Sri T T Srinivasaraghavan	Member	3	3
3	Sri S Ravindran [§]	Member	3	1
4	Sri A N Raju [#]	Member	3	3
5	Sri Rajiv C Lochan [*]	Member	NA	NA
6	Sri Harsha Viji ^{**}	Member	NA	NA

[§] upto 10.08.2020

[#] inducted as member w.e.f. 10.08.2020

^{*} inducted as Member w.e.f. 01.04.2021

^{**} inducted as Member w.e.f. 23.04.2021

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company:

CSR Policy link:

https://www.sundaramfinance.in/assets/app_docs/investor-info/corporate_governance/policies/csr.pdf?v=1.0

Composition of CSR Committee:

https://sundaramfinance.in/assets/app_docs/investor-info/corporate_governance/committeeship_change_23042021.pdf

CSR Projects approved by the board:

Not Applicable

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

Not applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Amount available for future set off: ₹6.51 lakhs

6. Average net profit of the company as per section 135(5):

₹902,38.50 lakhs

7.	a.	Two percent of average net profit of the company as per section 135(5)	₹18,04.77 lakhs
	b.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years.	—
	c.	Amount required to be set off for the financial year, if any	—
		Total CSR obligation for the financial year (7a+7b+7c).	₹18,04.77 lakhs

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
₹1811.28 lakhs	NIL				

(b) Details of CSR amount spent against ongoing projects for the financial year:

1	2	3	4	5		6	7	8	9	10	11
Sl No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the Project		Project Duration	Amount allocated for the project (₹ in lakhs)	Amount spent in the current financial year (₹ in lakhs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation – Direct (Yes/No)	Mode of Implementation – Through Implementing Agency
				State	District					Name	CSR Registration number
NIL											

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

Annexure IV(i) Enclosed

(d) Amount spent in Administrative Overheads

₹69.66 lakhs

(e) Amount spent in Impact Assessment, if applicable

Not applicable

(f) Total amount spent for the financial year

(8b+8c+8d+8e)

₹1811.28 lakhs

(g) Excess amount for set off, if any

Sl. No.	Particulars	Amount (₹ in lakhs)
(i)	Two percent of average net profit of the company as per section 135(5)	18,04.77
(ii)	Total amount spent for the Financial Year	18,11.28
(iii)	Excess amount spent for the financial year [(ii)-(i)]	6.51
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	6.51

9 (a) Details of Unspent CSR amount for the preceding three financial years

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of Transfer	
NIL							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Sl. No.	Project ID	Name of the Project	Financial year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed /Ongoing
NIL								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year

Not applicable

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

Not applicable

Sri Rajiv C Lochan
Managing Director

Ms Shobhana Ramachandhran
Chairperson - CSR Committee

Date : 27.05.2021

Place : Chennai

Annexure - IV (i)

8 (c) Details of CSR amount spent against other than ongoing projects for the Financial Year 2020-21

(₹ in lakhs)

Sl. No.	Name of the project	Item from the list of activities in schedule VII to the Act	Local area (yes/No)	Location of the project.		Amount spent for the project (₹ in Lakhs)	Mode of implementation	Mode of implementation –Through implementing agency	
				State	District			Direct (Yes/No)	Name
1	Promoting Education by providing financial assistance to deserving and meritorius students and also educational institutions which work for this cause	Education	Yes	Tamilnadu	Chennai	100.00	No	Laxmi Charities, Chennai	CSR00005940
		Education	Yes	Tamilnadu	Thanjavur	60.00	No	Shanmugha Arts, Science, Technology & Research Academy (SASTRA), Thanjavur	CSR00001064
		Education	Yes	Tamilnadu	Chennai	25.00	No	Swami Vivekananda Rural Development Society, Chennai	
		Education	Yes	Tamilnadu	Chennai	24.00	No	Ramakrishna Mission Students' Home	CSR00006101
		Education	Yes	Tamilnadu	Chennai	10.00	No	The Kuppuswami Sastri Research Institute	CSR00008155
		Education	Yes	New Delhi	New Delhi	10.00	No	Ahvaan Trust	CSR00000767
		Education	Yes	Tamilnadu	Chennai	5.00	No	All India Movement for Seva	CSR00003273
		Education	Yes	Tamilnadu	Chennai	1.00	No	The Children's Garden School Society	CSR00004719
		Education	Yes	Tamilnadu	Chennai	1.00	No	Sri Lakshmi Hayagriva Trust	
		Education	Yes	Tamilnadu	Kanchipuram	0.50	No	Yathindra educational trust	
		Education	Yes	Tamilnadu	Nagapatinam	1.00	No	smt Jayanthi Janakiraman Ninaivu Dravida veda agama padasalai	
		Education	Yes	Tamilnadu	Chennai	0.25	No	Chennai Higher Sec School	NA
		Education	Yes	Pondichery	Pondichery	3.00	No	sadguru sri gnananda seva trust (Svanubhava)	NA
		Education	Yes	Tamilnadu	Chennai	10.00	No	Sundaram Educational Trust	
		Education	Yes	Tamilnadu	Chennai	1.00	No	Vedanta Institute (Madras)	
		Education	Yes	Karnataka	Chikkaballapur	2.00	No	M/S Prashanthi Balamandira Trust	CSR00000226
		Education	Yes	Tamilnadu	Chennai	20.00	No	Dharma Rakshana Samithi	
Education	Yes	Tamilnadu	Chennai	20.00	No	Madras dyslexia association	CSR00000202		
2	Protection of National Heritage, Art and Culture	Art & Culture	Yes	Tamilnadu	Chennai	2.50	No	Sree Mandavelli Amman Nadaga Mannram	NA
		Art & Culture	Yes	Tamilnadu	Thiruvanamalai	2.50	No	Sree Renugambal Nadaga Mandram	NA
		Art & Culture	Yes	Tamilnadu	Chennai	5.00	No	Performers in Chennai - PERCH	NA
		Art & Culture	Yes	Tamilnadu	Chennai	0.05	No	Adambakkam Isai Mandram Cultural Trust	NA
		Art & Culture	Yes	Tamilnadu	Chennai	3.00	No	Banyan Tree Events India Pvt Ltd.	NA
		Art & Culture	Yes	Tamilnadu	Chennai	0.50	No	December Music Festival	NA
		Art & Culture	Yes	Tamilnadu	Chennai	10.00	No	Marghazhi Music Festival	NA
		Culture & Heritage	Yes	Tamilnadu	Chennai	10.00	No	Sundaram Charities	CSR000006397
		Culture & Heritage	Yes	Tamilnadu	Chennai	10.00	No	Om Charitable Trust	CSR00002768

Sl. No.	Name of the project	Item from the list of activities in schedule VII to the Act	Local area (yes/No)	Location of the project.		Amount spent for the project (₹ in Lakhs)	Mode of implementation	Mode of implementation –Through implementing agency	
				State	District			Name	CSR registration number
		preservation and rejuvenation of heritage crafts of India	Yes	Tamilnadu	Chennai	30.00	No	The Crafts Council of India (Regd.), Chennai	CSR00007118
		Protection of National Heritage	Yes	Tamilnadu	Thiruvallur	2.00	No	Sri Veeraghava Swamy Devasathanam, Thrivallur	Not Available
		Protection of National Heritage	Yes	Tamilnadu	Chennai	3.00	No	M/S Uttankita Vidya Aranya Trust	
		Protection of National Heritage	Yes	Karnataka	Bangalore	7.50	No	National Institute of Advanced Studies	CSR00007662
		Environment	Yes	Karnataka	Bangalore	50.00	No	Ashoka Trust form Research Ecology and Environment	CSR00004694
3	Diaster Relief Fund	Diaster Relief	Yes	India	India	400.00	No	PM Cares Fund	Not Applicable
		Diaster Relief	Yes	Tamilnadu	Tamilnadu	400.00	No	CM Diaster Relief Fund	Not Applicable
4	Promoting preventive and general health care	Health	Yes	Tamilnadu	Chennai	100.00	No	Sundaram Medical Foundation	
		Health	Yes	Tamilnadu	Chennai	20.00	No	Medical Research Foundation	CSR00002623
		Health	Yes	Tamilnadu	Chennai	25.00	No	Schizophrenia Research Foundation (SCARF)	CSR00000884
		Health	Yes	Tamilnadu	Chennai	1.99	No	Cancer Fund	
		Health	Yes	Tamilnadu	Chennai	12.40	No	Public Health Centre	
		Health	Yes	Tamilnadu	Ranipet	10.00	No	Thirumalai Charity Trust, Ranipet	CSR00000287
		Health	Yes	Tamilnadu	Chennai	7.50	No	RMD Pain & Palliative Care Trust, Chennai.	CSR00000406
		Health	Yes	Tamilnadu	Chennai	5.00	No	Tamil Nadu Kidney Research Foundation (TANKER), Chennai	CSR00001422
		Health	Yes	Tamilnadu	Chennai	5.00	No	Udhavum Ullangal, Chennai	CSR00000897
		Health	Yes	Tamilnadu	Chennai	5.00	No	Dean Foundation	CSR00000401
		Health	Yes	Tamilnadu	Chennai	3.00	No	SriMatha Cancer Cure	CSR00001789
		Health	Yes	Tamilnadu	Coimbatore	2.00	No	The United Orphanage for the Disabled	CSR00000029
		Health	Yes	Tamilnadu	Chennai	0.50	No	Baskar Dental Foundation	
		Health	Yes	Tamilnadu	Chennai	5.00	No	Sanjeevani Life beyond Cancer	CSR00004972
Health	Yes	Tamilnadu	Chennai	25.00	No	Sri Ramachandra Educational and Health Trust, Chennai	CSR00001622		

Sl. No.	Name of the project	Item from the list of activities in schedule VII to the Act	Local area (yes/No)	Location of the project.		Amount spent for the project (₹ in Lakhs)	Mode of implementation	Mode of implementation –Through implementing agency	
				State	District			Name	CSR registration number
		Health	Yes	Tamilnadu	Chennai	25.00	No	Cancer Institute	CSR00007235
		Health	Yes	Assam	Cachar	10.00	No	The Cachar Cancer Hospital Society	CSR00003079
		Health	Yes	Tamilnadu	Chennai	5.00	No	The Ganga Foundation	CSR00009550
		Health	Yes	Maharashtra	Mumbai	75.00	No	Sri Shanmukhananda Fine Arts & Society	Not Available
		Health	Yes	Tamilnadu	Thanjavur	1.00	No	Sri Ramakrishna Math, Chennai & Thanjavur	CSR00002806
5	Environmental Sustainability, Ecological balance, Conservation of Natural resources	Park Maintenance	Yes	Tamilnadu	Chennai	24.23	Yes	Nageswara Rao Park Maintenance	Not Applicable
		Protection / Restoration of Buildings and sites of historical importance	Yes	Uttarpradesh	Ayodhya	75.00	No	Sri Ram Janmabhoomi Teerth	
		Protection of Ecology	Yes	Tamilnadu	Tirupur	6.70	No	Vanathukkul Tirupur (VETRY)	
6	Rural Development	Rural Development	Yes	Bihar	Bihar	7.50	No	Microx Foundation	
7	Social Welfare	Social Welfare	Yes	Tamilnadu	Madurai	50.00	No	Gandhigram Trust, Gandhigram	
		Social Welfare	Yes	Tamilnadu	Chennai	0.50	No	The Sanmarga Sangam	Not Available
		Social Welfare	Yes	Tamilnadu	Chennai	1.00	No	Mellow Prathyasha Trust	CSR00009801
8	Sports Development	Sports	Yes	Tamilnadu	Chennai	3.00	No	Chandras's Table Tennis Trust	Not Available
9	Animal Welfare	Animal Welfare	Yes	Tamilnadu	Chennai	0.50	No	The Madras Pinjrapole	Not Available
		Total				1741.62			

Business Responsibility Report for the Financial Year 2020-21

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 : 2020-21
7. Sector(s) that the Company is engaged in (industrial activity code-wise)
As per National Industrial Classification – 2008:
Section K - Financial and Insurance Activities
Division 64 – Financial service activities, except insurance and pension funding.
8. List three key products / services that the Company manufactures / provides (as in balance sheet)
 - A. Providing finance for purchase of commercial vehicles, cars, multi-utility vehicles, construction equipment, tractors and working capital finance.
 - B. Distribution of full range of financial products like mutual fund, deposits, insurance etc.
9. Total number of locations where business activity is undertaken by the Company
 - i. Number of International Locations (Provide details of major 5)
Nil
 - ii. Number of National Locations
587 locations
10. Markets served by the Company – Local / State / National / International
National

Section B: Financial Details of the Company (as on 31.03.2021)

1. Paid up Capital (INR) : ₹ 111.10 cr.
2. Total Turnover (INR) : ₹ 4,014.20 cr.
3. Total profit after taxes (INR) : ₹ 809.05 cr.
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)
The Company's total spending on CSR is 2.01% of the average profit after taxes in the previous three financial years.
5. List of activities in which expenditure in 4 above has been incurred:-
 - A. Health
 - B. Education
 - C. Social Welfare and Animal Welfare
 - D. Environment
 - E. Promotion of culture and heritage
 - F. Armed Forces
 - G. Disaster Management
 - H. Sports and Rural Development

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	000182478*	05309534#
Name	Sri T T Srinivasaraghavan	Sri Rajiv C Lochan
Designation	Managing Director	Managing Director

*upto 31.03.2021

with effect from 01.04.2021

- b) Details of the BR head

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

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

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

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

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

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

* https://www.sundaramfinance.in/assets/app_docs/investor-info/corporate_governance/policies/policies_on_brr.pdf

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.
https://www.sundaramfinance.in/assets/app_docs/investor-info/corporate_governance/policies/policies_on_brr.pdf
Annually

Section E: Principle-wise performance

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

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?
Yes. The Policy covers the company, group and joint ventures.
2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

From	Received and Resolved during the year 2020-2021
Shareholders	2
Depositors	177
Customers	2787

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

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.
Not Applicable
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):
 - i. Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?
 - ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?Not Applicable
3. Does the company have procedures in place for sustainable sourcing (including transportation)?
 - i. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.
Not Applicable
4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?
If yes, what steps have been taken to improve their capacity and capability of local and small vendors?
Yes, wherever possible.
5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.
Yes, wherever possible.

Principle 3: Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees.
4036
2. Please indicate the Total number of employees hired on temporary / contractual / casual basis.
1737
3. Please indicate the Number of permanent women employees.
206
4. Please indicate the Number of permanent employees with disabilities
The Company does not specifically track the number of disabled employees. The Company gives equal opportunities and treats all employees at par. Based on the income-tax declarations which enable claiming income-tax deduction for self-disability, the Company has 4 employees.
5. Do you have an employee association that is recognized by management.
Yes
6. What percentage of your permanent employees is members of this recognized employee association?
27.12%
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.
Nil

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

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

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

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

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

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

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

Principle 5: Businesses should respect and promote human rights

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

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

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

-
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 from time to time to the Government and Regulatory Authorities on various matters for the improvement of public good.

Principle 8: Businesses should support inclusive growth and equitable development

1. Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.
Not Applicable.
2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?
Not Applicable.
3. Have you done any impact assessment of your initiative?
Not Applicable.
4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.
Amount spent ₹18,11.28 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 31.03.2021

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

To.

The Members,

SUNDARAM FINANCE LIMITED

(CIN: L65191TN1954PLC002429)

21, Patullos Road, Chennai-600002.

I M. Damodaran, Managing Partner of M Damodaran & Associates LLP, Practicing Company Secretaries, Chennai have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. SUNDARAM FINANCE LIMITED (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of M/s. SUNDARAM FINANCE LIMITED's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31.03.2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. SUNDARAM FINANCE LIMITED ("the Company") for the financial year ended on 31.03.2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :- (to the extent applicable)
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, dealing with client and ESOP;
 - (f) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (vi) Reserve Bank of India Act, 1934 and RBI Directions and Guidelines as applicable to the NBFCs.

I have also examined compliance with the applicable Regulations and standards of the following:

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

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

NIL

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the term of office of Sri. T. T. Srinivasaraghavan, Managing Director of the Company completed at the close of business hours on 31st March 2021 and he has opted not to offer himself for further appointment/re-appointment in the capacity of an Executive Director.

I further report that during the audit period the company has;

- a) issued Redeemable Non-Convertible Debentures on various dates on private placement basis.
- b) redeemed the Redeemable Non-Convertible Debentures on various dates.
- c) passed an Ordinary Resolution under sections 196, 198 and 203 read with Schedule V to the Companies Act, 2013, for re-appointment of Sri Rajiv C Lochan, as Director (Strategy), for a period of 5 (five) years with effect from 3rd June 2020 at the Annual General Meeting held on 22nd July, 2020.
- d) passed an Ordinary Resolution under sections 196, 198 and 203 read with Schedule V to the Companies Act, 2013, for re-appointment of Sri Harsha Viji, as Deputy Managing Director, for a period of 5 (five) years with effect from 24th September 2020 at the Annual General Meeting held on 22nd July, 2020.
- e) passed an Ordinary Resolution through postal ballot on 12th March, 2021 under sections 149 and 152 of the Companies Act, 2013, for appointment of Sri Ganesh Lakshminarayan as an Independent Director of the Company, to hold office for a term of five (5) consecutive years with effect from 12th August, 2020 up to 11th August, 2025.
- f) passed an Ordinary Resolution through postal ballot on 12th March, 2021 under sections 196, 198 and 203 read with Schedule V to the Companies Act, 2013, for appointment of Sri Harsha Viji, Deputy Managing Director as Executive Vice Chairman, for a period of five (5 years) with effect from 1st April 2021.
- g) passed an Ordinary Resolution through postal ballot on 12th March, 2021 under sections 196, 198 and 203 read with Schedule V to the Companies Act, 2013, for appointment of Sri Rajiv C Lochan, Director (Strategy) as Managing Director for a period of five (5 years) with effect from 1st April, 2021.
- h) passed an Ordinary Resolution through postal ballot on 12th March, 2021 under sections 196, 198 and 203 read with Schedule V to the Companies Act, 2013, for appointment of Sri A N Raju, Director (Operations) as Deputy Managing Director for a period of five (5 years) with effect from 1st April, 2021.

For **M DAMODARAN & ASSOCIATES LLP**

M. DAMODARAN

Managing Partner

Membership No.: 5837

COP. No.: 5081

ICSI UDIN: F005837C000369442

Place: Chennai

Date: 25th May 2021

Disclaimer Certificate

To,
The Members,
SUNDARAM FINANCE LIMITED
(CIN: L65191TN1954PLC002429)
21, Patullos Road,
Chennai - 600002.

My Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.
7. I have conducted online verification & examination of records, as facilitated by the Company, due to Covid 19 and subsequent lockdown situation for the purpose of issuing this Report.

For **M DAMODARAN & ASSOCIATES LLP**

M. DAMODARAN

Managing Partner

Membership No.: 5837

COP. No.: 5081

ICSI UDIN No.: F005837C000369442

Place: Chennai
Date: 25th May 2021

Secretarial Compliance Report of Sundaram Finance Limited for the year ended 31.03.2021

I M. Damodaran, Managing Partner of M Damodaran & Associates LLP Practicing Company Secretaries, Chennai have examined:

- a) all the documents and records made available to me and explanation provided by Sundaram Finance Limited (“the listed entity”),
- b) the filings/ submissions made by the listed entity to the stock exchanges,
- c) website of the listed entity,
- d) any other document/ filing, as may be relevant, which has been relied upon to make this certification, for the year ended 31.03.2021 in respect of compliance with the provisions of:
 - a) the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Regulations, circulars, guidelines issued there under; and
 - b) the Securities Contracts (Regulation) Act, 1956 (“SCRA”), rules made there under and the Regulations, circulars, guidelines issued there under by the Securities and Exchange Board of India (“SEBI”);

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

- a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 – Not Applicable.
- e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
- f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
- g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 – Not Applicable.
- h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
- i) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client and ESOP.
- j) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and circulars / guidelines issued there under; and based on the above examination, I hereby report that, during the Review Period:
 - a) The Listed entity has complied with the provisions of the above Regulations and Circulars/ guidelines issued there under from time to time to the extent applicable, except in respect of matters specified below:-

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

- b) There was no appointment/re-appointment of Statutory Auditor of the Company during the period. Hence, the compliance of SEBI circular CIR/CFD/CMD1/114/2019 dated 18th October, 2019 is not applicable.
- c) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued there under insofar as it appears from my examination of those records.
- d) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges - (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued there under:

Sr. No.	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
1.	NSE	Regulation 17 of SEBI (LODR) Regulations, 2015 - The board had less than half of the members as Independent Directors	Show cause notice issued by NSE vide its letter dated 10th August, 2020	As per the explanation given by company- The Stakeholders Relationship Committee noted that the National Stock Exchange vide letter dated 10th August, 2020 raised a query and sought explanation for non compliance with, Regulation 17 - "the board had less than half the members as independent directors" and the reply was sent on 12th August, 2020 and 21st August, 2020. On 11th November, 2020, the company along with the legal counsel attended a hearing with NSE and presented its justification for the said query. NSE vide its letter No. Ref. No. NSE/LIST/SOP/SUNDARMFN dated 13th April, 2021 concluded that the time limit of three months for replacement of an independent director did not apply to the case and rejected the request for waiver of fine. Sri T K Bhaskar also indicated that it may not be worth the while to appeal against the rejection. We had paid a fine of ₹4,13,000/- on 19th April, 2021.
2.	NSE	Regulation 19 of SEBI (LODR) Regulations, 2015 – all the members of the Nomination and Remuneration committee are not non-executive directors	Show cause notice issued by NSE vide letter dated 17th November, 2020	As per the explanation given by company – The Stakeholders Relationship Committee noted that the National Stock Exchange vide letter dated 17th November, 2020 raised a query and sought explanation for Non - compliance with, Regulation 19 - "all the members of the Nomination and Remuneration committee are not non-executive directors" and the reply was sent on 30th November, 2020 and 15th February, 2021. On 10th March, 2021, the company along with the legal counsel attended a hearing with NSE and represented for waiver of the penalty; the reply for NSE was awaited.

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

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended 31.03.2020	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
	Not Applicable			

For **M DAMODARAN & ASSOCIATES LLP**

M. DAMODARAN

Managing Partner

Membership No.: 5837

COP. No.: 5081

ICSI UDIN No.: F005837C000369475

Place: Chennai

Date: 25th May 2021

Disclosure pursuant to Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (i) & (ii) The ratio of the remuneration of each Director to the median and mean remuneration of the employees of the company for the financial year and the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Names of the Directors / Key Managerial Personnel	Ratio to Median Remuneration (times)	Ratio to Mean Remuneration (times)	Inc / Dec in Remuneration
S Viji, Chairman	1.62	1.21	7.50%
S Ram	1.54	1.16	2.50%
S Ravindran*	NA	NA	NA
R Raghuttama Rao	2.08	1.56	40.61%
P N Venkatachalam	2.38	1.79	6.73%
S Mahalingam	2.23	1.67	1.71%
S Prasad	3.15	2.36	2.44%
L Ganesh**	NA	NA	NA
Shobhana Ramachandhran	2.50	1.88	1.22%
T T Srinivasaraghavan [#]	125.48	94.05	63.81%
Harsha Viji, Executive Vice Chairman [#]	66.81	50.08	12.01%
Rajiv C Lochan, Managing Director [#]	NA	NA	NA
A N Raju, Deputy Managing Director [#]	47.12	35.32	7.91%
M Ramaswamy, Chief Financial Officer	30.89	23.15	1.89%
P Viswanathan, Secretary & Compliance Officer	18.16	13.61	-4.05%

- (iii) The percentage increase in the median remuneration of employees in the financial year: 4%
- (iv) The number of permanent employees on the rolls of the Company: 4,036
- (v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average increase in salaries of employees other than managerial personnel in 2020-21 was 6.64%. Percentage increase in the managerial remuneration for the year was 41.72%.

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

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

* Sri Ravindran resigned from the Board w.e.f 10th August 2020

** Sri L Ganesh was appointed as an Independent Director on the Board w. e. f. 12th August 2020

[#] With effect from 1st April 2021, the following are the changes in the directorships:

(1) Sri Harsha Viji has been elevated as "Executive Vice Chairman"

(2) Sri Rajiv C. Lochan has been elevated as "Managing Director"

(3) Sri A.N. Raju has been elevated as "Deputy Managing Director"

(4) Sri T.T. Srinivasaraghavan has become a Non-Executive Director on the Board

(vii) Names of top ten employees in terms of remuneration drawn during the year 2020-21

Sl. No.	Name of the Employee	Designation	Remuneration (₹ in cr)	Nature of Employment	Qualification and Experience	Date of Commencement of Employment	Date of Birth	Age	Last employment	% of equity shares	Relative of any director
1	Sri T. T. Srinivasaraghavan*	Managing Director	8.35	Contractual	BCom, MBA (Gannon University, Pennsylvania) Has 4 decades of experience in Banking and Financial Services industry. He is the Managing Director of the Company since 2003.	02-09-1996	19-01-1955	66	G.E. Capital Services India Limited	0.29	-
2	Sri Harsha Viji*	Deputy Managing Director	4.44	Contractual	BCom, ACA MBA (Ann Arbor, Michigan) Nearly 2 decades experience in areas of specialisation particularly, strategy formulation, joint venture negotiations, new business development etc.	14-11-2005	28-08-1975	45	Mckinsey & Company	1.23	Son of Sri S. Viji, Chairman
3	Sri A.N. Raju*	Director (Operations)	3.13	Contractual	BSc (Engineering), MBA Has over 3 decades of experience in Automobiles, Engineering and Financial Sector.	02-07-1997	15-05-1959	61	G.E. Capital Services India Limited	0.03	-
4	Sri Rajiv C Lochan*	Director - Strategy	2.41	Contractual	B.Tech. (IIT), MS (MIT), MBA (Columbia Business School)	03-06-2020	23-07-1971	49	Managing Director and CEO of Kasturi and Sons Ltd., publishers of The Hindu		

Sl. No.	Name of the Employee	Designation	Remuneration (₹ in cr)	Nature of Employment	Qualification and Experience	Date of Commencement of Employment	Date of Birth	Age	Last employment	% of equity shares	Relative of any director
5	Sri M. Ramaswamy	Chief Financial Officer	2.05	Others	B.Sc. Statistics, ACA Has over 3 decades of experience in accounts, taxation and treasury in finance services Industry.	07-06-1986	28-07-1961	59	Brahmayya & Co.	0.02	-
6	Sri P. Viswanathan	Secretary & Compliance Officer	1.21	Others	B.Com, FCS Has over 4 decades of experience in statutory compliance in financial services industry	01-10-1982	28-07-1955	65	Lakshmi General Finance Limited		-
7	Sri V. Ananthanarayanan	Chief Information Officer	0.69	Others	M.Sc., Statistics and Computer Applications, MBA, IT & Finance Has over 3 decades of experience in Information Technology Industry	02-12-2013	12-10-1962	58	Aegis Limited		-
8	Sri Rajesh Venkat	Vice President - Operations	0.63	Others	B.A (Economics), MBA Nearly 2 decades experience in financial services industry	01-07-2017	27-08-1974	46	Sundaram Business Services Limited		-
9	Sri Ravindran D	Senior Vice President	0.57	Others	M.Sc (Mathematics) Nearly 4 decades of experience in IT	01-12-1993	26-05-1960	60	Chemicals & Plastics India Limited		-
10	Sri S. Srinivasan	Senior Vice President & Head - Corporate Finance	0.55	Others	B.Com, ICWA Has over 3 decades of experience in financial services industry	01-04-1983	29-09-1961	59	-		-

* With effect from 1st April 2021, the following are the changes in the directorships:

- (1) Sri Harsha Viji has been elevated as “Executive Vice Chairman”
- (2) Sri Rajiv C. Lochan has been elevated as “Managing Director”
- (3) Sri A.N. Raju has been elevated as “Deputy Managing Director”
- (4) Sri T.T. Srinivasaraghavan has become a Non-Executive Director on the Board

**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. On 28th May 2021, based on the recommendations of the NCRC, the Board of Directors modified the "SCHEME" by introducing "Stock Appreciation Rights" (SARs).

Accordingly, the Board of Directors grants Stock Options / SARs 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	2,23,411
	Stock Appreciation Rights (SARs) from the introduction of SARs #	2,384
b)	Exercise Price	₹10/- per share (at par)
c)	Options vested	1,99,700*
d)	Options exercised	1,98,950*
e)	The total number of shares arising as a result of exercise of Option.	1,98,950
f)	Options lapsed	NIL
g)	Variation of terms of Options	Not Applicable
h)	Money realized by exercise of Option (Amount ₹)	19,89,500
i)	Total number of Options in force	23,711*
j)	Total number of SARs in force	2,384

k)	Employee-wise details of Options / SARs granted on 29th May 2020 (Grant 12) & on 28th May 2021 (Grant 13)			
			Options	SARs
	i) Key Managerial Personnel	1. Sri. Rajiv C Lochan Managing Director	1200	-
		2. Sri. A N Raju, Deputy Managing Director	2600	-
		3. Sri. M Ramaswamy, Chief Financial Officer	1960	240
		4. Sri. P Viswanathan, Secretary & Compliance Officer	1390	160
ii) Any other employee who receives a grant in any one year of Option amounting to 5% or more of Options granted during that year/s:	Not Applicable			
iii) Identified employees who were granted Options, 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			

SARs granted as per Scheme

* 750 Options were cancelled on 24th March 2021, as per the advice of the Regulator

Other details relating to Stock Options granted have been furnished vide Note No. 41 forming part of the Notes to the Accounts.

Financial Highlights

(₹ in Cr.)

Year	Paid-up Capital	Reserves	Deposits	Borrowings	Total Receivables	PBDT	PAT	Dividend %	Dividend Amount
1954	0.02		0.10	0.10	0.10				
1972	1.00	0.58	8.35	8.37	9.86	0.73	0.30	16.00	0.16
1976	1.50	0.99	13.57	14.44	19.87	1.78	0.67	16.00	0.24
1978	2.00	1.37	14.65	19.47	27.18	2.01	0.77	18.00	0.36
1982	3.00	3.00	45.20	58.42	76.60	4.28	1.58	20.00	0.60
1986	6.00	6.59	104.10	125.60	184.66	10.35	2.67	16.00	0.96
1990-91	12.00	30.24	201.02	334.29	483.21	34.69	12.01	25.00	3.00
1995-96	24.00	204.31	550.44	1138.69	1637.05	127.50	64.92	35.00	8.40
2004-05	27.78	655.22	740.25	3806.38	4488.30	144.55	75.99	75.00	21.87
2008-09	55.55	1097.12	940.06	6275.77	9203.53	257.47	150.73	65.00	36.11
2012-13	111.10	1974.72	1476.99	11487.36	17644.58	674.11	410.11	90.00	99.99
2013-14	111.10	2292.97	1665.57	11796.47	18157.83	738.91	442.51	100.00	111.10
2014-15	111.10	2865.66 [#]	1924.72	12553.00	18733.73	742.49	454.14	105.00	116.66
2015-16	111.10	3199.73	2246.27	12620.15	20698.88	767.43	477.28	110.00	122.21
2016-17	111.10	3632.86	2411.08	13910.84	24034.85	802.23	495.35	115.00	127.77
2017-18	111.10	4022.53	2499.32	21147.07	28647.92	913.33	563.44	120.00	133.32
2018-19	111.10	4932.71	2975.16	25041.76	33446.71	1541.68	1126.31*	175.00**	194.43
2019-20	111.10	5436.26	3676.19	27393.99	35088.37	1018.10	723.95	130.00	144.43
2020-21	111.10	6068.35	4021.00	28251.05	35735.56	1126.55	809.05	180.00	199.98

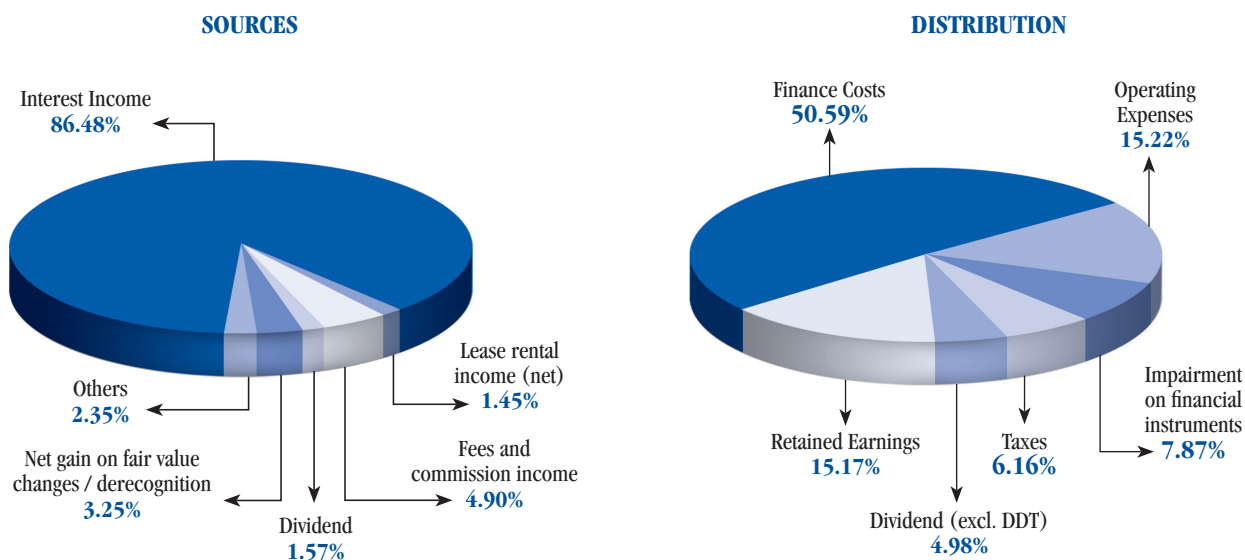
[#] includes net proceeds from SFL Shares Trust of ₹256.56 cr.

* includes an amount of ₹522 Cr. towards exceptional income on account of sale of shares in Royal Sundaram

** includes a special dividend of 50%

Sources and Distribution of Income (2020-21)

₹4014.20 Cr.



Independent Auditor's Report

To The Members of Sundaram Finance Limited, Chennai for The Year Ended 31st March, 2021

To the members of Sundaram Finance Limited, Chennai

Report on Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Sundaram Finance Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2021, the Statement of Profit and Loss, (including other comprehensive income) the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("The Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2021, and its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note no: 38.01 relating to impact of COVID 19 Pandemic in the financial statements in which the management has described the probable impact on the company and the environment in which it operates. This note also indicates that uncertainties exist and it is currently not possible to reasonably estimate the future impact. The measures taken to deal with these circumstances were explained by the management. This note also indicates that there were no adjusting events that would have any material impact on the company's financial statements for the year ending 31st March 2021.

Our opinion is not modified in respect of this matter.

Key Audit Matters

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

SUNDARAM FINANCE LIMITED

<i>Key Audit Matter</i>	<i>How our audit addressed the key audit matter</i>
<p>Impairment Loss Allowance</p> <p>Management’s judgements in the calculation of impairment allowances have significant impact on the financial statements. The estimates regarding impairment allowances are complex and require a significant degree of judgement, which increased with implementation of Expected Credit Loss (“ECL”) approach as required by Ind AS 109 relating to “Financial instruments.”</p> <p>Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorisation of the individual asset.</p> <p>The key areas of judgement include:</p> <ol style="list-style-type: none"> 1. Categorisation of loans in Stage 1, 2 and 3 based on identification of: <ol style="list-style-type: none"> (a) exposures with significant increase in credit risk since their origination and (b) Individually impaired / default exposures. 2. Techniques used to determine Loss Given Default (‘LGD’) and Probability of Default (‘PD’) to calculate an ECL based on past experience. 3. The impact of different future macroeconomic conditions in the determination of ECL. <p>These judgements required the models to be reassessed including the impact of Covid -19 Pandemic to measure the ECL.</p> <p>Management has made a number of interpretations and assumptions when designing and implementing models that are compliant with the standard.</p> <p>The accuracy of data flows and the implementation of related controls is critical for the integrity of the estimated impairment provisions. Given the significance of judgements and the high complexity related particularly to the calculation of ECL we considered this area as a Key Audit Matter.</p>	<ul style="list-style-type: none"> • We obtained an understanding of management’s assessment of impairment of loans and advances including the Ind AS109 implementation process, internal rating model, impairment allowance policy and ECL modelling methodology. • We assessed the design and implementation, and tested the operating effectiveness of controls over the modelling process including governance over monitoring of the model and approval of key assumptions. • We also verified the key judgements and assumptions relating to the macro-economic scenarios including the impact of Covid 19 Pandemic and the associated probability weights. • We also assessed the approach of the Company for categorisation the loans in various stages reflecting the inherent risk in the respective loans. • For a sample of financial assets, we tested the correctness of Staging, reasonableness of PD, accuracy of LGD and ECL computation. • We have also verified the compliance of circulars issued by Reserve Bank of India from time to time during the year on this subject. <p>As a result of the above audit procedures no material differences were noted.</p> <p>We confirm the adequacy of disclosures made in the Financial statements.</p>

<i>Key Audit Matter</i>	<i>How our audit addressed the key audit matter</i>
<p>Fair Value of Unquoted Equity Instruments and Preference Shares (Other than Investments in Subsidiaries and Joint Ventures)</p> <p>Investment in Unquoted equity and preference shares are measured at Fair value.</p> <p>The Fair value of these financial assets involved managements judgement because these securities are not traded in an active market .</p> <p>As per Ind AS 109, Cost has been considered as the best estimate of Fair value by the Management.</p> <p>Since this valuation is a Level 3 type of valuation in accordance with Ind AS 113 Fair Value Measurement where one or more significant inputs to the fair value measurement is unobservable .</p> <p>Accordingly this item is considered to be a Key Audit Matter due to significant judgments associated with estimating the fair value of investment.</p>	<p>We discussed with management the basis used in determining the fair value and evaluated the appropriateness of the valuation methodologies used by management and compared it to industry norms and the requirements in Ind AS.</p> <p>We confirm the adequacy of the disclosures made in the Financial statements.</p>
<p>Impairment testing of investments in Subsidiaries /Joint Ventures:</p> <p>Impairment testing of investments in Subsidiaries/Joint venture is considered as a Key Audit Matter since impairment of these investments may have an impact on the equity of the Company.</p> <p>Testing for impairment depends on the future results of the companies concerned. In addition, there is significant scope for judgement in determining the assumptions underlying forecast results of the entities.</p>	<p>We compared the book value of the investments in the year under review with their prorata share of the respective company's equity based on their financials, evaluated the internal sources and external sources of information to identify impairment indications, if any.</p> <p>Where indicators of impairment have been identified, assessing the reasonableness of the recoverable amount of each of the relevant subsidiaries and joint ventures, obtained an understanding from management of their financial position and future prospects.</p> <p>The same has been evaluated and appropriately dealt in the books of accounts.</p> <p>Based on the audit procedures performed, we found the key judgements and assumptions used in the impairment identification and assessments were duly supported by the available evidence.</p>
<p>IT Systems and Controls</p> <p>The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems,</p> <p>We have considered this as Key Audit Matter as any control lapses, Validation failures, incorrect input data and wrong extraction of data may result in the financial accounting and reporting records being misstated.</p> <p>We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.</p>	<p>We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations.</p> <p>We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties.</p> <p>Reliance was also placed on the System Audit report of the Company.</p> <p>Based on our review no weakness was found in the IT Systems and Controls.</p>

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

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

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

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

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

-
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" to this Report, a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015.

- (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
- (g) As regards Managerial Remuneration paid to Directors, refer to note no. xi of “Annexure A” to this Report.
- (h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – refer note no. 43.04 to the financial statements.
 - ii. based on the current assessment of the long term contracts, in the ordinary course of business, the company has made adequate provision for losses where required, as explained in note no. 43.11 of the Notes to Accounts. The derivate contracts being in the nature of the hedge contracts, the company does not anticipate any material losses from the same.
 - iii. During the year, there has been no delay in transferring the amounts required to be transferred to the Investor Education and Protection Fund.

For **Sundaram & Srinivasan**
Chartered Accountants
Firm Registration. No. 004207S

S. Usha
Partner

Membership Number: 211785
UDIN : 21211785AAAAEA5420

Place: Chennai
Date : 28.05.2021

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

Annexure A referred to in our report under "Report on Other Legal and Regulatory Requirements Para 1" of even date on the accounts for the year ended 31st March 2021

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) Fixed assets have been physically verified by the Management during the year, in accordance with an annual plan of verification, which in our opinion is reasonable having regard to the size of the Company and nature of the fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
(c) The title deeds of immovable properties are held in the name of the company.
- ii. The Company does not have any inventory and hence reporting under this clause 3(ii) is not applicable.
- iii. The Company has granted secured loan to one party and unsecured loan to one party covered in the register maintained under section 189 of Companies Act 2013 ("the Act").
(a) The terms and conditions of the grant of the loan are not prejudicial to the Company's interest;
(b) The repayment of principal and payment of interest has been stipulated and the repayment and receipts are regular;
(c) The amounts are not overdue.
- iv. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Act in respect of loans granted, investments made, guarantees given and securities provided, wherever applicable.
- v. In our opinion and according to the information and explanations given to us, the company has complied with the directions issued by the Reserve Bank of India and the provisions of section 73 to 76 of the Act, and any other relevant provisions of the Act and the rules framed thereunder with regard to deposits accepted from the public are not applicable to the company.
- vi. The Central Government has not prescribed the maintenance of cost records for the Company u/s. 148(1) of the Act.
- vii. (a) In our opinion and according to the information and explanation given to us, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Duty of Customs, Cess and other material statutory dues have been regularly deposited during the year with appropriate authorities. According to the information and explanations given to us, there are no arrears of statutory dues which are outstanding as at 31st March 2021 for a period of more than six months from the date they become payable.
(b) According to records of the Company and the information and explanation given to us, the details of disputed value added tax and income tax not deposited are as follows:

Nature of dues	Amount in ₹ lakhs	Period to which the amount relates	Forum where the dispute is pending
Value added tax	96.18	1993-94 to 2013-14	Assistant / Deputy / Joint Commissioner
	32.02	1995-96 to 2011-12	Tribunal
	642.29	1998-99 to 2004-05	High Court
Income Tax	2575.22	2016-2017	Commissioner of Income Tax (Appeals)
	26589.62	2017-18	Commissioner of Income tax (Appeals)
	5417.16	2018-19	Commissioner of Income Tax (Appeals)
	30.35	2012-13	Commissioner of Income Tax (Appeals) and a rectification filed before Assessing officer

- viii. The Company has not defaulted in the repayment of dues to financial institution, banks or debenture holders.
- ix. (a) The Company has not raised any money by the way of initial public offer or further public offer (including debt instruments) during the year. Hence reporting on utilization of such money does not arise; and
- (b) The term loans were applied for the purposes for which the loans were obtained.
- x. To the best of our knowledge and belief and according to the information and explanations given to us, during the year, no fraud by the Company or material fraud on the Company by its employees or officers were noticed during the course of our audit.
- xi. The Company has paid / provided for managerial remuneration within limits of section 197 read with schedule V to the Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations furnished to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Act.
- The details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures under section 42 of the Act.
- xv. In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with Directors or persons connected with them.
- xvi. The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and has obtained registration.

For **Sundaram & Srinivasan**
Chartered Accountants
Firm Registration. No. 004207S

S. Usha
Partner

Membership Number: 211785
UDIN : 21211785AAAAEA5420

Place: Chennai
Date : 28.05.2021

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

Report on the Internal Financial Controls with reference to Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Sundaram Finance Limited, Chennai ("the Company") as at 31st March, 2021 in conjunction with our audit of the standalone financial statements of the Company for the period ended on that date.

Management's Responsibility for Internal Financial Controls with reference to Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control with reference to financial statements over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements over financial reporting includes those policies and procedures that;

- (i) pertain to the maintenance of records, that in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting with reference to Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2021, based on the internal control over financial reporting with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI

For **Sundaram & Srinivasan**
Chartered Accountants
Firm Registration. No. 004207S

S. Usha
Partner

Membership Number: 211785
UDIN : 21211785AAAAEA5420

Place: Chennai
Date : 28.05.2021

Balance Sheet

as at 31st March, 2021

(₹ in lakhs)

Particulars	Note	March 31, 2021	March 31, 2020
ASSETS			
Financial Assets			
Cash and cash equivalents	5	102,37.57	18,98.77
Bank Balances	6	590,79.19	610,82.19
Derivative financial instruments (net)	7	–	76,16.08
Receivables	8		
(I) Trade receivables		16,38.19	18,53.30
(II) Other receivables		3,76.80	2,26.79
Loans	9	29403,86.45	28044,69.82
Investments	10	4052,40.23	3937,74.33
Other Financial assets	11	12,92.24	16,57.69
Non-Financial Assets			
Current tax assets (Net)		223,02.30	159,81.21
Deferred tax assets (Net)	12	158,92.44	123,12.63
Investment Property	13	71,52.47	78,89.76
Property, Plant and Equipment	14	212,36.28	224,96.71
Right-of-use assets	15	41,58.23	46,60.54
Other intangible assets	16	5,42.54	9,13.90
Other non-financial assets	17	57,11.24	51,17.42
Total Assets		<u>34952,46.17</u>	<u>33419,51.14</u>
LIABILITIES AND EQUITY			
Liabilities			
Financial Liabilities			
Derivative financial instruments (net)	7	15,53.27	–
Payables	18		
I) Trade Payables			
(i) Total outstanding dues of micro enterprises and small enterprises		65.09	61.00
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		51,33.09	60,16.79
II) Other Payables			
(i) Total outstanding dues of micro enterprises and small enterprises		–	–
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		10,90.53	12,53.75
Debt securities	19	14692,94.49	14739,54.54
Borrowings (Other than debt securities)	20	6860,05.43	6688,17.42
Deposits	21	4154,54.55	3768,99.49
Subordinated liabilities	22	2505,86.76	2140,03.08
Other financial liabilities	23	432,40.66	414,54.00
Non-Financial Liabilities			
Provisions	24	24,11.34	30,71.52
Other non-financial liabilities	25	24,65.90	16,82.84
Equity			
Equity share capital	26	111,10.39	111,10.39
Other equity *		6068,34.67	5436,26.32
Total Liabilities and Equity		<u>34952,46.17</u>	<u>33419,51.14</u>

Significant Accounting policies

See accompanying Notes forming part of financial statements

* Refer Statement of Changes of Equity

As per our report of even date attached
For **Sundaram & Srinivasan**
Chartered Accountants
Registration No.004207S

S Usha
Partner
Membership No.211785
UDIN : 21211785AAAAEA5420
Place : Chennai
Date : 28.05.2021

S Viji
Chairman

Rajiv C Lochan
Managing Director

M Ramaswamy
Chief Financial Officer

Harsha Viji
Executive Vice Chairman

A N Raju
Deputy Managing Director

T T Srinivasaraghavan
Director

P Viswanathan
Secretary & Compliance Officer

Statement of Profit and Loss

for the Year Ended 31st March, 2021

(₹ in lakhs)

Particulars	Note	2020-21	2019-20
Revenue from operations			
Interest Income	27	3471,33.72	3406,40.02
Lease Rental income (Net)		58,08.80	58,81.28
Fees and Commission Income	28	196,60.88	214,55.54
Dividend Income		63,06.92	49,21.54
Income from other Services		21,00.64	25,64.51
Recovery of Bad debts		12,96.80	19,62.49
Net gain on fair value changes	29	130,65.52	48,89.57
Net gain on derecognition of financial instruments under amortised cost category		-	18,94.03
Total Revenue from operations		<u>3953,73.28</u>	<u>3842,08.98</u>
Other Income	30	60,46.24	84,84.59
Total Income		<u>4014,19.52</u>	<u>3926,93.57</u>
Expenses			
Finance cost	31	2030,73.21	2072,02.96
Employee benefit expenses	32	382,22.84	358,62.33
Administrative & other expenses	33	158,62.37	191,78.91
Depreciation & amortisation		70,25.17	72,97.98
Impairment on financial instruments	34	316,05.97	286,39.64
Total expenses		<u>2957,89.56</u>	<u>2981,81.82</u>
Profit/(loss) before exceptional items and tax		1056,29.96	945,11.75
Profit/(loss) before tax		<u>1056,29.96</u>	<u>945,11.75</u>
Tax expense	12	247,25.05	221,16.99
Current tax		288,24.65	258,41.73
Deferred tax		(40,99.60)	(37,24.74)
Profit/(loss) after tax for the year		<u>809,04.91</u>	<u>723,94.76</u>
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss:			
Profit on sale of equity investments		-	78,23.28
Remeasurements of the defined benefit plans		6.61	(8,22.70)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(1.66)	(14,08.92)
Sub-total (A)		4.94	55,91.66
B (i) Items that will be reclassified to profit or loss			
Fair value change on cashflow hedge		(6,52.48)	8,32.89
(ii) Income tax relating to items that will be reclassified to profit or loss		1,64.22	(1,07.51)
Sub-total (B)		<u>(4,88.26)</u>	<u>7,25.38</u>
Other Comprehensive Income (A + B)		<u>(4,83.32)</u>	<u>63,17.04</u>
Total Comprehensive Income for the period		<u>804,21.59</u>	<u>787,11.80</u>
Earnings per equity share (on PAT)			
Basic & diluted		72.82	65.16

As per our report of even date attached
For **Sundaram & Srinivasan**
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Director

P Viswanathan
Secretary & Compliance Officer

Statement of Changes in Equity for the year ended 31st March 2021

a) Equity Share Capital (₹ in lakhs)

Particulars	Amount
Balance as at 31st March, 2019	111,10.39
Changes in equity share capital during the year	—
Balance as at 31st March, 2020	111,10.39
Changes in equity share capital during the year	—
Balance as at 31st March, 2021	111,10.39

b) Other equity

(₹ in lakhs)

Particulars	Reserves and Surplus					COVID-19 Reserve	Other Comprehensive Income		Total
	Capital Reserve	Share Options Outstanding Account	Statutory Reserve	General Reserve	Retained Earnings		Equity investments through OCI	Effective portion of cash flow hedge	
Balance as at 1st April, 2019	6,59.80	2,87.26	1221,68.65	3250,00.00	444,75.46	—	—	6,79.50	4932,70.67
(A) Profit After tax for the year					723,94.76				723,94.76
(B) Other comprehensive income:									
Remeasurements of the defined benefit plans					(6,15.65)				(6,15.65)
Profit on sale of equity investments							62,07.31		62,07.31
Transfer to Retained earning					62,07.31		(62,07.31)		—
Fair value change on cashflow hedge								7,25.38	7,25.38
Total Comprehensive income for the year (A)+(B)	—	—	—	—	779,86.42	—	—	7,25.38	787,11.80
Transfer to Covid Reserve					(27,17.61)	27,17.61			—
Deferred tax on Covid Reserve provisions					6,83.97				6,83.97
Dividends (Including dividend distribution tax)					(293,23.03)				(293,23.03)
Options Granted during the year		2,94.01							2,94.01
Cost of shares transferred on exercise of option		(6.59)							(6.59)
Deferred Employee Compensation Cost		8.44							8.44
Transfer to general reserve		(3,25.22)			(246,74.78)				(250,00.00)
Share Options excersied after regulatory approvals during the year		(12.92)							(12.92)
Transfer to Statutory reserve					(144,78.95)				(144,78.95)
Transfer from Share Options Outstanding account				3,25.22					3,25.22
Transfer from Retained earnings			144,78.95	246,74.78					391,53.74
Balance as at 31st March, 2020	6,59.80	2,45.00	1366,47.60	3500,00.00	519,51.47	27,17.61	—	14,04.88	5436,26.32

b) Other equity

(₹ in lakhs)

Particulars	Reserves and Surplus					COVID-19 Reserve	Other Comprehensive Income		Total
	Capital Reserve	Share Options Outstanding Account	Statutory Reserve	General Reserve	Retained Earnings		Equity investments through OCI	Effective portion of cash flow hedge	
Balance as at 31st March, 2020	6,59.80	2,45.00	1366,47.60	3500,00.00	519,51.47	27,17.61	-	14,04.88	5436,26.32
(A) Profit After tax for the year					809,04.91				809,04.91
(B) Other comprehensive income:									
Remeasurements of the defined benefit plans					4.94				4.94
Fair value change on cashflow hedge								(4,88.26)	(4,88.26)
Total Comprehensive income for the year (A)+(B)	-	-	-	-	809,09.85	-	-	(4,88.26)	80,421.59
Transfer from COVID Reserve					27,17.61	(2717.61)			-
Deferred tax on COVID reserve provision					(6,83.97)				(683.97)
Dividend payout (Final)					(33,33.12)				(33,33.12)
Dividend payout (Interim)					(133,32.46)				(133,32.46)
Options Granted during the year		112.52							112.52
Cost of shares transferred on exercise of option		(6.41)							(6.41)
Deferred Employee Compensation Cost		30.23							30.23
Transfer to general reserve		(287.61)			-				(287.61)
Transfer to Statutory reserve					(16180.99)				(161,80.99)
Transfer from Share Options Outstanding account				287.61					2,87.61
Transfer from Retained earnings			16180.99	-					161,80.99
Balance as at 31st March, 2021	6,59.80	93.73	1528,28.59	3502,87.61	1020,48.39	-	-	9,16.62	6068,34.67

Description of nature and purpose of other equity:

- Capital Reserve: Represents reserve created on account of amalgamations and arrangements
- Share Options Outstanding Account: Represents reserve on grant of option to employees of the company / group company under Employee Stock option Scheme.
- Statutory reserve: Represents reserve created as per Section 45-IC of the Reserve Bank of India Act, 1934.
- General reserve: Represents amount appropriated from retained earnings.
- COVID-19 reserves: Represents amount appropriated from retained earnings (net of tax)

 As per our report of even date attached
 For **Sundaram & Srinivasan**
 Chartered Accountants
 Registration No.004207S

S Usha
 Partner
 Membership No.211785
 UDIN:21211785AAAAEA5420
 Place : Chennai
 Date : 28.05.2021

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 Chief Financial Officer

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 Executive Vice Chairman

A N Raju
 Deputy Managing Director

P Viswanathan
 Secretary & Compliance Officer

S Prasad
 Director

T T Srinivasaraghavan
 Director

Cash Flow Statement

(₹ in lakhs)

	2020-21		2019-20	
<u>A. CASH FLOW FROM OPERATING ACTIVITIES:</u>				
Profit before tax	1056,29.96		945,11.75	
Add: Finance costs	<u>2030,73.21</u>	3087,03.17	<u>2072,02.96</u>	3017,14.71
Depreciation and Amortisation expense		70,25.17		72,97.98
Impairment on financial instruments		316,05.97		286,39.64
(Gain)/loss on sale of property, plant and equipment		(2,35.63)		2,29.28
Share-based payment expense		1,18.40		2,46.29
Net gain on fair value changes		(130,65.52)		(48,89.57)
Dividend income		(63,06.92)		(49,21.54)
(Gain) / Loss on disinvestment of shares		—		(60,05.10)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		<u>3278,44.64</u>		<u>3223,11.69</u>
(Increase) Decrease in Leased assets - net of sales	(38,53.76)		(50,38.54)	
(Increase) Decrease in Bank deposits	(76,39.99)		58,24.87	
(Increase) Decrease in SLR Investments (net)	101,71.86		(67,95.04)	
(Increase)/ Decrease in trade and other receivables	81.86		(1,53.87)	
(Increase)/ Decrease in Loans	(1676,11.07)		(1070,69.29)	
(Increase)/ Decrease in Other financial assets	3,82.81		(3,71.94)	
(Increase)/ Decrease in Non financial assets	(7,98.25)		(59,48.70)	
(Increase)/ Decrease in Other non-financial assets	(115,64.39)		(75,71.96)	
Increase/ (Decrease) in trade and other payables	(10,42.83)		(30,72.02)	
Increase/(Decrease) in financial liabilities	49,44.63		(17,88.83)	
Increase/(Decrease) in other non-financial liabilities and provisions	<u>1,29.49</u>	<u>(1767,99.65)</u>	<u>(36,39.76)</u>	<u>(1356,25.08)</u>
Cash generated from Operations		1510,45.00		1866,86.61
Financial costs	(1520,20.74)		(1337,73.20)	
Income Taxes Paid	(241,50.00)	(1761,70.74)	(22500.00)	(1562,73.20)
NET CASH FROM OPERATING ACTIVITIES (A)		<u>(251,25.74)</u>		<u>304,13.41</u>

	2020-21	2019-20
<u>B. CASH FLOW FROM INVESTING ACTIVITIES:</u>		
Payment for purchase and construction of property, plant and equipment	(6,78.94)	(21,90.19)
Payment for purchase and construction of investment properties	(4.90)	–
Payment for purchase and generation of intangible assets	(1,14.85)	(2,35.58)
Purchase of investment in Equity instruments (Subsidiaries)	–	(1001,16.92)
Sale of investment in Equity instruments (Subsidiary)	–	63,75.39
Purchase of other investments	(14937,12.72)	(18404,00.12)
Sale of other investments	14948,06.63	17578,47.01
Proceeds from sale of property, plant and equipment, intangible assets and investment property	15,61.85	4,04.00
Dividend income	63,06.92	49,21.54
NET CASH FROM INVESTING ACTIVITIES (B)	81,63.98	(1733,94.87)
<u>C. CASH FLOW FROM FINANCING ACTIVITIES:</u>		
Payment of Lease liability	(15,84.17)	(14,65.54)
Debt securities, deposits, sub-ordinated liabilities and other borrowings:		
Availment	17110,90.48	20020,46.22
Repayment	(16675,40.17)	(18393,55.93)
Dividend Paid (including dividend distribution tax)	(166,65.58)	(293,23.03)
NET CASH FROM FINANCING ACTIVITIES (C)	253,00.56	1319,01.71
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)	83,38.80	(110,79.75)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	18,98.77	129,78.52
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	102,37.57	18,98.77
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Balances with Banks	29,66.94	9,29.67
Cash, Cheques & drafts on hand	72,70.63	969.10
	102,37.57	18,98.77

As per our report of even date attached
For **Sundaram & Srinivasan**
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S Usha
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Place : Chennai
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Deputy Managing Director

S Prasad
Director

T T Srinivasaraghavan
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Secretary & Compliance Officer

NOTES TO THE ACCOUNTS

General information:

Sundaram Finance Limited ('the Company') is a Public Limited Company incorporated in India with its registered office located at No.21, Patullous Road, Chennai – 600 002. The Company is registered as a Non-Banking Finance Company (Deposit taking) with Reserve Bank of India and is primarily engaged in the business of financing of Commercial vehicles, Cars, construction equipment and other vehicles in the retail segment.

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

1. BASIS OF PREPARATION AND PRESENTATION

1.1 Statement of Compliance

The financial statements have been prepared as a going concern in accordance with the Indian Accounting Standard ('Ind AS'), notified under section 133 of the Companies Act, 2013 read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) amendments Rules, 2016 issued by the Ministry of Corporate Affairs (MCA).

The accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

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

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

1.2 Accounting Convention

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Revenue recognition

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

For revenue recognition from leasing transactions of the Company, refer Note 2.4 on Leases below.

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

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

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

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

2.2 Measurement of fair values

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

NOTES TO THE ACCOUNTS (Contd.)

2.3 Financial instruments

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

Financial assets/liabilities

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

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

Classification and subsequent measurement

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

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

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

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

comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal and the interest on the principal outstanding. Any financial instrument, which does not meet the criteria for categorisation as amortized cost or as Fair Value Through Other Comprehensive Income (FVTOCI), is classified as at Fair Value Through P&L (FVTPL). In addition, the Company may elect to classify a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL.

However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the profit and loss.

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

Equity Investments

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

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

Investment in Compulsorily Convertible Preference Shares (CCPS)

The Company designates investment in CCPS at FVTOCI. The

NOTES TO THE ACCOUNTS (Contd.)

fair value changes on the instrument, excluding dividends, are recognised under OCI. There is no recycling of the amounts from OCI to the statement of profit and loss on sale of investment.

Fair value hierarchy

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

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

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

Level 3 - This level includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Impairment of Financial Assets

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

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

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

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

Contract Asset and Contract Liability.

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

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

De-recognition of financial assets and financial liabilities

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

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

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

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

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

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

Offsetting of financial instruments

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

NOTES TO THE ACCOUNTS (Contd.)

2.4 Leases

Lessor Accounting

Leases for which the company is a lessor is classified as finance lease or operating lease based on the terms and conditions of the lease agreement

Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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

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

2. **Operating lease:** Assets leased out on operating lease are recognised as an asset under Property, Plant and equipment in the balance sheet.

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

Lessee Accounting

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the

economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is the present value of the lease payments to be made over the lease term using the incremental borrowing rates.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

Right of use assets are evaluated for impairment at each reporting date.

2.5 Employee Benefits

Short term Employee benefits

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

Post-Employment benefits

Defined contribution plans

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

NOTES TO THE ACCOUNTS (Contd.)

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

Defined benefit plans

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

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

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

- 2. Provident Fund:** Contributions are made to the company's Employees Provident Fund Trust in accordance with the fund rules. The interest rate payable by the trust to the beneficiaries every year is notified by the Government. The company has an obligation to make good the shortfall, if any, between the return from the Investment of the trust and the notified interest rate. The monthly contribution made by the Company is recognised as employee benefit expense in the Statement of Profit and Loss.
- 3. Retired Employee Medical scheme:** The Post-retirement medical benefit plan provides for reimbursement of health care costs to certain categories of employees post their retirement. The reimbursement

is subject to an overall ceiling sanctioned based on cadre of the employee at the time of retirement. The plan is unfunded. Employees do not contribute to the plan.

Other Long-Term Employee Benefits

- 1. Leave Encashment:** The Company contributes to a staff leave encashment scheme managed by SBI Life Insurance Company Limited. The company accounts its liability based on an actuarial valuation, as at the balance sheet date, using the Projected Unit Credit method.
- 2. Employee Assured Bonus Scheme & Sick leave:** The Company accounts its liability in respect of other long-term benefits like Employee Assured Bonus Scheme and entitlement of sick leave on the basis of an actuarial valuation.

2.6 Share Based Payments:

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

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

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

The Option carries neither right to Dividend nor voting rights.

2.7 Income Taxes

Tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates

NOTES TO THE ACCOUNTS (Contd.)

to a business combination, or items recognised directly in equity or in OCI.

Current tax

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

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

Deferred tax

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

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

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

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

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

Current and Deferred tax for the Year

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

2.8 Property plant and equipment (PPE)

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

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

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

Freehold land is not depreciated.

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

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

Estimated useful lives of the assets, based on technical assessment, which are different in certain cases from those

NOTES TO THE ACCOUNTS (Contd.)

prescribed in Schedule II of the Companies Act 2013, are as follows:

(in Years)

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

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

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

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

2.9 Investment property

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

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

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

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

2.10 Intangible assets

Intangible assets are identified non-monetary assets without physical existence. Intangible assets with finite useful lives that are acquired separately are capitalized and carried at cost less accumulated amortisation and accumulated impairment losses.

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

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

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

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

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

Intangible Assets under development

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

- Technical feasibility of completing the asset
- Intention to complete the asset

NOTES TO THE ACCOUNTS (Contd.)

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

2.11 Impairment of assets

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

2.12 Foreign Currency transaction

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

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

2.13 Derivatives & Hedge Accounting

The company designates certain derivatives held for risk management as hedging instruments in qualifying hedging relationships. These derivatives qualify for hedge accounting and meet the criteria for cash flow hedge. The effective portion

of the gain or loss arising on the fair value measurement of the hedging instrument is recognised in other comprehensive income.

2.14 Dividend

The final Dividend on shares is recorded as a liability on the date of approval by the Shareholders and interim dividends are accounted on payment basis as they are revocable till actually paid.

2.15 Cash flow Statement

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

2.16 Provisions, Contingent Liabilities and Contingent Assets

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

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

Contingent liabilities

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

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

NOTES TO THE ACCOUNTS (Contd.)

2.17 Earnings Per Share

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

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

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in accordance with Ind AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the balance sheet and statement of profit and

loss. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The actual results may differ from these estimates. The Company's management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Any revision to the accounting estimates is recognized prospectively in the current and future periods.

4. RECENT AMENDMENTS IN ACCOUNTING STANDARDS AND PRESENTATION OF FINANCIAL STATEMENTS NOTIFIED BUT NOT EFFECTIVE:

Ministry of Corporate Affairs (MCA) vide notification G.S.R. 207(E) dated 24th March 2021 have notified Amendments which are applicable from April 1 2021, which require elaborate disclosures to various Financial Statement Line Items. The company will evaluate the disclosures and disclose the same in the subsequent year's Financial Statements.

Note 5: Cash and Cash Equivalents

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Cash on hand	17,12.51	1,79.72
Balances with Banks	29,66.94	9,29.67
Cheques, drafts on hand	55,58.12	7,89.38
TOTAL	102,37.57	18,98.77

Note 6: Bank Balance other than specified in Note 5 above

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Unpaid dividend account	3,56.76	3,49.75
Balances with banks *	587,22.43	607,32.44
TOTAL	590,79.19	610,82.19

* Bank deposits include,

- ₹429,61.00 lakhs (as on 31.03.2020 ₹566,08 lakhs) provided as collateral for assets securitised.
- In accordance with the Reserve Bank of India directives, the company has created a floating charge on the statutory liquid assets comprising bank deposits of ₹96,50.00 lakhs (as on 31.03.2020 ₹40,50.00 lakhs) in favour of trustees representing the deposit holders of the Company.

NOTES TO THE ACCOUNTS (Contd.)

Note 7 : Derivative Financial Instruments

(₹ in lakhs)

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

Part I

Particulars	31st March 2021			31st March 2020		
	Notional amount	Fair Value		Notional amount	Fair Value	
		Assets	Liabilities		Assets	Liabilities
(i) Currency derivatives:						
- Currency swaps	–	–	–	–	–	–
- Forward Contracts	401,97.03	–	27,78.16	1207,25.26	57,38.69	–
Subtotal (i)	401,97.03	–	27,78.16	1207,25.26	57,38.69	–
(ii) Interest rate derivatives:						
- Forward Rate Agreements & Interest Rate Swaps	900,00.00	12,24.89	–	275,00.00	18,77.39	–
Subtotal (ii)	900,00.00	12,24.89	–	275,00.00	18,77.39	–
Total Derivative Financial Instruments (i)+(ii)	1301,97.03	12,24.89	27,78.16	1482,25.26	76,16.08	–
Derivative Financial Asset / Liability (net)	–	–	15,53.27	–	76,16.08	–

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

(₹ in lakhs)

Particulars	31st March 2021			31st March 2020		
	Notional amount	Fair Value		Notional amount	Fair Value	
		Assets	Liabilities		Assets	Liabilities
(i) Cash flow hedging:						
- Interest rate derivatives	900,00.00	12,24.89	–	275,00.00	18,77.39	–
(ii) Undesignated derivatives	401,97.03	–	27,78.16	1207,25.26	57,38.69	–
Total Derivative Financial Instruments (i)+(ii)	1301,97.03	12,24.89	27,78.16	1482,25.26	76,16.08	–
Derivative Financial Asset / Liability (net)	–	–	15,53.27	–	76,16.08	–

Notes:

- 1) The interest rate risk and exchange rate risk on the borrowings of the Company are managed using various derivative instruments which are entered from time to time. The risk management strategy and the use of derivatives are explained in Note 38 - Financial Risk Management Framework and Note 44.03 - Derivatives.
- 2) The Company has designated the Interest rate derivatives (IRS/FRA), which were entered to mitigate interest rate risk on its Subordinated Non Convertible Debentures and Rupee Term Loans, as hedging instruments.

NOTES TO THE ACCOUNTS (Contd.)

Note 7A: Derivatives designated as Hedging Instruments

The impact of the hedging instrument on the balance sheet as at 31st March 2021 is as follows:

₹ in lakhs

Hedged Instrument	Notional Amount	Carrying Amount	Line item in the Balance sheet	Change in fair value used for measuring ineffectiveness for the period
Interest Rate swap/ Forward rate agreement	900,00.00	12,24.89	Derivative Financial Instruments	(6,52.48)

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

₹ in lakhs

Hedged Item	Change in value used for measuring ineffectiveness	Cash flow hedge reserve as on 31.03.2021
Fixed / Floating rate borrowings & loans	6,52.48	9,16.62

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

₹ in lakhs

Hedged Item	Total hedging gain / (loss) recognised in OCI	Ineffectiveness recognised in the profit and loss	Line item in the statement of profit and loss that include the hedge ineffectiveness	Amount reclassified from cash flow hedge reserve to Profit or loss	Line item in the statement of profit or loss that includes the reclassification adjustment
Fixed / Floating rate borrowings & loans	(6,52.48)	—	NA	—	NA

Note 8 Receivables

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Trade receivables		
- Secured, considered good	—	—
- Unsecured, considered good	16,36.39	18,39.74
- Receivables which have significant increase in Credit Risk	—	—
- Receivables - credit impaired	12.62	41.14
Less: Impairment loss on the above	10.82	27.58
Sub-total - Trade receivables	<u>16,38.19</u>	<u>18,53.30</u>
Other receivables		
- Secured, considered good	2,05.84	2,20.57
- Unsecured, considered good	1,70.96	6.22
- Receivables which have significant increase in Credit Risk	—	—
- Receivables - credit impaired	—	—
Less: Impairment loss on the above	—	—
Sub-total - Other receivables	<u>3,76.80</u>	<u>2,26.79</u>
TOTAL	<u>20,14.99</u>	<u>20,80.09</u>

NOTES TO THE ACCOUNTS (Contd.)

Note 9: Loans
Carried at amortised cost

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Hypothecation loans #	28862,15.18	27357,85.91
Net Investment in hire purchase	103,74.23	292,22.49
Term Loans	522,02.24	365,10.98
Advance for business assets	164,65.36	80,19.80
Amount retained on Assets securitised / assigned	92,43.67	153,82.52
Loans repayable on Demand	73,81.47	60,12.93
Bills Purchased and Bills Discounted	23,85.33	16,29.60
Net investment in lease	17,19.02	7,01.19
Other loans@	41,78.76	45,97.21
Total Loans - Gross	29901,65.26	28378,62.63
Less: Impairment loss allowance	497,78.81	333,92.81
Total Loans - Net	29403,86.45	28044,69.82
Of the above		
Secured by tangible assets	29670,95.20	28234,14.97
Secured by intangible assets	—	—
Covered by Bank/Government Guarantees	4,48.50	6,17.50
Secured by Deposits	4,06.77	6,91.44
Unsecured	222,14.79	131,38.72
Total Loans - Gross	29901,65.26	28378,62.63
Less: Impairment loss allowance	497,78.81	333,92.81
Total Loans - Net	29403,86.45	28044,69.82
Loans in India		
Public Sector	—	—
Others *	29901,65.26	28378,62.63
Total Loans - Gross	29901,65.26	28378,62.63
Less: Impairment loss allowance	497,78.81	333,92.81
Total Loans in India - Net - (A)	29403,86.45	28044,69.82
Loans outside India	—	—
Less: Impairment loss allowance	—	—
Total Loans outside India - Net - (B)	—	—
Total loans (A) + (B)	29403,86.45	28044,69.82

includes repossessed assets at market value

@ includes loans to employees and loan against deposits

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

NOTES TO THE ACCOUNTS (Contd.)

Note 10: Investments

(₹ in lakhs)

Particulars	Note No.	Face Value (₹)	As at 31.03.2021		As at 31.03.2020	
			Holding (Number)	Carrying Amount	Holding (Number)	Carrying Amount
At Cost:						
Equity Instruments						
- Subsidiaries						
Sundaram Asset Management Company Limited		10	2,00,00,000	186,04.39	2,00,00,000	185,93.73
Sundaram Home Finance Limited		10	10,12,54,438	1152,69.08	10,12,54,438	1152,55.37
Sundaram Fund Services Limited		10	4,50,03,000	24,45.15	4,50,03,000	24,45.15
Sundaram Trustee Company Limited		10	50,000	2,28.62	50,000	2,28.62
LGF Services Limited		10	2,50,000	5.00	250,000	5.00
Sundaram Finance Holdings Limited	i	5	3,26,50,000	16,44.89	3,26,50,000	16,44.89
				<u>1381,97.13</u>		<u>1381,72.76</u>
- Joint Ventures						
Royal Sundaram General Insurance Co. Limited		10	22,45,00,000	585,26.56	22,45,00,000	585,26.56
Total - A				<u>1967,23.70</u>		<u>1966,99.33</u>
At fair value through other comprehensive income:						
Equity Instruments						
Experian Credit Information Company of India Private Limited		10	1,12,00,000	11,20.00	1,12,00,000	11,20.00
				<u>11,20.00</u>		<u>11,20.00</u>
Preference Shares						
Series A Compulsorily Convertible Preference Shares of RBSG Capital Private Limited		10	7,14,286	3,11.99	7,14,286	3,11.99
Total - B				<u>14,31.99</u>		<u>14,31.99</u>
At fair value through profit or loss:						
- Mutual Funds						
Nippon India Liquid Fund		1,000	19,882	10,00.58	1,03,561	50,23.41
Tata Liquid Fund		1,000	61,620	20,01.18	-	-
Invesco India Liquid Fund		1,000	88,511	25,01.39	1,84,056	50,21.53
ICICI Prudential Money Market Fund		100	8,64,635	25,53.08	3,87,538	10,82.26
Axis Liquid Fund		1,000	2,18,893	50,01.25	-	-

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Particulars	Note No.	Face Value (₹)	As at 31.03.2021		As at 31.03.2020	
			Holding (Number)	Carrying Amount	Holding (Number)	Carrying Amount
ICICI Prudential Liquid Fund		100	16,41,696	50,02.84	20,53,076	60,31.56
HDFC Money Market Fund		1,000	1,25,654	56,21.66	1,10,464	46,61.41
SBI Savings Fund		10	2,10,26,236	71,90.09	144,09,607	46,63.96
Kotak Liquid Fund		1,000	1,80,436	75,04.41	3,75,438	150,73.36
SBI Banking & PSU Debt Fund		1,000	2,96,904	75,82.95	1,48,473	35,11.90
Aditya Birla Sun Life Liquid Fund		100	30,18,015	100,05.71	–	–
IDFC Corporate Bond Fund		10	6,75,25,864	103,09.65	–	–
SBI Corporate Bond Fund		10	11,68,61,547	142,73.70	–	–
HDFC Corporate Bond Fund		10	5,68,51,976	143,17.32	–	–
Aditya Birla Sun Life Corporate Bond Fund		10	2,11,60,187	183,52.76	–	–
Sundaram Money Fund		10	4,61,00,725	200,06.75	9,11,98,530	381,84.73
Sundaram Mutual Fund - Seed Capital	ii	10		18,93.63		13,50.00
HDFC Charity Fund for Cancer Cure 2017	i	10	–	–	30,00,000	3,01.41
Sundaram Banking & PSU Debt Fund		10	–	–	48,73,135	15,61.68
Kotak Banking & PSU Debt Fund		10	–	–	73,47,369	35,00.78
IDFC Banking & PSU Debt Fund		10	–	–	1,95,52,636	35,12.46
Sundaram Money Market Fund		10	–	–	4,15,79,657	46,57.84
HDFC Liquid Fund		1,000	–	–	1,28,622	50,24.74
IDFC Cash Fund		1,000	–	–	4,01,739	96,49.09
SBI Liquid Fund		1,000	–	–	4,58,051	142,40.88
				<u>1351,18.94</u>		<u>1270,53.00</u>
- Alternative Investment Funds						
Sponsor investments						
Sundaram Alternative Opportunities Fund – Nanocap Series I	iii	1,00,000	900	8,80.04	900	4,42.68
Nanocap Series II	iii	1,00,000	913	9,28.44	913	4,51.89
Sundaram Alternative Opportunities Series – High Yield Secured Debt Fund	iii			5,03.41		5,00.00
High Yield Secured Debt Fund II	iii			3,75.00		2,50.00
Sundaram India Premier Fund	iii	1,000	98,567	13,82.65	98,567	9,61.21
Sundaram ACORN	iii		659	9,21.73	250	1,97.04

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Particulars	Note No.	Face Value (₹)	As at 31.03.2021		As at 31.03.2020	
			Holding (Number)	Carrying Amount	Holding (Number)	Carrying Amount
Others						
Sundaram Alternative Opportunities Series –						
High Yield Secured Debt Fund				35,09.04		39,93.34
High Yield Secured Debt Fund II				33,75.00		17,50.02
Lok Capital Growth Fund		100	12,28,933	19,34.67	13,29,349	17,40.93
				<u>138,09.99</u>		<u>102,87.11</u>
Total - C				<u>1489,28.93</u>		<u>1373,40.11</u>
At amortised cost:						
Debt securities						
- Government Securities:						
Central Government Loans	i	100	1,60,14,300	162,68.29	1,60,14,300	162,73.37
State Government Loans	i	100	3,44,50,000	349,06.30	3,49,50,000	354,23.09
				<u>511,74.59</u>		<u>516,96.46</u>
- Pass Through Certificates:				46,43.55		66,60.77
- Commercial Paper:						
Northern Arc Capital Limited		5,00,000	500	24,06.00	–	–
				<u>582,24.14</u>		<u>583,57.23</u>
Less: Allowance for Impairment loss				(68.53)		(54.32)
Total - D				<u>581,55.61</u>		<u>583,02.91</u>
Total Investments *				<u>4052,40.23</u>		<u>3937,74.33</u>
A+B+C+D (Net of allowance for impairment loss)						

* All investments of the company are in India.

Notes:

- i) Represent Quoted Investments.
- ii) Represents investments in the growth option of the open-ended schemes of Sundaram Mutual Fund in compliance with the seed capital requirements as stipulated by SEBI Mutual Funds (Amendment) Regulations, 2014 and cannot be redeemed unless the scheme is wound up.
- iii) Represents sponsor investments, in compliance with SEBI (Alternative Investment Funds) Regulations, 2012 and the same cannot be redeemed unless the Fund is wound up.
- iv) 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 ₹504,64.30 lakhs (amortised cost ₹511,74.59 lakhs).

NOTES TO THE ACCOUNTS (Contd.)

Note 11: Other Financial Assets

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Carried at amortised cost		
- Security deposits	7,82.80	7,71.37
- Contract asset	-	21.40
- Other advances	5,28.48	9,01.31
Less: Impairment loss on the above	19.04	36.39
TOTAL	12,92.24	16,57.69

Note 12 : Disclosure pursuant to Ind AS 12 "Income Taxes"

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

(₹ in lakhs)

Sl.no.	Particulars	2020-21	2019-20
(a)	Profit or Loss section :		
(i)	Current income tax :		
	Current income tax expense	2,88,24.65	2,58,41.73
	Tax expense of prior periods	-	-
		2,88,24.65	2,58,41.73
(ii)	Deferred tax :		
	Tax expense on origination and reversal of temporary differences	(40,99.60)	(37,24.74)
	Effect of previously unrecognised tax losses used to reduce tax expense	-	-
		(40,99.60)	(37,24.74)
	Income tax expense reported in Profit or Loss [(i) + (ii)]	247,25.05	221,16.99
(b)	Other Comprehensive Income (OCI) section :		
(i)	Items not to be reclassified to profit or loss in subsequent periods :		
	Current tax expense/(income) :	1.66	14,08.92
	On remeasurement of defined benefit plans	1.66	(2,07.06)
	Items that will not be reclassified to profit or loss : Profit of equity investments	-	16,15.97
(ii)	Items to be reclassified to profit or loss in subsequent periods :		
(A)	Deferred tax expense/(income) :		
	On MTM of cash flow hedges	(1,64.22)	1,07.51
	Income tax expense reported in Other Comprehensive Income [(i) + (ii)]	(1,62.55)	15,16.43
	Income tax expense reported in retained earnings	245,62.50	236,33.42

NOTES TO THE ACCOUNTS (Contd.)

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

(₹ in lakhs)

Sl.no.	Particulars	2020-21	2019-20
(a)	Profit before tax and exceptional items	1056,29.96	945,11.75
(b)	Profit on exceptional items	–	–
(c)	Profit before tax	1056,29.96	945,11.75
(d)	Corporate tax rate as per Income Tax Act 1961	25.17%	25.17%
(e)	Tax on Accounting profit (e)=(a)*(d)	265,84.95	237,86.72
(f)	(i) Tax on income deductible / exempt from tax :		
	(A) Dividend income	12,69.30	12,38.65
	(ii) Tax on expenses not tax deductible :		
	(A) CSR expenses/Donations	4,30.96	1,67.75
	(B) Expenses in relation to exempt income	–	2,37.86
	(iii) Tax effect on various other items	10,21.56	8,36.69
	Total effect of tax adjustments [(i) –(ii) + (iii)]	18,59.85	16,69.73
(g)	Tax on exceptional items @ 23.296%		–
(h)	Tax expense recognised during the year (h)=(e)–(f) + (g)	247,25.05	221,16.99
(i)	Effective tax Rate (f)=(h)/(c)	23.41%	23.40%

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

(₹ in lakhs)

Sl. no.	Particulars	Balance sheet		Statement of Profit or Loss	
		As at 31/03/2021	As at 31/03/2020	As at 31/03/2021	As at 31/03/2020
(a)	Items disallowed u/s.43B of the Income Tax Act 1961	2,41.41	2,92.07	(50.64)	(5,56.28)
(b)	Provision for doubtful debts and advances	96,19.22	60,83.62	35,35.60	34,66.82
(c)	Difference between book depreciation and tax depreciation	35,42.67	37,20.41	(1,77.73)	(16,95.41)
(d)	Other temporary differences	24,89.14	15,32.56	9,56.58	24,02.09
(e)	Provision for Covid Reserve	-	6,83.97		
	Deferred tax(expense)/income	-	-	42,63.82	36,17.21
	Net deferred tax assets/(liabilities)	158,92.44	123,12.63		

NOTES TO THE ACCOUNTS (Contd.)

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

(₹ in lakhs)

Sl. no.	Particulars	2020-21	2019-20
(a)	Opening balance as at April 1	123,12.63	80,11.44
(b)	Tax income/(expense) during the period recognised in :		
(i)	Statement of Profit and Loss in Profit or Loss section	40,99.60	37,24.74
(ii)	Statement of Profit and Loss under OCI section	1,64.22	(1,07.51)
(iii)	retained earnings	(6,83.97)	6,83.97
Closing balance as at March 31		158,92.44	123,12.63

Note 13 Investment Property

(₹ in lakhs)

Particulars	Land	Building	Total
GROSS BLOCK AT COST			
As at 31.03.2020	65,62.29	15,21.03	80,83.32
Additions	–	–	–
Deductions	7,38.93	47.07	7,86.00
Asset Transfer from PPE	–	1,34.07	–
As at 31.03.2021	58,23.36	16,08.03	74,31.39
DEPRECIATION			
Upto 31.03.2020	–	1,93.55	1,93.55
Additions	–	73.54	73.54
Deductions	–	5.92	5.92
Asset Transfer from PPE	–	17.75	–
Upto 31.03.2021	–	2,78.92	2,78.92
Carrying Value as at 31.03.2021	58,23.36	13,29.10	71,52.47

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Particulars	Land	Building	Total
GROSS BLOCK AT COST			
As at 31.03.2019	65,65.47	15,21.03	80,86.49
Additions	—	—	—
Deductions	3.17	—	3.17
As at 31.03.2020	65,62.29	15,21.03	80,83.32
DEPRECIATION			
Upto 31.03.2019	—	1,19.89	1,19.89
Additions	—	73.66	73.66
Deductions	—	—	—
Upto 31.03.2020	—	1,93.55	1,93.55
Carrying Value as at 31.03.2020	65,62.29	13,27.47	78,89.76

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

The Fair value of the investment property is ₹248,02.47 lakhs (2019-20: ₹240,94.34 lakhs)

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

(₹ in lakhs)

Particulars	2020-21	2019-20
Rental income	6,15.75	6,50.82
Direct Operating expenses on properties generating rental income	19.96	29.28
Direct Operating expenses on properties not generating rental income	0.33	3.41

The investment properties are freely realizable.

There is a contractual obligation to purchase, construct or develop investment property. The following asset purchase is an investment property :

(₹ in lakhs)

Description	Capitalisation Cost	Advance Paid	Advance Paid	Balance Advance Paid	Balance Advance Paid	Date of Registration
Land and Building	1,19.90	4.90	March 2021	1,15.00	April 2021	Yet to be registered

Note 14 Property, Plant and equipment

(₹ in lakhs)

Particulars	Freehold Land	Freehold Buildings	Leasehold office / Residential Premises	Plant and Machinery and Computers	Furniture and Fixtures	Vehicles	Office Equipment	Assets on Operating Lease			Total
								Plant and Machinery and Computers	Vehicles	Medical Equipment	
GROSS BLOCK AT COST											
As at 31.03.2020	28,60.50	12,55.07	7,59.01	44,19.35	9,64.72	22,18.97	8,32.57	9,74.55	20,445.70	–	347,30.44
Additions	–	13.60	12.53	3,42.84	65.70	1,47.69	68.24	5,90.08	42,47.03	8,94.53	63,82.24
Deductions	–	–	–	18.99	4.74	79.46	9.38	–	57,77.59	–	58,90.16
Asset Transfer to IP			1,34.07								1,34.07
As at 31.03.2021	28,60.50	12,68.67	6,37.47	47,43.20	10,25.68	22,87.20	8,91.43	15,64.63	189,15.14	8,94.53	350,88.45
DEPRECIATION											
Upto 31.03.2020	–	2,34.54	94.18	20,56.21	4,25.66	8,95.76	3,24.09	4,23.55	77,79.74	–	122,33.73
Additions	–	92.17	27.80	7,26.68	1,33.18	3,43.84	1,05.48	3,29.16	31,32.88	2,11.14	51,02.33
Deductions	–	–	–	7.93	2.24	45.71	4.45	–	34,05.81	–	34,66.14
Asset Transfer to IP			17.75								
Upto 31.03.2021	–	3,26.71	1,04.23	27,74.96	5,56.60	11,93.89	4,25.12	7,52.71	75,06.81	2,11.14	138,69.92
Carrying Value as at 31.03.2021	28,60.50	9,41.96	5,33.24	19,68.24	4,69.08	10,93.31	4,66.31	8,11.92	114,08.33	6,83.39	212,36.28

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Particulars	Freehold Land	Freehold Buildings	Leasehold office / Residential Premises	Plant and Machinery and Computers	Furniture and Fixtures	Vehicles	Office Equipment	Assets on Operating Lease			Total	
								Plant and Machinery and Computers	Vehicles	Medical Equipment		
GROSS BLOCK AT COST												
As at 31.03.2019	27,39.30	10,46.87	7,59.01	34,97.80	8,49.45	18,12.71	7,21.71	6,84.59	179,81.87	39.08	301,32.39	
Additions	1,21.20	2,09.57	-	9,49.86	125.9	6,09.69	1,43.87	3,10.89	63,27.02	-	87,98.00	
Deductions	-	1.37	-	28.31	10.63	2,03.43	33.01	20.93	38,63.19	-	41,60.87	
Reclassified on account of adoption of Ind AS 116	-	-	-	-	-	-	-	-	-	39.08	39.08	
As at 31.03.2020	28,60.50	12,55.07	7,59.01	44,19.35	9,64.72	22,18.97	8,32.57	9,74.55	204,45.70	-	347,30.44	
DEPRECIATION												
Up to 31.03.2019	-	1,30.52	59.34	12,27.88	2,76.66	6,10.86	2,22.30	1,57.78	60,95.28	-	87,80.62	
Additions	-	1,04.20	34.84	8,44.47	1,54.55	3,75.87	1,16.57	2,71.06	34,82.95	-	53,84.51	
Deductions	-	0.18	-	16.14	5.55	90.97	14.78	5.29	17,98.49	-	19,31.40	
Reclassified on account of adoption of Ind AS 116	-	-	-	-	-	-	-	-	-	-	0.00	
Upto 31.03.2020	-	2,34.54	94.18	20,56.21	4,25.66	8,95.76	3,24.09	4,23.55	77,79.74	-	122,33.73	
Carrying Value as at 31.03.2020	28,60.50	10,20.53	6,64.83	23,63.14	5,39.06	13,23.21	5,08.48	5,51.00	126,65.96	-	224,96.71	

NOTES TO THE ACCOUNTS (Contd.)

Note 15: Right of use - Assets

(₹ in lakhs)

Particulars	ROU Land	ROU Buildings	Finance Lease	Total
			Land	
GROSS BLOCK AT COST				
As at 31.03.2020	1,96.23	57,23.33	39.08	59,58.64
Additions	7.03	11,55.81	–	11,62.84
Deductions	–	3,64.59	–	3,64.59
As at 31.03.2021	2,03.26	65,14.55	39.08	67,56.89
DEPRECIATION				
Up to 31.03.2020	1,12.39	11,85.71	–	12,98.10
Additions	85.40	12,77.70	–	13,63.10
Deductions	–	62.54	–	62.54
Upto 31.03.2021	1,97.79	24,00.87	–	25,98.66
Carrying Value as at 31.03.2021	5.47	41,13.68	39.08	41,58.23

(₹ in lakhs)

Particulars	ROU Land	ROU Buildings	Finance Lease	Total
			Land	
GROSS BLOCK AT COST				
As at 31.03.2019	–	–	–	–
Reclassified on account of adoption of Ind AS 116	1,96.23	47,01.22	39.08	49,36.53
Additions	–	12,12.60	–	12,12.60
Deductions	–	1,90.49	–	1,90.49
As at 31.03.2020	1,96.23	57,23.33	39.08	59,58.64
DEPRECIATION				
Up to 31.03.2019	–	–	–	–
Reclassified on account of adoption of Ind AS 116	1,12.39	11,17.88	–	12,30.27
Additions	–	96.97	–	96.97
Deductions	–	29.14	–	29.14
Upto 31.03.2020	1,12.39	11,85.71	–	12,98.10
Carrying Value as at 31.03.2020	83.84	45,37.62	39.08	46,60.54

Note 16: Intangibles and Other Intangible Under development

(₹ in lakhs)

Particulars	Computer Software		Total	Intangibles Under Development
	Purchased	Self Generated		
GROSS BLOCK AT COST				
As at 31.03.2020	16,28.74	9,94.82	26,23.56	–
Additions	1,14.85	–	1,14.85	–
Deductions	–	–	–	–
As at 31.03.2021	17,43.59	9,94.82	27,38.41	–
DEPRECIATION				
Up to 31.03.2020	10,33.24	6,76.42	17,09.66	–
Additions	3,76.28	1,09.93	4,86.21	–
Deductions	–	–	–	–
Upto 31.03.2021	14,09.52	7,86.35	21,95.87	–
Carrying Value as at 31.03.2021	3,34.07	2,08.48	5,42.54	–

(₹ in lakhs)

Particulars	Computer Software		Total	Intangibles Under Development
	Purchased	Self Generated		
GROSS BLOCK AT COST				
As at 31.03.2019	14,17.71	9,70.27	23,87.98	–
Additions	2,11.03	24.55	2,35.58	–
Deductions	–	–	–	–
As at 31.03.2020	16,28.74	9,94.82	26,23.56	–
DEPRECIATION				
Up to 31.03.2019	6,26.52	5,70.58	11,97.10	–
Additions	4,06.72	1,05.84	5,12.56	–
Deductions	–	–	–	–
Upto 31.03.2020	10,33.24	6,76.42	17,09.66	–
Carrying Value as at 31.03.2020	5,95.49	3,18.40	9,13.90	–

Note 17: Other Non-Financial Assets

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Balances with Government authorities	35,02.83	31,33.72
Prepaid expenses	13,05.94	13,08.66
SF employee welfare trust	2,96.91	3,03.33
Stamp and stamp papers on hand	2,15.32	2,16.13
Capital Advances	1,13.59	80.33
Others Assets *	2,76.65	75.25
TOTAL	57,11.24	51,17.42

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

SUNDARAM FINANCE LIMITED

NOTES TO THE ACCOUNTS (Contd.)

Maturity Pattern of Borrowings:

(₹ in lakhs)

Implicit Interest rate (%)	As on 31.03.2021				As on 31.03.2020			
	<1 year	1 - 3 years	>3 years	Total	<1 year	1 - 3 years	>3 years	Total
Maturities								
Secured Debentures								
> 5 to 6	-	2183,85.95	246,17.76	2430,03.71	-	-	-	-
> 6 to 7	-	1565,77.20	-	1565,77.20	-	554,72.25	-	554,72.25
> 7 to 8	1788,52.80	3333,89.90	-	5122,42.70	1651,06.12	3524,98.95	505,54.59	5681,59.66
> 8 to 9	2842,68.47	749,84.78	-	3592,53.26	1497,65.03	3377,26.84	-	4874,91.87
Total	4631,21.27	7833,37.84	246,17.76	12710,76.87	3148,71.15	7456,98.04	505,54.59	11111,23.78
Long Term Loans								
> 3 to 4	168,25.75	291,66.67	-	459,92.42	-	-	-	-
> 4 to 5	936,41.87	1279,93.59	34,15.91	2250,51.37	-	-	-	-
> 5 to 6	666,54.83	770,06.02	17,35.77	1453,96.62	620,57.80	652,07.29	48,59.39	1321,24.48
> 6 to 7	816,84.98	473,97.54	7,06.06	1297,88.58	1061,71.90	1266,88.77	29,93.96	2358,54.63
> 7 to 8	396,50.42	242,32.90	5.57	638,88.89	671,05.43	487,08.87	4,10.54	1162,24.84
> 8 to 9	-	-	-	-	894,67.86	400,00.00	-	1294,67.86
Total	2984,57.86	3057,96.72	58,63.31	6101,17.89	3248,02.99	2806,04.93	82,63.89	6136,71.82
Subordinated liabilities								
> 7 to 8	-	-	512,17.00	512,17.00	-	-	-	-
> 8 to 9	-	-	1272,80.22	1272,80.22	-	-	1272,40.15	1272,40.15
> 9 to 10	108,52.42	60,70.03	351,80.46	521,02.91	150,98.22	165,74.05	351,54.63	668,26.90
> 10 to 11	-	199,86.64	-	199,86.64	-	199,36.03	-	199,36.03
Total	108,52.42	260,56.67	2136,77.67	2505,86.76	150,98.22	365,10.08	1623,94.78	2140,03.08

The Secured Non - Convertible Debentures which are issued and allotted till 26-Nov-2020 are secured by mortgage of immovable property ranking pari passu with charges created in favour of the trustees and Hypothecation of specific Loan receivables / Hire purchase/ Lease agreements with a cover of 100%, as per the terms of issue.

The Secured Non - Convertible Debentures which are issued and allotted on or after 27-Nov-2020 are secured by Hypothecation of specific Loan receivables / Hire Purchase / Lease agreements with a cover of 100%, as per the terms of issue.

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

NOTES TO THE ACCOUNTS (Contd.)

Note 18: Payables

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises		
Outstanding Liability	65.09	61.00
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		
Dealer Balances	42,70.75	51,01.90
Outstanding Liability	8,62.35	9,14.89
Sub-Total	51,33.09	60,16.79
Other payables		
(i) Total outstanding dues of micro enterprises and small enterprises	–	–
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	10,90.53	12,53.75
Sub-Total	10,90.53	12,53.75

Note 19: Debt Securities

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Carried at amortised cost		
Non-Convertible debentures	12710,76.87	11111,23.78
Commercial paper	1982,17.62	3628,30.76
Liability component of compound financial instruments	–	–
Total	14692,94.49	14739,54.54
Of the above		
- Debt securities in India	14692,94.49	14739,54.54
- Debt securities in outside India	–	–
Total	14692,94.49	14739,54.54

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

NOTES TO THE ACCOUNTS (Contd.)

Note 20: Borrowings other than debt securities

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Secured:		
Term Loan from banks	6101,17.89	6136,71.82
Working capital demand loans and Cash credit	758,87.54	532,33.24
Unsecured:		
Credit facilities from banks	—	19,12.36
TOTAL	6860,05.43	6688,17.42
Of the above		
Borrowings in India	6860,05.43	6688,17.42
Borrowings in Outside India	—	—
Total	6860,05.43	6688,17.42

The term loan from banks are secured by hypothecation of specific assets covered by a charge on hypothecation loan receivable /Hire purchase/Lease Agreements

Working capital demand loans and cash credit are secured by a charge on hypothecation loan receivable/hire purchase /lease agreement, ranking *pari passu*, excluding assets which are specifically charged to others.

Note 21: Deposits

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Carried at amortised cost		
- Public Deposits	4154,54.55	3768,99.49
- From banks	—	—
- From others	—	—
Total	4154,54.55	3768,99.49

Note 22: Subordinated Liabilities

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Carried at amortised cost		
Subordinated Non Convertible Debentures		
- Subordinated Liabilities in India	2505,86.76	2140,03.08
- Subordinated Liabilities outside India	—	—
Total	2505,86.76	2140,03.08

NOTES TO THE ACCOUNTS (Contd.)

Reconciliation of movement in borrowings to cash flows from financing activities

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Opening Balance		
Debt securities	14739,54.54	10479,53.29
Borrowings (Other than debt securities)	6688,17.42	9737,06.76
Deposits	3768,99.49	3064,03.94
Subordinated liabilities	2140,03.08	1725,16.68
Total Opening Balance	<u>27336,74.53</u>	<u>25005,80.67</u>
a) Cash flow movements	435,50.29	1626,86.67
b) Non-cash movements	441,16.41	704,07.19
Closing Balance		
Debt securities	14692,94.49	14739,54.54
Borrowings (Other than debt securities)	6860,05.43	6688,17.42
Deposits	4154,54.55	3768,99.49
Subordinated Liabilities	2505,86.76	2140,03.08
Total Closing Balance	<u>28213,41.23</u>	<u>27336,74.53</u>

Note 23: Other Financial Liabilities

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Amount due on assets securitised or assigned	75,08.85	82,60.37
Unpaid matured deposits and interest accrued thereon	37,64.07	57,24.69
Advance received from customers	53,52.09	41,57.62
Unpaid dividend	3,56.76	3,49.75
Payable to employees	75,02.46	62,36.85
Lease liability	45,77.03	49,22.06
Other liabilities **	141,79.40	118,02.65
Total	<u>432,40.66</u>	<u>414,54.00</u>

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

NOTES TO THE ACCOUNTS (Contd.)

Note 24: Provisions

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Provision for employee benefits	7,00.05	12,91.64
Provision for Other expenses ^	17,11.29	17,79.89
Total	24,11.34	30,71.52

^ Provision for Other expenses includes provision made for legal cases / claims

Note 25: Non-Financial Liabilities

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Revenue received in advance	1,07.57	91.27
Other Liabilities #	23,58.33	15,91.56
Total	24,65.90	16,82.84

Other mainly include Government dues, taxes payable, GST Payable and salary deduction payable

Note 26: Equity Share Capital

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Authorised capital		
27,81,00,000 Equity Shares of ₹10/- each	278,10.00	278,10.00
Issued, Subscribed and fully paid-up		
11,11,03,860 Equity Shares of ₹10/- each	111,10.39	111,10.39

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

Particulars	March 31, 2021	March 31, 2020
At the beginning of the year	11,11,03,860	11,11,03,860
Add: Issue of shares during the year	-	-
At the end of the year	11,11,03,860	11,11,03,860

b) No Shareholders of the Company holds more than 5% of the Equity Shares.

NOTES TO THE ACCOUNTS (Contd.)

STATEMENT OF PROFIT AND LOSS NOTES

Note 27: Interest Income

(₹ in lakhs)

Particulars	2020-21	2019-20
On Financial assets measured at amortised cost:		
- Loans	3379,38.54	3292,13.74
- Investments	42,47.14	47,21.78
- Deposits with Banks	40,73.24	55,09.95
On Financial assets classified at Fair value through profit or loss:		
Investments	8,74.80	11,94.55
Total	<u>3471,33.72</u>	<u>3406,40.02</u>

Note 28: Fees and commission Income

(₹ in lakhs)

Particulars	2020-21	2019-20
Relating to		
- Loans	105,34.80	113,74.34
- Selldown servicing fee	40,81.63	41,48.56
- Income from other Financial Services	50,44.45	59,32.64
Total	<u>196,60.88</u>	<u>214,55.54</u>

Note 29: Net gain / (loss) on fair value changes

(₹ in lakhs)

Particulars	2020-21	2019-20
A. Net gain on financial instruments at fair value through profit or loss		
(i) On trading portfolio	—	—
(ii) On Financial instruments designated at fair value through profit or loss	—	—
B. Others		
Net gain / (loss) on financial instruments at fair value through profit or loss		
Investments	130,65.52	48,89.57
C. Total Net gain / (loss) on fair value changes (A + B)	130,65.52	48,89.57
Of the above, fair value changes:		
Realised	99,34.91	54,44.15
Unrealised	31,30.61	(5,54.59)
Total	<u>130,65.52</u>	<u>48,89.57</u>

NOTES TO THE ACCOUNTS (Contd.)

Note 30: Other Income

(₹ in lakhs)

Particulars	2020-21	2019-20
Net gain/(loss) on Derecognition of property, plant and equipment	7,29.53	2,51.69
Interest income	40,49.71	8,60.78
Rental income	6,42.04	6,87.66
Profit on Sale of Equity investments*	-	60,05.10
Other non-operating income	6,24.96	6,79.36
Total	60,46.24	84,84.59

* Denotes sale of equity shares in Sundaram Finance Holding Limited, a Subsidiary company.

Note 31: Finance Costs

(₹ in lakhs)

Particulars	2020-21	2019-20
On Financial liabilities carried at amortised cost:		
Interest on		
Deposits	301,15.09	275,97.16
Term loans	334,33.02	472,45.97
Debt securities	1157,48.85	1107,87.98
Subordinated liabilities	193,64.32	171,07.80
Other interest expense and borrowing cost	10,17.71	5,73.36
Derivatives	85,16.87	4,96.65
Foreign currency transaction and translation	(51,22.65)	36,94.15
Gain/Loss on unwinding of Derivatives	-	(3,00.11)
Total	2030,73.21	2072,02.96

Note 32: Employee Benefits Expenses

(₹ in lakhs)

Particulars	2020-21	2019-20
Salaries and Wages	357,70.40	331,80.55
Contribution to provident and other funds	20,05.60	19,26.09
Share Based Payments to employees	1,18.40	2,46.29
Staff welfare expenses	3,28.44	5,09.40
Total	382,22.84	358,62.33

NOTES TO THE ACCOUNTS (Contd.)

Note 33: Administrative and other Expenses

(₹ in lakhs)

Particulars	2020-21	2019-20
Rent, taxes and energy costs	8,39.45	11,86.02
Repairs and maintenance	18,10.80	19,05.26
Communication Costs	7,65.33	10,13.14
Printing and stationery	2,18.51	4,47.54
Advertisement and publicity	76.94	1,31.25
Director's fees, allowances and expenses	1,30.99	1,39.14
Auditor's fees and expenses	1,24.05	1,12.73
Legal and Professional charges	6,02.44	7,06.99
Insurance	2,88.12	2,25.10
Outsourcing cost	62,64.84	74,85.44
Travel and conveyance	6,85.37	18,29.30
Donations	17,12.60	14,23.72
Other expenditure	23,42.93	25,73.28
Total	158,62.37	191,78.91

Note 34: Impairment on Financial Instruments

(₹ in lakhs)

Particulars	2020-21	2019-20
On Financial instruments measured at amortised cost:		
Loans	337,67.43	281,97.61
Investments	14.21	(12,40.54)
Repossessed assets	(20,72.98)	15,49.88
Others	(1,02.69)	1,32.69
Total	316,05.97	286,39.64

NOTES TO THE ACCOUNTS (Contd.)

Other Notes

Note 35: Capital Management:

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

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

(₹ in lakhs)

Particulars	31st March 2021	31st March 2020
Tier I	4386,97.24	3621,44.97
Tier II	1976,32.31	1415,35.81
Total	6363,29.55	5036,80.78
RWA	28838,77.69	27407,50.66
Tier I %	15.21%	13.21%
Tier II %	6.85%	5.16%
Total%	22.06%	18.37%

Note 36: Revenue

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

Remaining performance obligation

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

The aggregate value of performance obligations that are completely or partially unsatisfied as at March 31, 2021 is ₹35.47 lakhs (2019-20 ₹5.40 lakhs) which the company expects to recognise in next year.

NOTES TO THE ACCOUNTS (Contd.)

Note 37: Financial instruments – Fair value measurements:

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

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

(₹ in lakhs)

Particulars	Fair Value Hierarchy	31st March 2021	31st March 2020
Financial Assets			
Derivatives	Level 2	–	76,16.08
Investments			
Mutual Funds	Level 1	1351,18.95	1270,53.00
Alternate Investment Funds	Level 1	138,09.99	102,87.11
Financial Liabilities			
Derivatives	Level 2	15,53.27	–

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

b. i) Equity Shares designated at Fair value through Other Comprehensive Income (FVTOCI):

The Company designated the following investment in equity shares at FVTOCI, because the company intends to hold the investment for long-term strategic purpose.

(₹ in lakhs)

Particulars	31st March 2021	31st March 2020
Investment in Experian Credit Information Company of India Private. Ltd.	11,20.00	11,20.00

ii) Compulsory Convertible Preference Shares (CCPS) designated at Fair value through Other Comprehensive Income:

(₹ in lakhs)

Particulars	31st March 2021	31st March 2020
Investment in Series A CCPS of RBSG Capital Private Limited	3,11.99	3,11.99

For the above investments, as per Ind AS 109, cost has been considered as the best estimate of the fair value and no dividend has been recognised during the year.

NOTES TO THE ACCOUNTS (Contd.)

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

(₹ in lakhs)

Particulars	Carrying Amount		Fair Value Hierarchy	Fair Value	
	31st March 2021	31st March 2020		31st March 2021	31st March 2020
Financial Assets:					
Cash and cash equivalents	102,37.57	18,98.77	Level 1	102,37.57	18,98.77
Bank Balances	590,79.19	610,82.19	Level 3	599,67.32	615,72.30
Receivable	20,14.99	20,80.09	Level 3	20,14.99	20,80.09
Loans	29403,86.45	28044,69.82	Level 3	29729,18.72	27544,64.44
Investments in Government Securities	511,74.59	516,96.46	Level 1	538,63.58	541,84.13
Investment (Others)	69,81.02	66,06.45	Level 3	70,62.23	66,58.13
Other Financial Assets	12,92.24	16,57.70	Level 3	12,92.24	16,72.66
Total	30711,66.06	29294,91.48		31073,56.64	28825,30.52
Financial Liabilities:					
Payables	62,88.71	73,31.54	Level 3	62,84.34	73,38.77
Debt Securities	14692,94.49	14739,54.54	Level 3	14951,52.18	14893,39.31
Borrowings (Other than Debt Securities)	6860,05.43	6688,17.42	Level 3	6915,27.09	6783,36.02
Deposits	4154,54.55	3768,99.49	Level 3	4187,17.52	3784,95.90
Subordinated Liabilities	2505,86.76	2140,03.08	Level 3	2748,92.93	2298,99.34
Other Financial Liabilities	432,40.66	414,54.00	Level 3	435,37.87	414,77.22
Total	28708,70.60	27824,60.07		29301,11.92	28248,86.56

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

Note 38: Financial Risk Management framework

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

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

NOTES TO THE ACCOUNTS (Contd.)

Note 38.1 Credit Risk

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

The company has in place a robust credit policy which clearly defines the credit filters and the terms of acceptance of proposals for financing different categories of borrowers and asset classes.

The credit appraisal process, inter alia, includes filters for stratification of customers, compliance with know your customer (KYC) norms, Field investigation, Credit bureau verification, exposure ceilings, asset risk and segment and geography risks. The risk metrics also address Loan to Value, loan tenure, based on the useful life of the asset, end-use of the asset and credit enhancements, as appropriate.

The Company's exposure is primarily to retail customers, thereby making for a well-diversified risk portfolio. The time tested monitoring and recovery mechanism ensures timely recovery of instalments and where required, necessary action for resolution of delinquent accounts is initiated, including legal proceedings. Finally, physical presence and in-depth knowledge of the markets in which the Company operates enables early identification of emerging risks thereby facilitating prompt remedial action.

Impact of COVID-19

Consequent to the outbreak of COVID-19 pandemic, the Indian government had announced nationwide lockdown in March 2020. Subsequently, the lockdown was lifted in a phased manner outside specified containment zones. While the gradual easing of restrictions by the Government has spurred a revival of activity, the near total lockdown in the first quarter has resulted in lower business acquisition for the year ended 31st March 2021. Even as the economy was beginning to show some signs of recovery from the third quarter of financial year 2020-21, the second wave of the pandemic from March 2021, which has been far more severe in India, has forced another phase of lockdowns in various states across the country. The impact of the ongoing disruptions, on the Company's operations and financial results, will depend on future developments, around pace of vaccination, continued adherence to safety protocols and possible emergence of newer variants/strains of the virus, all of which remain uncertain.

There were no adjusting events that would have any material impact on the company's financial statements for the year ending 31st March 2021.

Impairment - Expected credit loss (ECL):

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

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

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

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

NOTES TO THE ACCOUNTS (Contd.)

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

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

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

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

Stage 3: Where instalments are overdue beyond 90 days

The company is required to provide 12-month expected credit loss (12-month ECL) for stage 1 assets and the life time expected credit loss (LECL) for stage 2 & stage 3 assets.

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

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

The PD model has been developed for all the major asset classes using a statistical and iterative approach. The design and construction of the model involves identification of various credit parameters and variables that have a strong and direct correlation to propensity of default.

The PD model reflects to the probability of default, taking into consideration the inherent credit quality of the borrower and the residual tenor of each contract. It relies not only historical information and the current economic environment, but also considers forward-looking information such as the forecasts on the macroeconomic outlook, including emerging risks. The PD for stage 3 contracts is considered at 100%.

Where a customer has one contract in stage 3 and one or more contracts in stage 1 / stage 2, the PD for all the contracts is considered at 100%.

LGD

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

NOTES TO THE ACCOUNTS (Contd.)

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

a. Loans and Advances

(₹ in lakhs)

Gross Carrying Amount								
Stages->	31.03.2021				31.03.2020			
	1	2	3	Total	1	2	3	Total
Balance at the beginning of the year	26100,93.44	1550,82.08	701,31.13	28353,06.65	25886,89.24	1177,79.26	366,55.78	27431,24.28
New business - Net of recovery	1233,01.74	(514,67.66)	(68,40.72)	649,93.36	2982,51.27	(551,46.99)	(23,04.62)	2407,99.66
Transfers due to change in creditworthiness	(904,08.46)	811,37.07	92,71.39	–	(1414,46.74)	924,49.81	489,96.93	–
Financial assets that have been derecognised	–	–	–	–	1354,00.33	–	–	1354,00.33
Write off during the year	–	–	173,81.43	173,81.43	–	–	132,16.96	132,16.96
Balance at the end of the year	26429,86.72	1847,51.49	551,80.37	28829,18.58	26100,93.44	1550,82.08	701,31.13	28353,06.65

(₹ in lakhs)

Expected Credit Loss								
Stages->	31.03.2021				31.03.2020			
	1	2	3	Total	1	2	3	Total
Balance at the beginning of the year	47,72.36	47,50.08	237,69.75	332,92.19	17,57.85	21,96.89	138,09.77	177,64.51
Additional Provisions (Net)	79,92.57	55,04.68	202,73.73	337,70.98	29,04.39	31,50.64	234,19.66	294,74.69
Transfers due to change in creditworthiness	25,79.80	(11,80.96)	(13,98.84)	–	8,40.17	(5,97.45)	(2,42.72)	–
Financial assets that have been derecognised	–	–	–	–	7,30.05	–	–	7,30.05
Write off during the year	–	–	173,81.43	173,81.43	–	–	132,16.96	132,16.96
Balance at the end of the year	153,44.73	90,73.79	252,63.22	496,81.73	47,72.36	47,50.08	237,69.75	332,92.19

NOTES TO THE ACCOUNTS (Contd.)

Concentration of Credit risk %

(i) Concentration by Geographical risk:

	31.03.2021	31.03.2020
South	61.96	63.47
North	22.03	20.35
West	11.97	12.51
East	4.04	3.67
Total	100.00	100.00

(ii) Concentration by Asset Class:

	31.03.2021	31.03.2020
Commercial Vehicles	47.18	50.18
Cars	25.93	26.28
Construction Equipment	12.02	10.90
Tractors & Farm Equipment	8.03	6.52
Others	6.84	6.12
Total	100.00	100.00

b. Other Assets

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

(₹ in lakhs)

Stages->	31.03.2021				31.03.2020			
	1	2	3	Total	1	2	3	Total
Gross Carrying Amount	54,03.05	11.19	63.21	54,77.45	57,30.34	1.77	1,11.85	58,43.96
Expected Credit Loss	40.92	0.06	43.26	84.24	41.18	0.01	83.15	1,24.34
Net Carrying Amount	53,62.13	11.13	19.95	53,93.21	56,89.16	1.76	28.70	57,19.62

c. Loan Commitments and Financial Guarantees

(₹ in lakhs)

Particulars	31.03.2021	31.03.2020
Gross Carrying Amount	125,22.16	189,56.31
Expected Credit Loss	1,30.28	1,98.88
Net Carrying Amount	123,91.87	187,57.43

The above particulars are in respect of assets classified at stage 1.

NOTES TO THE ACCOUNTS (Contd.)

Credit risk management practices

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

d. Debt Securities

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

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

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

(₹ in lakhs)

Particulars	Gross Carrying Amount			
	31.03.2021		31.03.2020	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Government Securities	-	511,74.59	-	516,96.46
Mutual Funds	1351,18.95	-	1270,53.00	-
Alternate Investment Funds	138,09.99	-	102,87.11	-
Pass Through Certificates	-	46,43.55	-	66,60.77
Commercial Paper	-	24,06.00	-	-
Total	1489,28.94	582,24.15	1373,40.11	583,57.23

The Gross carrying amount in respect of investments classified under amortised cost are at stage 1.

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Particulars	Expected Credit loss	
	31.03.2021	31.03.2020
Balance at the beginning of the year	54.32	52.16
Additional Provisions (Net)	27.52	29.60
Transfers due to change in creditworthiness	-	-
Financial assets that have been derecognised	13.31	27.44
Write off during the year	-	-
Balance at the end of the year	68.53	54.32

The Expected credit loss pertains to investments classified under Amortised- Cost at Stage 1

38.2 Liquidity Risk

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

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

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

31st March 2021	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
Non-Derivative Financial Liabilities							
Payables	51,74.40	7,37.96	30.21	83.31	2,62.83	–	62,88.71
Debt Securities	3464,19.77	1783,23.50	1835,17.61	8257,89.43	282,31.10	–	15622,81.41
Borrowings (Other than Debt Securities)	715,15.68	774,70.61	2536,60.26	3189,89.43	59,56.96	–	7275,92.94
Deposits	484,10.96	62014.47	1114,81.22	2295,27.65	–	–	4514,34.30
Subordinated Liabilities	64,43.10	111,71.35	135,21.40	627,35.68	550,05.69	2343,02.79	3831,80.01
Other Financial Liabilities	266,24.65	39,91.36	4,72.68	104,47.18	11,67.28	9,50.49	436,53.63
Derivative Financial Liabilities	30,06.08	1,00.33	1,65.19	2,40.75	–	–	35,12.34
Total	5075,94.63	3338,09.58	5628,48.57	14478,13.44	906,23.85	2352,53.28	31779,43.34
Non-Derivative Financial Assets							
Cash and cash equivalents	102,37.57	–	–	–	–	–	102,37.57
Bank Balances	12,92.27	77,69.00	40,92.38	505,05.75	–	–	636,59.39
Receivables	19,44.22	11.00	59.77	–	–	–	20,14.99
Loans	4265,66.52	3712,91.61	6733,10.86	16237,58.52	3106,26.12	45,36.03	34100,89.65
Investments	1360,59.81	55,54.07	49,19.27	185,55.27	165,47.35	482,64.62	2299,00.38
Other Financial Assets	13.02	34.24	50.27	1,68.81	1,12.46	9,13.44	12,92.24
Derivative Financial Assets	–	–	5,28.07	11,18.46	11,18.46	11,18.46	38,83.45
Total	5761,13.41	3846,59.92	6829,60.61	16941,06.81	3284,04.38	548,32.55	37210,77.68

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

31st March 2020	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
Non-Derivative Financial Liabilities							
Payables	60,23.61	3,24.71	77.01	7,20.03	2,06.07	–	73,51.43
Debt Securities	1302,82.05	2561,70.84	3390,50.72	8128,45.06	537,10.00	–	15920,58.67
Borrowings (Other than Debt Securities)	1292,89.62	703,95.22	2081,75.46	2981,62.40	84,82.20	–	7145,04.91
Deposits	382,16.52	542,52.56	942,13.35	2285,70.05	–	–	4152,52.48
Subordinated Liabilities	118,05.87	46,37.21	164,94.52	686,29.68	450,68.66	1812,51.68	3278,87.62
Other Financial Liabilities	337,14.18	16,58.54	18,90.18	18,97.78	11,12.23	11,81.09	414,54.00
Derivative Financial Liabilities	1,85.06	–	–	2,61.60	–	–	4,46.66
Total	3495,16.91	3874,39.08	6599,01.24	14110,86.60	1085,79.16	1824,32.77	30989,55.76
Non-Derivative Financial Assets							
Cash and cash equivalents	18,98.77	–	–	–	–	–	1898.77
Bank Balances	10,84.58	253,92.69	12,52.26	391,72.48	–	–	669,02.00
Receivables	20,80.09	–	–	–	–	–	20,80.09
Loans	2365,41.96	3680,11.16	6705,48.89	16377,48.99	3365,33.88	33,58.72	32527,43.60
Investments	1272,82.82	25,65.81	42,13.15	224,44.61	134,53.09	524,50.15	2224,09.63
Other Financial Assets	6,53.14	1,00.66	1,78.57	1,90.07	3,10.08	2,48.52	16,81.04
Derivative Financial Assets	54,95.33	–	2,91.10	6,89.01	7,08.83	12,53.21	84,37.48
Total	3750,36.69	3960,70.32	6764,83.97	17002,45.15	3510,05.88	573,10.60	35561,52.62

NOTES TO THE ACCOUNTS (Contd.)

38.3 Market Risk

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

Interest rate risk

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

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

(₹ in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Financial Assets		
Fixed rate Instruments		
Loans	29386,67.43	28037,68.63
Investments	581,55.62	583,02.91
Bank Balances	590,79.19	610,82.19
	<u>30559,02.24</u>	<u>29231,53.73</u>
Variable rate Instruments		
Lease assets	146,22.68	139,18.17
Total	<u>30705,24.92</u>	<u>29370,71.90</u>
Financial Liabilities		
Fixed rate Instruments		
Debt Securities	17198,81.25	16879,57.62
Borrowings (Other than debt securities)	3129,65.09	3773,40.10
Deposits	4192,18.62	3826,24.18
	<u>24520,64.97</u>	<u>24479,21.90</u>
Variable rate Instruments		
Financial liabilities with floating interest rate	3730,40.34	2914,77.32
Total	<u>28251,05.30</u>	<u>27393,99.22</u>

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

	31st March 2021		31st March 2020	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
Variable rate instruments	(23,92.09)	23,92.09	(25,62.20)	25,62.20
Cross currency Interest Rate Swap	(5,31.81)	5,31.81	(12,86.86)	12,86.86
Cash flow sensitivity (Net)	(18,60.28)	18,60.28	(12,75.34)	12,75.34

a. Interest rate sensitivity

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

To measure the above risk the Company adopts the duration gap analysis which is measured for assets and liabilities maturing in next 12 months as well as for the overall assets and liabilities. Also, for Interest rate risk management, the Duration Gap model is used on assets and liabilities maturing in the next 12 months, to assess the change in Net Interest Income (NII) for a 1% increase in interest rate. The change in NII for 1% change in interest rate as on 31.03.2021 is ₹5.95 Cr.

b. Currency Risk

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

Exposure to currency risk

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

(₹ in lakhs)

	As at March 31, 2021		As at March 31, 2020	
	USD	INR	USD	INR
Total foreign currency exposure in respect of recognised assets and liabilities	5,26.84	387,24.90	17,17.40	1294,67.86
Cross currency Interest Rate swap / Forward exchange contracts	(5,26.84)	(387,24.90)	(17,17.40)	(1294,67.86)
Net Exposure	—	—	—	—

Sensitivity

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

NOTES TO THE ACCOUNTS (Contd.)

Note: 39: Financial Instruments - Transferred financial assets that are not derecognised in their entirety

Securitisation:

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

(₹ in lakhs)

	31st March 2021	31st March 2020
Carrying amount of transferred assets	2240,95.97	3149,09.74
Carrying amount of associated liabilities	2310,74.72	3229,23.42
Fair value of assets	2256,07.02	3095,52.46
Fair value of associated liabilities	2352,94.01	3254,96.89
Net position at Fair value	(96,86.99)	(159,44.43)

Note 40: Employee benefits

Post-employment benefits: Defined Contribution Plans

(₹ in lakhs)

Amount recognised as expense in Employee benefit expense	2020-21	2019-20
Superannuation	2,11.10	2,16.68
Pension fund	6,21.85	6,18.11
Employee State Insurance scheme	4.41	5.64
Total	8,37.36	8,40.44

Defined benefit plans

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

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

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

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

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

A. Gratuity (Funded)

Expected contribution to the plan for the next year is ₹700 Lakhs.

B. Leave encashment & Compensated absences (funded):

Expected contribution to the plan for the next year is ₹650 Lakhs.

C. Post Retirement employees medical scheme (unfunded):

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

NOTES TO THE ACCOUNTS (Contd.)

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

(₹ in lakhs)

Particulars	FUNDED		UNFUNDED	
	Gratuity		Retired Employee Medical Scheme	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Amounts recognised in profit or loss				
Current service cost	4,21.45	3,36.97	–	–
Net interest expense/(income)	–	–	6.59	7.34
Total amount included in employee benefits expense	4,21.45	3,36.97	6.59	7.34
Amounts recognised in other comprehensive income				
Re-measurement (gains)/losses: Actuarial (gains)/losses arising from changes in				
- Financial assumptions	(2,44.60)	5,25.46	7.55	4.28
- Experience adjustments	2,58.87	1,35.50	(2.97)	(2.90)
Return on plan assets, excluding amount included in net interest expense/ (income)	(25.47)	1,60.37	–	–
Total amount recognised in other comprehensive income	(11.20)	8,21.32	4.59	1.38
Changes in the defined benefit obligation				
Opening defined benefit obligation	60,70.58	48,64.98	1,03.58	1,00.91
Add/(less) on account of business combination/transfers	–	–	–	–
Current service cost	4,21.45	336.97	–	–
Interest expense	3,88.05	382.67	6.59	7.34
Remeasurement (gains)/losses arising from changes in				
- Demographic assumptions	–	–	–	–
- Financial assumptions	(2,44.60)	525.46	7.55	4.28
- Experience adjustments	2,58.87	135.50	(2.97)	(2.90)
Benefits paid	(4,52.81)	(175.00)	(5.34)	(6.06)
Closing defined benefit obligation	64,41.55	60,70.58	1,09.42	1,03.58

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Particulars	FUNDED		UNFUNDED	
	Gratuity		Retired Employee Medical Scheme	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Opening fair value of plan assets	55,70.49	44,74.13	–	–
Add/(less) on account of business combination	–	–	–	–
Return on plan assets excluding interest income	3,88.99	3,51.55	–	–
Contribution by employer	9,61.02	10,80.00	5.34	6.06
Benefits paid	(4,52.81)	(1,75.00)	(5.34)	(6.06)
Actuarial gain / (loss) on plan assets	25.47	(1,60.37)	–	–
Closing fair value of plan assets	64,94.16	55,70.49	–	–
Net asset / (liability) recognised in balance sheet				
Defined benefit obligation	64,41.55	60,70.58	1,09.42	1,03.58
Fair value of plan assets	64,94.16	55,70.49	–	–
Surplus/(Deficit)	52.61	(5,00.09)	(1,09.42)	(1,03.58)

(in %)

Particulars	FUNDED		UNFUNDED	
	Gratuity		Retired Employee Medical Scheme	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
I. Actuarial assumptions				
Discount rate	7.02	6.64	3.87 - 6.71	4.58 - 6.53
Expected Return on plan assets	6.94	7.40		
Attrition rate (Age based)				
From Age 18 - 20 years	3.00	3.00		
From Age 21 - 40 years	2.00	2.00		
From Age 41 - 58 years	1.00	1.00		
Salary escalation	8.00	8.00		

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Particulars	FUNDED		UNFUNDED	
	Gratuity		Retired Employee Medical Scheme	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
II. Quantitative sensitivity analysis for impact of significant assumptions on defined benefit obligation are as below				
Impact of				
0.5% decrease in discount rate	6,96.00	3,07.99	2.37	2.14
0.5% increase in discount rate	71.07	(2,83.70)	(2.14)	(2.37)
0.5% decrease in salary growth rate	73.25	(2,81.52)	-	-
0.5% increase in salary growth rate	6,91.39	3,02.49	-	-
Life expectancy + 1 year	-	-	(3.51)	(3.07)
Life expectancy - 1 year	-	-	3.50	2.81
Weighted average duration of the Defined benefit obligation (in years)	14.95	14.91	10.00	9.00

(₹ in lakhs)

Particulars	FUNDED		UNFUNDED	
	Gratuity		Retired Employee Medical Scheme	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Maturity profile of defined benefit obligation				
Year 1	9,58.26	10,18.61	12.31	12.02
Year 2	2,32.20	2,68.48	11.74	11.17
Year 3	2,91.26	2,17.23	11.12	10.30
Year 4	3,39.09	2,71.48	10.48	9.44
Year 5	4,19.77	3,19.17	9.80	8.57
Next 5 years	25,76.64	22,02.45	37.94	30.72

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

NOTES TO THE ACCOUNTS (Contd.)

D. Provident Fund

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

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

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

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

Particulars	(in %)	
	31.03.2021	31.03.2020
Central Government Securities	10.86	11.82
State Government Securities	38.66	36.38
Public Sector Bonds	41.43	42.01
Private Sector Bonds	2.23	2.35
Special Deposits	3.13	3.39
Equity Fund	3.69	4.05
Total	1,00.00	1,00.00

Note 41: Share Based Payments

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

Description of the plan that existed during the period:

Particulars	Grant 12	Grant 11
Board meeting date	29.05.2020	30-05-2019
Options granted	9375	18750
Exercise price (per share)	₹10/-	₹10/-
Date of grant	29.05.2020	30-05-2019
Vesting date	01-06-2021	02-06-2020
Vesting period	12 months	12 months
Exercise period	02.06.2021 to 01.09.2021	03-06-2020 to 02-09-2020
Market price immediately prior to grant date	12,09.75	15,77.45
Intrinsic value	11,99.75	15,67.45

NOTES TO THE ACCOUNTS (Contd.)

Group share based payments

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

Effect of Share based payments transactions on financial statement of the entity:

(₹ in lakhs)

Particulars	Apr to Mar 2021	Apr to Mar 2020
Expenses recognised in Profit & Loss account	1,18.40	2,46.29
Amount recognised as Investment in Group companies	24.36	43.26

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

(in numbers)

Particulars	Grant 12	Grant 11
Sundaram Asset Management Company Limited	700	1,400
Sundaram Home Finance Limited	900	1,800
Total	1,600	3,200

Measurement of fair value

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

The key assumptions used in computing the fair value are:

Particulars	Grant 12	Grant 11
Risk free interest rate per annum	3.86%	6.43%
Life of the option	370 days	370 days
Expected volatility	36.48%	32.32%
Fair value of the option (₹)	1200.13	1568.08

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

NOTES TO THE ACCOUNTS (Contd.)

Reconciliation of the outstanding share options: 2020 - 2021

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

(in numbers)

Grant details	Grant 12		Grant 11	
	Weighted average exercise price per option	No. of options	Weighted average exercise price per option	No. of options
Outstanding at the beginning of the period	–	–	10	18,750
Granted during the period	10	9,375	–	–
Forfeited / expired during the period	–	–	–	–
Exercised during the period	–	–	10	18,750
Outstanding at the end of the period	10	9,375	–	–
Exercisable at the end of the period	–	–	–	–

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

Particulars	31.03.2021	31.03.2020
	Grant 12	Grant 11
Exercise Price (₹)	10	10
Contractual life	2 months	2 months

Reconciliation of the outstanding share options: 2019-2020:

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

(in numbers)

Grant details	Grant 11		Grant 10	
	Weighted average exercise price per option	No. of options	Weighted average exercise price per option	No. of options
Outstanding at the beginning of the period	–	–	10	20,000
Granted during the period	10	18,750	–	–
Forfeited / expired during the period	–	–	10	750
Exercised during the period	–	–	10	19,250
Outstanding at the end of the period	10	18,750	–	–
Exercisable at the end of the period	–	–	–	–

NOTES TO THE ACCOUNTS (Contd.)

Note 42: Leases

(₹ in lakhs)

Details	31-03-2021		31-03-2020	
	Gross Investment in Lease	Present value of Minimum Lease payments	Gross Investment in Lease	Present value of Minimum Lease payments
Upto 1 Year	91,44.33	84,48.46	233,59.84	213,27.13
1-5 Years	30,64.94	27,65.74	89,89.29	85,96.56
Total	122,09.27	112,14.20	323,49.13	299,23.68
Less: Unearned Finance income	9,95.07	–	24,25.45	–
Present value of Minimum Lease payments	112,14.20	–	299,23.68	–

Operating lease as lessor

Maturity pattern of Minimum Lease payments:

(₹ in lakhs)

Particulars	31.03.2021	31.03.2020
Less than 1 year	57,08.63	55,81.67
Later than 1 year and not later than 5 years	76,17.65	76,57.43
Total	133,26.28	132,39.09

Operating lease as lessee- Ind AS 116 - Leases

COVID-19 - Related Rent Concessions: Ministry of Corporate Affairs (MCA) has issued an amendment to Ind AS 116 – Leases. (notified on 24th July 2020) The amendment provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification. The amendments allowed the expedient to be applied to COVID-19 related rent concessions to payments originally due on or before June 30, 2021 and also require disclosure of the amount recognized in profit or loss to reflect changes in lease payments that arise from COVID-19 related rent concessions.

Accordingly, the Company has applied practical expedient to all its rent concessions and the amount in profit and loss for the reporting period that reflect the change in lease payments arising from rent concession is ₹35.87 lakhs.

NOTES TO THE ACCOUNTS (Contd.)

Note 43: General

43.01 Tax u/s 115BAA of the Income Tax Act

The Company has opted for reduced rate of Income tax pursuant to the aforesaid section

43.02 Segment Information

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

43.03 Corporate Social Responsibility (CSR)

The Company has spent towards Corporate Social Responsibility (CSR) under Sec.135 of the Companies Act 2013, in the various areas covered under the regulatory provisions like healthcare, education, environment and protection of art and culture.

Excess amount for set off, if any

Sl. No.	Particulars	Amount (₹ in lakhs)
(i)	Two percent of average net profit of the company as per section 135(5)	18,04.77
(ii)	Total amount spent for the Financial Year *	18,11.28
(iii)	Excess amount spent for the financial year [(ii)-(i)]	6.51
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	–
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	6.51

* The amount spent for CSR includes Nil (2019-20: ₹30.19 lakhs) spent on construction /acquisition of any asset

The Ministry of Corporate affairs amended CSR provisions vide amendment rules dt 22.01.2021. As per Rule 7, of the amendments, where a Company spends amount in excess of the requirement provided under sub section 5 of the section 135(5), such excess amount may be set of against the requirement to spent up to immediate succeeding 3 financial years subject to following conditions:

- (a) Details of Unspent CSR amount for the preceding three financial years: NIL
- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NIL

43.04 Provisions contingent liabilities and contingent asset

(₹ in lakhs)

Movement of provisions	Amount (₹ in lakhs)
Carrying amount as on 31.03.2020	17,79.88
Add: Provisions made during the period	1,30.28
Less: Amount used or reversed during the period	1,98.87
Carrying amount as on 31.03.2021	17,11.29

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Contingent liabilities	31.03.2021	31.03.2020
a) On Cheques discounted	2.65	0.46
b) Bank guarantee and Letter of credit	41,48.11	5,40.44
c) Claims against the company not acknowledged as debts	7,79.23	7,32.24
d) Tax disputes	10,57.32	10,57.32

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

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

43.05 Pending Litigations

The pending litigations as on 31st March 2021 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.

43.06 RELATED PARTIES DISCLOSURES:

Related party disclosures as per INDAS 24 - 'Related Party Disclosures', for the Year ended 31st March 2021, are given below:

RELATED PARTIES:

Subsidiary Companies:

Sundaram Asset Management Company Ltd.

Sundaram Asset Management Singapore Pte Ltd.

Sundaram Alternate Assets Limited

Sundaram Trustee Company Ltd.

Sundaram Finance Holdings limited

Sundaram Business Services Limited

Sundaram Home Finance Ltd.

Sundaram Fund Services Ltd.

LGF Services Ltd.

Sundaram Finance employee Welfare trust

Associates of a Subsidiary Company:

Flometallic India Private Ltd.

The Dunes Oman LLC (FZC)

NOTES TO THE ACCOUNTS (Contd.)

Sundaram Hydraulics Ltd.

Axles India Ltd.

Turbo Energy Private Ltd.

Transenergy Ltd.

Sundaram Dynacast Private Ltd.

Wheels India Limited

Mind S.r.l. (w.e.f. 21st October 2020)

Joint Ventures :

Royal Sundaram General Insurance Co. Ltd.

Key Management Personnel:

Mr. T.T. Srinivasaraghavan, Managing Director

Mr. Harsha Viji, Deputy Managing Director

Mr. A.N. Raju, Director (Operations)

Mr. Rajiv C Lochan, Director - Strategy

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

	Mr. T.T. Srinivasaraghavan	Mr. Harsha Viji	Mr. A.N. Raju	Mr. Rajiv C Lochan
Father	Mr. T. T. Rangaswamy	Mr. S.Viji		Mr.S.G.Chellappa
Mother	Mrs. Vimala Rangaswamy	Mrs. Chitra Viji		Mrs.Geetha Chellappa
Wife	Mrs. Bagyam Raghavan		Mrs. R.N. Mala	
Daughter	Miss. Anjana Raghavan			
Son	Mr T. T. Venkatraghavan		Mr.R.N. Pradyumna	
Brother	Mr. T.T.Narendran	Mr. Sriram Viji	Mr.A.N.Krishnamoorthy	
Brother			Mr. A.N.Sreeram	

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

M/s.Azorius Holdings Private Limited

M/s. Uthirattadhi Sriram Holdings Private Ltd.

The following Key Management Personnel were redesignated on 01.04.2021 as follows:

Mr. Harsha Viji - Executive Vice Chairman

Mr. Rajiv C. Lochan - Managing Director

Mr. A.N. Raju - Deputy Managing Director

Mr. T.T. Srinivasaraghavan - Director

NOTES TO THE ACCOUNTS (Contd.)

All the arrangements and transactions entered into by the company with related parties, during the Year ended 31.03.2021 were in ordinary course of business and on Arm's length price.

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

Related Party Transactions for the Year Ended 31st March 2021

The nature and volume of transactions for the Year ended 31st March 2021 with the above related parties are as follows.

Particulars	Subsidiaries	Associates	Joint Ventures	2020-2021	2019-2020
INCOME					
Lease Rental Income	22.17	128.53	7.48	1,58.18	1,35.06
Interest Income	0.04			0.04	5,36.41
Income from Services	8,15.65	16.51	452.08	12,84.24	14,49.92
Dividend	63,04.70	–	–	63,04.70	49,04.11
Rent Receipts	5,55.90	–	51.25	6,07.14	6,39.37
Income from other Financial Services	5,04.87	–	1705.75	22,10.62	30,59.09
Other Non Operating Income	1,82.52	–	8.74	1,91.26	2,13.10
EXPENDITURE					
Interest	–	–	903.06	9,03.06	6,02.40
Support Services	13,34.06	–	–	13,34.06	13,63.96
Rent Paid	1,05.46	–	2.64	1,08.10	1,07.34
Insurance Premium	–	–	203.70	2,03.70	1,65.12
Brokerage Paid	2.42	–	–	2.42	0.90
Training Expenses	1.02	–	–	1.02	25.41
ASSETS					
Purchase of Fixed Assets	17.28	–	–	17.28	1.47
Insurance Deposit	–	–	–	–	1,50.00
Insurance Deposit- Repayment				1,50.00	–
Sale of Assets	1.37	–	–	1.37	5.84
Sale of NCD		–	–		99,86.56
Foreclosure of Leasing Assistance		–	–		1,36.63
Loans and Advances Disbursed	1.82	–	–	1.82	2.45
Repayment of Loans and Advances	1.84	–	–	1.84	2.48
Insurance Premium paid in advance		–	1,67.52	1,67.52	1,99.26
LIABILITIES					
Issue of Non Convertible Debentures	–	–	51,47.07	51,47.07	50,58.19
Redemption of Non Convertible Debentures	–	–	5,00.00	5,00.00	20,00.00
Other Liabilities	2,09.72	–	–	2,09.72	1,76.03
Dividend Paid	1,39.01	–	–	1,39.01	2,14.29

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Compensation paid to Key Managerial Personnel	2020-2021	2019-2020
Short term benefits	17,77.88	11,37.34
Post retirement benefits	47.30	38.62
Share based payments	29.94	39.85

Compensation paid to Key Managerial Personnel	2020-2021	2019-2020
Interest on deposits	2,08.69	1,35.13
Dividend Paid	9,83.56	14,75.71
Dividend Paid to Enterprises over which KMP and his relatives is exercising significant influence	3,49.46	5,24.19

Disclosure Of Material Transactions With Related Parties

(₹ in lakhs)

Particulars	Related Parties	2020-21	2019-2020
INCOME			
Lease Rental Income	Wheels India Limited	75.55	–
	Turbo Energy Private Ltd.	39.54	49.83
	Sundaram Asset Management Company Ltd.	17.75	24.26
	Axles India Limited	13.45	15.31
	Royal Sundaram General Insurance Co. Ltd.	7.48	13.36
	Sundaram Business Services Limited	3.15	3.18
	Sundaram Home Finance Limited	1.28	–
	Sundaram Fund Services Ltd.	–	29.12
Interest Income	Royal Sundaram General Insurance Co. Ltd.	–	5,36.34
	Sundaram Asset Management Company Limited	0.04	0.07
Income from Services	Sundaram Home Finance Ltd.	7,68.97	7,40.28
	Royal Sundaram General Insurance Co. Ltd.	4,52.08	4,16.63
	Sundaram Asset Management Company Ltd.	25.37	21.81
	Sundaram Business Services Limited	21.30	1.09
	Turbo Energy Private Ltd.	16.51	17.39
	Sundaram Fund Services Ltd.	–	2,52.72
Dividend	Sundaram Home Finance Ltd.	45,56.45	23,84.24
	Sundaram Asset Management Company Ltd.	15,00.00	15,00.00
	Sundaram Finance Holdings Limited	1,63.25	9,44.87
	Sundaram Trustee Company Ltd.	70.00	60.00
	LGF Services Limited	15.00	15.00

NOTES TO THE ACCOUNTS (Contd.)

(₹ in Lakhs)

Particulars	Related Parties	2020-21	2019-2020
Rent Receipts	Sundaram Asset Management Company Ltd.	2,21.15	2,19.63
	Sundaram Home Finance Ltd.	1,89.50	1,89.50
	Sundaram Business Services Ltd.	1,14.08	1,10.92
	Sundaram Finance Holdings Limited	31.17	53.46
	Royal Sundaram General Insurance Co. Ltd.	51.25	47.91
	Sundaram Fund Services Ltd.		17.95
Income from other Financial Services	Royal Sundaram General Insurance Co. Ltd.	17,05.75	18,41.82
	Sundaram Home Finance Ltd.	3,31.68	5,65.35
	Sundaram Alternate Assets Limited	1,73.20	2,39.93
	Sundaram Fund Services Ltd.	–	4,11.99
Other Non Operating Income	Sundaram Home Finance Ltd.	1,18.92	1,30.42
	Sundaram Asset Management Company Ltd.	46.60	25.55
	Royal Sundaram General Insurance Co. Ltd.	8.74	12.85
	Sundaram Business Services Ltd.	8.00	8.00
	Sundaram Alternate Assets Limited	5.00	5.00
	Sundaram Finance Holdings Limited	4.00	4.00
	Sundaram Fund Services Ltd.	–	27.28

Particulars	Related Parties	2020-21	2019-2020
EXPENDITURE			
Interest	Royal Sundaram General Insurance Co. Ltd.	9,03.06	6,02.40
Support Services	Sundaram Finance Holdings Limited	13,34.06	13,63.96
Rent Paid	Sundaram Finance Holdings Limited	1,02.88	1,02.88
	Royal Sundaram General Insurance Co. Ltd.	2.64	3.75
	Sundaram Home Finance Ltd.	2.57	0.71
Insurance Premium	Royal Sundaram General Insurance Co. Ltd.	2,03.70	1,65.12
Brokerage Paid	Sundaram Home Finance Ltd.	2.42	0.90
Training Expenses	Sundaram Finance Holdings Limited	1.02	25.31
	Sundaram Home Finance Ltd.		0.10

Particulars	Related Parties	2020-21	2019-2020
Dividend Paid	Sundaram Finance employee Welfare trust	1,39.01	2,14.29

NOTES TO THE ACCOUNTS (Contd.)

(₹ in Lakhs)

Particulars	Related Parties	2020-21	2019-2020
Purchase of Fixed Assets	Sundaram Business Services Limited	0.25	0.38
	Sundaram Fund Services Ltd.	16.57	1.09
	Sundaram Finance Holdings Limited	0.46	
Disinvestment	Royal Sundaram General Insurance Co. Ltd.	–	–
Insurance Deposit	Royal Sundaram General Insurance Co. Ltd.	–	1,50.00
Insurance Deposit- Repayment	Sundaram Asset Management Company Ltd.	1,50.00	–
Sale of Assets	Sundaram Fund Services Ltd.	–	5.33
	Sundaram Asset Management Company Ltd.	0.83	0.51
	Sundaram Alternate Assets Limited	0.54	–
Sale of NCD	Sundaram Asset Management Company Ltd.		50,57.09
	Sundaram Home Finance Ltd.		49,29.47
Foreclosure of Leasing Assistance	Sundaram Fund Services Ltd.	–	1,36.63
Loans and Advances Disbursed	Sundaram Asset Management Company Ltd.	1.82	2.45
Repayment of Loans and Advances	Sundaram Asset Management Company Ltd.	1.84	2.48
Insurance Premium paid in advance	Royal Sundaram General Insurance Co. Ltd.	1,67.52	1,99.26
LIABILITIES			
Issue of Non Convertible Debentures	Royal Sundaram General Insurance Co. Ltd.	51,47.07	50,58.19
Redemption of Non Convertible Debentures	Royal Sundaram General Insurance Co. Ltd.	5,00.00	20,00.00
Other Liabilities	Sundaram Finance Holdings Ltd	1,70.92	1,74.94
	Sundaram Business Services Limited	20.87	–
	Sundaram Fund Services Ltd.	17.94	1.09

NOTES TO THE ACCOUNTS (Contd.)
Balances With Related Parties as at 31st Mar 2021

(₹ in Lakhs)

BALANCES OUTSTANDING	Subsidiaries	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which KMP and his relatives is exercising significant influence	31.03.2021	31.03.2020
ASSETS							
Investments	1381,97.13	585,26.56	–	–	–	1967,23.69	1966,99.32
Loans and Advances	0.18	–	–	–	–	0.18	0.17
Other Assets	91.07	8,54.67	–	–	–	945.74	10,99.99
LIABILITIES							
Equity Holdings	507.26	–	2,06.37	4,49.84	2,32.97	13,96.44	14,06.70
Non Convertible Debentures	–	135,50.91	–	–	–	135,50.91	85,96.19
Deposits	–	–	1,76.56	11,15.11	–	12,91.67	11,05.68
Other Liabilities	380.11	36.25	–	–	–	4,16.36	3,82.67
Remuneration payable	–	–	12,44.81	–	–	12,44.81	7,24.85

Disclosure Of Material Balances With Related Parties as at 31st Mar 2021

(₹ in Lakhs)

BALANCES OUTSTANDING	Subsidiaries	Joint Ventures	Others	31.03.2021	31.03.2020
ASSETS					
Investments		585,26.56	–	–	–
a) Investments In Equity Shares					
Royal Sundaram General Insurance Co. Ltd	–	585,26.56	–	585,26.56	585,26.56
Sundaram Asset Management Company Ltd.	186,04.39	–	–	186,04.39	185,93.73
Sundaram Home Finance Ltd.	1152,69.08	–	–	1152,69.08	1152,55.37
Sundaram Fund Services Ltd.	24,45.15	–	–	24,45.15	24,45.15
Sundaram Trustee Company Ltd.	2,28.62	–	–	2,28.62	2,28.62
Sundaram Finance Holdings Ltd.	16,44.89	–	–	16,44.89	16,44.89
LGF Services Ltd.	5.00	–	–	5.00	5.00
	1381,97.13	585,26.56	–	1967,23.69	1966,99.32

NOTES TO THE ACCOUNTS (Contd.)

Disclosure Of Material Balances With Related Parties as at 31st Mar 2021

(₹ in Lakhs)

BALANCES OUTSTANDING	Subsidiaries	Associates	Joint Ventures	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which KMP and his relatives is exercising significant influence	31.03.2021	31.03.2020
Loans and Advances								
Fleet								
Sundaram Asset Management Company Limited	0.18	-	-	-	-	-	0.18	0.17
							0.18	0.17
Other Assets								
Royal Sundaram General Insurance Co. Ltd.	-	-	8,54.67	-	-	-	854.67	1027.83
Sundaram Fund Services Ltd.		-	-	-	-	-		13.20
Sundaram Home Finance Ltd.	48.17	-	-	-	-	-	48.17	9.04
Sundaram Business Services Limited	18.74	-	-	-	-	-	18.74	13.84
Sundaram Asset Management Company Ltd.	-	-	-	-	-	-	-	17.95
Sundaram Alternate Assets Limited	22.11	-	-	-	-	-	22.11	18.13
Sundaram Finance Holdings Limited	2.05	-	-	-	-	-	2.05	
Total	91.07	-	8,54.67				9,45.74	10,99.99
LIABILITIES								
Equity Holdings	5,07.26	-	-	2,06.37	4,49.84	2,32.97	13,96.44	14,06.70
Non Convertible Debentures								
Royal Sundaram General Insurance Co. Ltd.	-	-	135,50.91	-	-	-	135,50.91	85,96.19
Deposits	-	-	-	1,76.56	11,15.11	-	12,91.67	11,05.68
Other Liabilities								
Sundaram Home Finance Ltd.	1,43.44	-	-	-	-	-	1,43.44	1,43.44
Sundaram Fund Services Ltd.	17.94	-	-	-	-	-	17.94	1.09
Royal Sundaram General Insurance Co. Ltd.	-	-	36.25	-	-	-	36.25	36.25
Sundaram Asset Management Company Ltd.	26.95	-	-	-	-	-	26.95	26.95
Sundaram Business Services Limited	20.87	-	-	-	-	-	20.87	-
Sundaram Finance Holdings Ltd	1,70.92	-	-	-	-	-	1,70.92	174.94
Key Management Personnel								
Remuneration payable	-	-	-	12,44.81	-	-	12,44.81	7,24.85
Total	3,80.12	-	36.25	12,44.81	-	-	16,61.18	11,07.52

Maximum amount outstanding in respect of Loans and Advances	2020-2021	2019-2020
Sundaram Asset Management Company Limited	0.26	0.28

NOTES TO THE ACCOUNTS (Contd.)

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

(₹ in lakhs)

Particulars	31.03.2021	31.03.2020
Estimated amount of contracts remaining to be executed on capital account (net of advance)	6,28.08	2,41.09
Uncalled commitment in Alternative Investment Fund Schemes	15,73.61	28,80.46

43.08 The Board of Directors have recommended a final dividend of ₹ 6 per share (60 %) for the year ended 31st March 2021 in May 2021. This together with interim dividend of ₹ 12 per share (120%) paid would aggregate to a total dividend of ₹ 18 per share (180 %).

43.09 Administrative and other expenses “under Other Expenditure” include payment to Statutory Auditors towards:

(₹ in lakhs)

Particulars	2020-21	2019-20
Auditors' fees and expenses*	1,24.05	1,12.73
Statutory fees	81.76	76.35
Tax fees	16.35	15.00
Certification fees	23.98	18.82
Reimbursement of expenses	1.96	2.56

*Including GST provision

43.10 Disclosure under the MSME Act 2006

(₹ in lakhs)

Particulars	31.03.2021	31.03.2020
i) a) Principal amount remaining unpaid*	65.09	61.00
b) Interest amount remaining unpaid	NIL	NIL
ii) Interest and principal amount paid beyond appointed date	NIL	NIL
iii) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointment day during the year) but without adding the interest specified under this Act.	NIL	NIL
iv) Interest accrued and remaining unpaid	NIL	NIL

* Subsequently liability is discharged

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

NOTES TO THE ACCOUNTS (Contd.)

43.12 The Government of India vide its notification dated October 23, 2020 announced a COVID-19 Relief Scheme for grant of ex-gratia payment which the Company implemented and credited the accounts/remitted amounts to the eligible borrowers.

In accordance with the RBI Circular dated April 7, 2021 and the methodology for calculation of 'interest on interest' as per Indian Banks' Association, the Company, in accordance with its Board approved policy, has made applicable provision in the financial statements for the year ended March 31, 2021.

43.13 Earnings per Share

Particulars	Year Ended 31.03.2021	Year Ended 31.03.2020
Profit/(Loss) attributable to equity shareholders (₹ in Lakhs)	809,04.91	723,94.76
Weighted average number of equity shares	11,11,03,860	11,11,03,860
Earnings per share – Basic & Diluted (in ₹)	72.82	65.16
Face value of Share	10	10

43.14 Previous period's figures have been regrouped wherever necessary to conform to current period's classification.

Note 44: Disclosures as per Non-Banking Financial Company - Systemically Important Non-Deposit Taking Company and Deposit taking Company (Reserve Bank) Directions, 2016:

44.01 Capital to Risk (weighted) Assets Ratio

Particulars	31.03.2021	31.03.2020
CRAR (%)	22.06	18.37
CRAR - Tier I Capital (%)	15.21	13.21
CRAR - Tier II Capital (%)	6.85	5.16
Subordinated debt considered as Tier II Capital (₹ in lakhs)	2037,00.00	1650,00.00

44.02 Investments

(₹ in lakhs)

Particulars	31.03.2021	31.03.2020
Value of Investments		
Gross Value of Investments		
a) In India	4053,08.76	3938,28.66
b) Outside India	—	—
Provisions for Depreciation		
a) In India	68.53	54.32
b) Outside India	—	—
Net Value of Investments		
a) In India	4052,40.23	3937,74.33
b) Outside India	—	—
Movement of provisions held towards depreciation on investments		
Opening balance	54.32	12,94.86
Add : Provisions made during the year	27.51	29.60
Less : Reversal of provisions during the year	13.31	12,70.14
Closing balance	68.53	54.32

NOTES TO THE ACCOUNTS (Contd.)

44.03 Derivatives

44.03.01 Forward Rate Agreement / Interest Rate Swap (FRA / IRS)

(₹ in lakhs)

Particulars	31.03.2021	31.03.2020
The notional principal of swap agreements	900,00.00	275,00.00
Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	13,31.46	22,26.36
Collateral required by NBFC upon entering into swaps	–	–
Concentration of credit risk arising from the swaps	100% with Banks	
The fair value of the swap book	12,24.89	18,77.39

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

(₹ in lakhs)

Derivatives	31.03.2021	31.03.2020	Benchmark	Terms
	Notional Principal			
Interest Rate Swap	125,00.00	125,00.00	OIS	Fixed Receivable v/s Floating Payable
Interest Rate Swap	750,00.00	125,00.00	OIS	Fixed Payable v/s Floating Receivable
Forward Rate Agreement	25,00.00	25,00.00	OIS	Fixed Receivable v/s Floating Payable

44.03.02 Exchange Traded Interest Rate (IR) Derivatives : NIL

44.03.03 Qualitative disclosures on risk exposure of derivatives

i) Qualitative disclosures

The Company has a Board approved policy for entering into derivative transactions. Derivative transaction comprises Forward Rate Agreements, Interest Rate Swaps, Coupon Only Swaps, Currency and Interest Rate Swap and Forward Exchange contracts. The Company undertakes such transactions for hedging balance sheet assets and liabilities. The Asset Liability Management Committee and Risk Management Committee periodically monitors and reviews the risks involved.

ii) Quantitative disclosures

(₹ in lakhs)

Particulars	Currency Derivatives		Interest Rate Derivatives	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
i) Derivatives (Notional Principal Amount)				
For Hedging	401,97.03	1207,25.26	900,00.00	275,00.00
ii) Marked to Market Position				
- Asset (+)	–	57,38.69	13,31.46	22,26.36
- Liability (–)	27,78.16	–	1,06.57	3,48.98
iii) Credit Exposure	8,03.94	24,14.51	10,12.50	5,75.00
iv) Unhedged Exposures	–	–	–	–

NOTES TO THE ACCOUNTS (Contd.)

44.04 Disclosures relating to Securitisation

44.04.01 Special Purpose Vehicles (SPVs) and Minimum Retention Requirements

(₹ in lakhs)

Particulars	31.03.2021	31.03.2020
No. of SPVs Sponsored by the NBFC for Securitisation Transactions	10	13
Total amount of securitised assets as per books of the SPVs sponsored	2308,87.25	3224,12.92
Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
Off-balance sheet exposures		
First loss	—	—
Others	—	—
On-balance sheet exposures		
First loss	425,72.53	559,63.18
Others	46,37.97	66,48.92
Total amount of exposures to securitisation transactions other than MRR		
Off-balance sheet exposures		
Exposures to own securitisations		
First loss	—	—
Others	—	—
Exposure to third party securitisations		
First loss	—	—
Others	—	—
On-balance sheet exposures		
Exposures to own securitisations		
First loss	—	—
Others	—	—
Exposure to third party securitisations		
First loss	—	—
Others	—	—

44.04.02 Details of Assignment transactions undertaken

(₹ in lakhs)

	2020-21	2019-20
No. of accounts	—	138,81
Aggregate consideration on sale	—	1382,13.44
Aggregate value (net of provisions) of accounts sold	—	1354,00.33
Additional consideration realized in respect of accounts transferred in earlier years	—	—
Aggregate gain / (loss) over net book value	—	28,13.11

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

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

NOTES TO THE ACCOUNTS (Contd.)

44.05 Maturity Pattern of certain items of Assets and Liabilities

As at March 31, 2021:

(₹ in lakhs)

	0 to 7 days	8 to 14 days	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	77,78.42	29,28.98	77,16.17	147,98.02	153,77.60	577,60.31	1032,81.82	2095,77.29	—	—	4192,18.61
Borrowings	36,75.50	—	947,23.18	1891,46.42	1067,38.32	2513,47.24	3649,87.23	11152,69.87	527,87.23	1900,40.05	23687,15.04
Foreign Currency Liabilities	—	—	—	—	—	—	3872,4.90	—	—	—	387,24.90
Advances	334,06.95	551,53.15	484,68.20	1301,91.31	1572,22.75	3693,58.88	6697,49.20	16146,22.47	3080,98.79	20,74.09	33883,45.78
Investments	1341,74.83	3,57.54	20,17.94	20,14.96	20,96.60	110,69.71	137,23.92	330,14.03	47,86.71	2019,83.99	4052,40.23
Foreign Currency Assets	—	—	44.90	—	—	—	—	—	—	—	44.90

NOTES TO THE ACCOUNTS (Contd.)

44.06 Exposures

44.06.01 Exposure to Real Estate Sector

(₹ in lakhs)

Particulars	31.03.2021	31.03.2020
Residential Mortgages - Lending - Fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	15,13.75	13,28.50
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	31,34.83	31,87.19
Investments in Mortgage Backed Securities (MBS) and other securitised exposures - Residential	—	—
- Commercial Real Estate	—	—
Total Exposure to Real Estate Sector	46,48.58	45,15.69

44.06.02 Exposure to Capital Market

(₹ in lakhs)

Particulars	31.03.2021	31.03.2020
Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt; (listed Securities)	16,44.89	19,46.30
Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds;	—	—
Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds are taken as primary security;	—	—
Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds i.e where the primary security other than shares/convertible bonds / convertible debentures / units of equity-oriented mutual funds does not fully cover the advances;	—	—
Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	—	—
Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	—	—
Bridge loans to companies against expected equity flows / issues	—	—
All exposures to Venture Capital Funds (both registered and unregistered)	—	—
Total Exposure to Capital Market	16,44.89	19,46.30

NOTES TO THE ACCOUNTS (Contd.)

44.06.03 Details of financing of parent company products : NIL

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

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

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

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

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

Migration of ratings during the year : NIL

44.10 Provisions and Contingencies

(₹ in lakhs)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	2020-21	2019-20
Provisions for depreciation on Investments	14.21	(12,40.54)
Provisions towards Stage 3 assets (incl. write offs)	188,70.74	231,82.08
Provisions for Stage 1 & 2 assets	127,21.02	66,98.10
Provisions made towards Income tax	247,25.05	221,16.99

44.11 Concentration of Deposits

(₹ in lakhs)

Particulars	31.03.2021	31.03.2020
Total Deposits of twenty largest depositors	156,45.45	165,69.18
% of Twenty largest depositors	3.89%	4.51%

44.12 Concentration of Advances

(₹ in lakhs)

Particulars	2020-21	2019-20
Total Advances to twenty largest borrowers	448,15.06	401,49.25
% of Twenty largest borrowers	3.40%	2.66%

NOTES TO THE ACCOUNTS (Contd.)

44.13 Concentration of Exposures

(₹ in lakhs)

Particulars	31.03.2021	31.03.2020
Total Exposure to twenty largest borrowers	629,49.26	562,39.89
% of Twenty largest borrowers	2.11%	1.98%

44.14 Concentration of NPA assets

(₹ in lakhs)

Particulars	31.03.2021	31.03.2020
Total Exposure to top four NPA assets	52,00.09	55,04.38
% of Top four NPA assets to total NPA assets	7.61%	6.99%

44.15 NPA assets as a percentage to Advances in the respective segments

(in %)

Segment	31.03.2021	31.03.2020
Truck Operators	2.64	3.18
Auto Loans	1.70	1.59
Infrastructure Loans	2.24	3.23
Agriculture	2.74	4.51
Others	1.76	1.23

44.16 Movement of NPA assets

(₹ in lakhs)

Particulars	31.03.2021	31.03.2020
Net NPA assets to Net Advances (%)	1.35%	1.92%
Movement of NPA assets (Gross)		
Opening balance	788,06.25	366,96.56
Additions during the year	353,76.58	703,58.45
Reductions during the year	458,75.70	282,48.76
Closing balance	683,07.13	788,06.25
Movement of Net NPA assets		
Opening balance	541,40.58	228,60.28
Additions during the year	98,88.91	431,41.84
Reductions during the year	239,40.98	118,61.54
Closing balance	400,88.51	541,40.58
Movement of Provision on NPA assets		
Opening balance	246,65.68	138,36.29
Provisions made during the year	254,87.67	272,16.61
Write-off / Write-back of excess provisions	219,34.73	163,87.22
Closing balance	282,18.62	246,65.68

NOTES TO THE ACCOUNTS (Contd.)

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

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

44.19 Customer Complaints

Particulars	2020-21	2019-20
No. of complaints pending at the beginning of the year	–	–
No. of complaints received during the year	2,964	1,158
No. of complaints redressed during the year	2,964	1,158
No. of complaints pending at the end of the year	–	–

Note 45: Disclosure on Restructured Accounts

(₹ in lakhs)

Type of Restructuring	Details	Under SME Debt Restructuring Mechanism	Others	Total
		Stage 1 & 2 assets	Stage 3 assets	
Restructured Accounts as on April 1, 2020	No. of borrowers	854	51	905
	Amount outstanding	299,23.09	103,18.06	402,41.15
	Provision thereon	18,78.42	11,52.97	30,31.39
Fresh restructuring during the year	No. of borrowers	5163	21	5184
	Amount outstanding	1256,22.80	6,61.16	1262,83.96
	Provision thereon	188,76.77	13,60.58	202,37.35
Upgradations to restructured standard category during the year	No. of borrowers	–	–	–
	Amount outstanding	–	–	–
	Provision thereon	–	–	–
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next year	No. of borrowers	103	8	111
	Amount outstanding	33,69.47	13,04.95	46,74.42
	Provision thereon	2,31.16	1,58.99	3,90.15
Downgradations of restructured accounts during the year	No. of borrowers	–	–	–
	Amount outstanding	–	–	–
	Provision thereon	–	–	–
Write-offs of restructured accounts during the year	No. of borrowers	–	–	–
	Amount outstanding	–	–	–
	Provision thereon	–	–	–
Restructured Accounts as on March 31, 2021	No. of borrowers	5914	64	5978
	Amount outstanding	1521,76.42	96,74.27	1618,50.69
	Provision thereon	205,24.03	23,54.56	228,78.60

NOTES TO THE ACCOUNTS (Contd.)

Note 46: Disclosure on frauds

There was no frauds occurred during the financial year 2020-21. However, there are 18 fraud cases reported to RBI in earlier years and outstanding as of 31st March 2021, involving ₹1385.99 lakhs. The company has provided for / written off the amount and has proceeded legally to recover the dues from the respective parties.

Note 47: Disclosures as per RBI's Notification regarding restructuring of Advances: RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21, dated August 6, 2020:

NIL

Note 47-A: Disclosures as per RBI's Notification regarding restructuring of Advances to MSME Sector: RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21, dated August 6, 2020 on "Micro, Small and Medium Enterprises (MSME) Sector – Restructuring of Advances":

(₹ in lakhs)

	(A)	(B)
Type of borrower	Number of accounts where resolution plan has been implemented under this window	Exposure to accounts mentioned at (A) before implementation of the plan
MSME	90,24	1306,69.24

Note 48: Disclosures as per RBI notification no. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020 - Implementation of Indian Accounting Standards:

A comparison between provisions required under IRACP and impairment allowances made under Ind AS 109:

(₹ in lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms (including income deferred)	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3) – (4)	(6)	(7) = (4) – (6)
Performing Assets						
Standard	Stage 1	27566,35.45	154,12.81	27412,22.64	187,34.51	(33,21.70)
	Stage 2	1847,51.49	90,73.78	1756,77.70	16,89.61	73,84.18
Sub total		29413,86.94	244,86.60	29169,00.34	204,24.12	40,62.48
Non-Performing Assets (NPA)						
Substandard	Stage 3	332,67.73	81,44.87	251,22.86	58,12.59	23,32.28
Doubtful - up to 1 year	Stage 3	134,77.54	86,80.44	47,97.10	74,52.70	12,27.74
1 to 3 years	Stage 3	68,86.81	68,74.63	12.18	56,37.62	12,37.01
More than 3 years	Stage 3	76.31	76.31	-	54.86	21.45
Subtotal for doubtful		204,40.66	156,31.38	48,09.28	131,45.19	24,86.20

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms (including income deferred)	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Loss	Stage 3	15,15.97	15,15.97	–	15,15.97	–
Subtotal for NPA		552,24.35	252,92.22	299,32.14	204,73.74	48,18.48
OFF BOOKS : Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	125,22.00	1,30.00	123,92.00	–	1,30.00
	Stage 2	–	–	–	–	–
	Stage 3	–	–	–	–	–
Subtotal		125,22.00	1,30.00	123,92.00	–	1,30.00
Total (On book assets)	Stage 1	27566,35.45	154,12.81	27412,22.64	187,34.51	(33,21.70)
	Stage 2	1847,51.49	90,73.78	1756,77.70	16,89.61	73,84.18
	Stage 3	552,24.35	252,92.22	299,32.14	204,73.74	48,18.48
	Total	29966,11.29	497,78.81	29468,32.48	408,97.86	88,80.96

Note 49: Disclosures as per RBI notification no. DOR.No.BP.BC.63/21.04.048/2019-20 dated 17th April 2020 - COVID19 Regulatory Package - Asset Classification and Provisioning:

The details of loans, where moratorium benefit was extended as on 31st March 2021 are as under:

(₹ in lakhs)

(i)	Amount due in respect of overdue accounts, where moratorium was extended (as of February 29, 2020)	3833,70.70
(ii)	Amount due on contracts where asset classification benefits was extended as on 31.03.2021, net of NPA	NIL
(iii)	Provision held against (ii) above	NIL
(iv)	Provision adjusted against NPA provisions **	NIL

** As the company maintains adequate ECL provisions, the Covid-19 Reserve created as on 31st March 2020 to the extent of ₹27,17.61 lakhs, has been reversed and transferred to Retained earnings.

NOTES TO THE ACCOUNTS (Contd.)

Note 50: Disclosure as per RBI Notification RBI/2020-21/61 DOR.No.BP.BC.26/21.04.048/2020-21 - Scheme for grant of ex-gratia Payment

The Government of India, Ministry of Finance, vide its notification dt. 23rd October, 2020 had announced COVID-19 Relief Scheme, for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts, as per the eligibility criteria and other aspects specified therein and irrespective of whether RBI moratorium was availed or not. The ex-gratia amount of ₹20.82 cr. had been credited to eligible borrowers. We lodged claim with State Bank of India on 14th December 2020 and received the claim on 31st March 2021.

Note 51: Disclosures as per RBI notification no. DOR.STR.REC.4/21.04.048/2021-22 - Interest on interest during the moratorium period:

In accordance with the RBI's instruction in their circular dated, April 7, 2021 all lending institutions shall refund/adjust the interest on interest charged to all the borrowers, during the moratorium period. In pursuance of the above instruction, the Indian Banks Association (IBA) through advisory dated April 19, 2021, prescribed the methodology of calculation of interest on interest. Accordingly, the company has estimated the amount and reversed the income account during the financial year 2020-21.

Note 52: Disclosure on Liquidity Coverage Ratio (LCR):

As part of the Liquidity Risk Management Framework for NBFCs, RBI has mandated maintenance of Liquidity Coverage Ratio (LCR) effective 1st December, 2020. The Company is required to maintain adequate unencumbered High Quality Liquid Asset (HQLA) to meet its liquidity needs for a 30 calendar-day time horizon under a significantly severe liquidity stress scenario. The objective of the LCR is to promote the short-term resilience of the liquidity risk profile. The LCR requirement shall be binding for the Company from December 1, 2020 with the minimum HQLAs to be held being 50% of the LCR, progressively reaching up to the required level of 100% by December 1, 2024.

The LCR is calculated by dividing the company's stock of HQLA by its total net cash outflows over a 30-day stress period. "High Quality Liquid Assets (HQLA)" means liquid assets that can be readily sold or immediately converted into cash at little or no loss of value or used as collateral to obtain funds in a range of stress scenarios. Total Net cash outflows is defined as total expected cash outflows minus total expected cash inflows in the specified stress scenario for the subsequent 30 calendar days. The main drivers of LCR are adequate HQLAs and lower net cash outflow.

Major source of borrowings for the Company are Non-Convertible Debentures, Term loans from Banks, Commercial paper and Public deposits. Details of funding concentration from Significant counter party are given in Note 53.

The average LCR for the quarter ended 31st March 2021 is 95.9%, which is well above the regulatory requirement of 50%.

NOTES TO THE ACCOUNTS (Contd.)

(₹ Cr.)

Particulars	Apr - Jun 2020		Jul - Sep 2020		Oct - Dec 2020		Jan - Mar 2021	
	Unweighted Value (average)	Weighted Value (average)	Unweighted Value (average)	Weighted Value (average)	Unweighted Value (average)	Weighted Value (average)	Unweighted Value (average)	Weighted Value (average)
High Quality Liquid Assets								
1 ***Total High Quality Liquid Assets (HQLA)	-	4,63.53	-	4,93.99	-	5,36.86	-	5,37.29
Cash Outflows								
2 Deposits (for deposit taking companies)	2,77.01	3,18.56	3,15.30	3,62.60	2,49.28	2,86.68	1,96.50	2,25.98
3 Unsecured wholesale funding	3,88.32	4,46.57	1,78.69	2,05.50	5,64.40	6,49.07	6,01.70	6,91.96
4 Secured wholesale funding	4,61.25	5,30.43	5,96.28	6,85.72	5,20.57	5,98.66	7,42.27	8,53.61
5 Additional requirements, of which								
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	75.45	86.77	92.52	1,06.40	1,31.88	1,51.67	1,29.19	1,48.57
6 Other contractual funding obligations	1,53.15	1,76.13	1,91.16	2,19.84	2,41.91	2,78.20	2,77.54	3,19.17
7 Other contingent funding obligations	0.86	0.99	0.76	0.87	2.50	2.88	0.79	0.91
8 TOTAL CASH OUTFLOWS	13,56.05	15,59.46	13,74.72	15,80.92	17,10.56	19,67.14	19,48.00	22,40.20
Cash Inflows								
9 Secured lending	-	-	-	-	-	-	-	-
10 Inflows from fully performing exposures	8,70.37	6,52.78	11,34.12	8,50.59	14,48.59	10,86.44	13,54.70	10,16.02
11 Other cash inflows	27,52.81	20,64.61	27,01.37	20,26.03	32,21.78	24,16.33	25,71.52	19,28.64
12 TOTAL CASH INFLOWS	36,23.17	27,17.38	38,35.50	28,76.62	46,70.37	35,02.77	39,26.22	29,44.66
	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value
13 TOTAL HQLA		4,63.53		4,93.99		5,36.86		5,37.29
14 TOTAL NET CASH OUTFLOWS		3,89.86		3,95.23		4,91.79		5,60.05
15 LIQUIDITY COVERAGE RATIO (%)		118.9%		125.0%		109.2%		95.9%

*** Components of HQLA

- Cash	3.64	4.70	5.49	5.77
- Balance with Banks	17.05	46.39	84.83	90.35
- Government Securities	4,42.83	4,42.90	4,46.53	4,34.37
- Commercial Paper	-	-	-	6.81
Total	4,63.53	4,93.99	5,36.86	5,37.29

NOTES TO THE ACCOUNTS (Contd.)

Note 53: Public Disclosure on Liquidity Risk as on 31st March 2021 pursuant to RBI circular dated 4th November 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies

(i) Funding concentration based on significant counterparty (both deposits and borrowings)

Sl. No.	Number of Significant counter parties	Amount (₹in cr.)	% of Total Deposits *	% of Total Liabilities
1	15	183,13.05	–	63.6

* None of the Depositors hold more than 1% of the Total deposits

(ii) Top 20 large deposits

Amount	₹1,56.45 cr.
% of Total Deposits	3.7

(iii) Top 10 borrowings

Amount	₹162,92.04 cr.
% of Total Borrowings	57.7

(iv) Funding Concentration based on significant instrument / product

Sl. No.	Name of the Instrument / product	Amount (₹in cr.)	% of Total Liabilities
1	Non-Convertible Debentures	152,16.64	52.9
2	Term loan	61,01.18	21.2
3	Public Deposits	41,92.19	14.6
4	Commercial paper	19,82.18	6.9
5	Other Bank borrowings	7,58.88	2.6

(v) Stock Ratios:

Sl. No.	Name of the Instrument / Product	As a % of Total Public funds	As a % of Total Liabilities	As a % of Total Assets
1	Commercial Paper	7.0	6.9	5.7
2	Non-Convertible Debentures (original maturity < 1 year)	-NA-	-NA-	-NA-
3	Other Short- term Liabilities	37.5	36.9	30.3

(vi) Institutional setup for Liquidity Risk management

Board has setup the Asset Liability Management Committee (ALCO) and Risk Management Committee to manage various risks of the Company. ALCO meets on a regular basis and is responsible for ensuring adherence to the risk tolerance/limits set by the Board including the Liquidity risk of the Company. The performance of the ALCO is reviewed by Audit Committee / Board.

The Company has formulated a policy on Liquidity Risk Management Framework. Accordingly, the Company,

- Performs stress testing on a quarterly basis which enables the Company to estimate the liquidity requirements as well as adequacy and cost of the liquidity buffer under stressed conditions.
- Has also formulated a contingency funding plan as a part of the outcome of stress testing results.
- Monitors liquidity risk based on 'Stock' approach to liquidity by way of pre-defined internal limits for various critical ratios pertaining to liquidity risk.

The Company has diversified source of funding to ensure that there is no significant source, the withdrawal of which could trigger liquidity problems.

The Company monitors cumulative mismatches across all time buckets by establishing internal prudential limits. The Company maintains adequate liquidity buffer of readily marketable assets, to protect itself against any liquidity risk at the same time is mindful of the cost associated with it.

Notes:

1. As per the circular issued by RBI on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies dated 04th Nov 2019, "Significant counterparty" is defined as a single counter party or group of connected or affiliated counter parties accounting in aggregate for more than 1% of the Total Liabilities and "Significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the Total Liabilities.
2. Total Liabilities represent 'Total Liabilities and Equity' as per Balance sheet less Equity.
3. Public funds are as defined in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
4. Other Short-term liabilities represent all Short-term borrowings other than CPs.

As per our report of even date attached
For **Sundaram & Srinivasan**
Chartered Accountants
Registration No.004207S
S Usha
Partner
Membership No.211785
UDIN : 21211785AAAAEA5420
Place : Chennai
Date : 28.05.2021

S Viji
Chairman

Rajiv C Lochan
Managing Director

M Ramaswamy
Chief Financial Officer

Harsha Viji
Executive Vice Chairman

A N Raju
Deputy Managing Director

T T Srinivasaraghavan
Director

P Viswanathan
Secretary & Compliance Officer

SCHEDULE

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

(₹ in lakhs)

	Particulars	Amount outstanding	Amount overdue
	Liabilities side:		
(1)	Loans and advances availed by the NBFCs @		
a	Debentures : Secured	12710,76.87	—
	: Unsecured (other than falling within the meaning of public deposits)	2505,86.77	—
b	Deferred Credits	—	—
c	Term Loans	6101,17.89	—
d	Inter-corporate loans and borrowings	—	—
e	Commercial paper	1982,17.62	—
f	Public Deposits	4189,01.29	37,64.07 #
g	Other loans		
	- Bank Borrowing	758,87.54	—
	- Deposits from Corporates	3,17.33	—
(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	4189,01.29	37,64.07 #

@ Includes interest accrued thereon but not due and hence not paid

Represents unrenewed deposits and interest accrued thereon

(₹ in lakhs)

	Particulars	Amount outstanding
	Assets side:	
(3)	Break-up of Loans and Advances including bills receivables (other than those included in (4) below) :	
a	Secured	176,41.20
b	Unsecured (including Advance for Business Assets)	225,98.11
(4)	Break-up of Leased Assets and Stock on hire and hypothecation loans counting towards AFC activities:	
(i)	Lease assets including lease rentals under sundry debtors	
a	Financial Lease	—
b	Operating Lease	128,06.42
(ii)	Net Stock on hire including hire charges under sundry debtors	
a	Assets on hire	119,43.84
b	Repossessed Assets	36.70
(iii)	Hypothecation loans counting towards AFC activities	
a	Loans where assets have been repossessed	29,18.44
b	Loans other than (a) above	29305,38.43

(₹ in lakhs)

	Particulars	Amount outstanding	Market Value *
(5)	Break-up of Investments :		
	Current Investments:		
1.	Quoted:	—	—
2.	Unquoted:		
(i)	Units of mutual funds	1332,25.32	1332,25.32
(ii)	Others		
	- Investment in Commercial Paper	24,06.00	24,03.25
	Long Term Investments:		
1.	Quoted:		
(i)	Equity Shares	1644.89	24814.00
(ii)	Government Securities	51174.59	53863.58
(iii)	Units of mutual funds	—	—
2.	Unquoted:		
(i)	Equity Shares	1961,98.81	2579,65.75
(ii)	Compulsorily Convertible Preference Shares	3,11.99	3,11.99
(iii)	Debentures and Bonds	—	—
(iv)	Units of mutual funds	18,93.63	18,93.63
(v)	Others		
	- Investment in Pass Through Certificates	46,43.55	46,58.97
	- Investment in Alternative Investment Fund	138,09.99	138,09.99
	Total	4053,08.75	4929,46.47

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

(₹ in lakhs)

(6)	Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances:	Amount net of provisions		
		Secured	Unsecured	Total
	Category			
1.	Related Parties**			
a	Subsidiaries	37.65	12.89	50.54
b	Companies in the same group	2,28.45	0.76	2,29.21
c	Other related parties	-	-	-
2.	Other than related parties	29516,57.97	220,58.82	29737,16.79
	Total	29519,24.07	220,72.47	29739,96.54

(₹ in lakhs)

(7)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):	Amount net of provisions	
		Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
	Category		
1.	Related Parties**		
a	Subsidiaries	210223.36	138197.13
b	Companies in the same group	72556.39	59646.56
c	Other related parties	-	-
2.	Other than related parties	210166.72	207396.54
	Total	492946.47	405240.23

** As per Ind AS

(₹ in lakhs)

(8)	Other Information	
	Particulars	Amount
(i)	Gross Non-Performing Assets	
a	Related Parties	—
b	Other than related parties	683,07.13
(ii)	Net Non-Performing Assets	
a	Related Parties	—
b	Other than related parties	400,88.52
(iii)	Assets acquired in satisfaction of debt (during the year)	—

Consolidated
Financial
Statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUNDARAM FINANCE LIMITED, CHENNAI FOR THE YEAR ENDED 31st MARCH, 2021

To the Members of Sundaram Finance Limited, Chennai

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Sundaram Finance Limited ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group") and its associates and a joint venture, which comprise the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

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

Emphasis of Matter

We draw attention to Note no: 38.1 relating to impact of COVID 19 Pandemic in the financial statements in which the management has described the probable impact on the company and the environment in which it operates as well as the measures taken and planned to deal with these circumstances or events. This note also indicates that uncertainties exist and that currently it is not possible to reasonably estimate the future impact. This note also indicates that there were no adjusting events that would have any material impact on the company's financial statements for the year ending 31st March 2021. Our opinion is not modified in this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

<i>Key Audit Matter</i>	<i>How our audit addressed the key audit matter</i>
<p>Impairment Loss Allowance</p> <p>Management’s judgements in the calculation of impairment allowances have significant impact on the financial statements. The estimates regarding impairment allowances are complex and require a significant degree of judgement, which increased with implementation of Expected Credit Loss (“ECL”) approach as required by Ind AS 109 relating to “Financial instruments.”</p> <p>Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorisation of the individual asset.</p> <p>The key areas of judgement include:</p> <ol style="list-style-type: none"> 1. Categorisation of loans in Stage 1, 2 and 3 based on identification of: <ol style="list-style-type: none"> (a) exposures with significant increase in credit risk since their origination and (b) Individually impaired / default exposures. 2. Techniques used to determine Loss Given Default (‘LGD’) and Probability of Default (‘PD’) to calculate an ECL based on past experience. 3. The impact of different future macroeconomic conditions in the determination of ECL. <p>These judgements required the models to be reassessed including the impact of Covid -19 Pandemic to measure the ECL.</p> <p>Management has made a number of interpretations and assumptions when designing and implementing models that are compliant with the standard.</p> <p>The accuracy of data flows and the implementation of related controls is critical for the integrity of the estimated impairment provisions. Given the significance of judgements and the high complexity related particularly to the calculation of ECL we considered this area as a Key Audit Matter.</p>	<ul style="list-style-type: none"> • We obtained an understanding of management’s assessment of impairment of loans and advances including the Ind AS109 implementation process, internal rating model, impairment allowance policy and ECL modelling methodology. • We assessed the design and implementation, and tested the operating effectiveness of controls over the modelling process including governance over monitoring of the model and approval of key assumptions. • We also verified the key judgements and assumptions relating to the macro-economic scenarios including the impact of Covid 19 Pandemic and the associated probability weights. • We also assessed the approach of the Company for categorisation the loans in various stages reflecting the inherent risk in the respective loans. • For a sample of financial assets, we tested the correctness of Staging, reasonableness of PD, accuracy of LGD and ECL computation. • We have also verified the compliance of circulars issued by Reserve Bank of India from time to time during the year on this subject. <p>As a result of the above audit procedures no material differences were noted.</p> <p>We confirm the adequacy of disclosures made in the Financial statements.</p>

Key Audit Matter	How our audit addressed the key audit matter
<p>Fair Value of Unquoted Equity Instruments and Preference Shares (Other than Investments in Subsidiaries and Joint Ventures)</p> <p>Investment in Unquoted equity and preference shares are measured at Fair value.</p> <p>The Fair value of these financial assets involved managements judgement because these securities are not traded in an active market . As per Ind AS 109, Cost has been considered as the best estimate of Fair value by the Management.</p> <p>Since this valuation is a Level 3 type of valuation in accordance with Ind AS 113 Fair Value Measurement where one or more significant inputs to the fair value measurement is unobservable .</p> <p>Accordingly this item is considered to be a Key Audit Matter due to significant judgments associated with estimating the fair value of investment.</p>	<p>We discussed with management the basis used in determining the fair value and evaluated the appropriateness of the valuation methodologies used by management and compared it to industry norms and the requirements in Ind AS.</p> <p>We confirm the adequacy of the disclosures made in the Financial statements.</p>
<p>Impairment testing of investments in Subsidiaries /Joint Ventures:</p> <p>Impairment testing of investments in Subsidiaries/Joint venture is considered as a Key Audit Matter since impairment of these investments may have an impact on the equity of the Company.</p> <p>Testing for impairment depends on the future results of the companies concerned. In addition, there is significant scope for judgement in determining the assumptions underlying forecast results of the entities.</p>	<p>We compared the book value of the investments in the year under review with their prorata share of the respective company's equity based on their financials, evaluated the internal sources and external sources of information to identify impairment indications, if any.</p> <p>Where indicators of impairment have been identified, assessing the reasonableness of the recoverable amount of each of the relevant subsidiaries and joint ventures, obtained an understanding from management of their financial position and future prospects.</p> <p>The same has been evaluated and appropriately dealt in the books of accounts.</p> <p>Based on the audit procedures performed, we found the key judgements and assumptions used in the impairment identification and assessments were duly supported by the available evidence.</p>
<p>IT Systems and Controls</p> <p>The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, We have considered this as Key Audit Matter as any control lapses, Validation failures, incorrect input data and wrong extraction of data may result in the financial accounting and reporting records being misstated.</p> <p>We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.</p>	<p>We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations.</p> <p>We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties.</p> <p>Reliance was also placed on the System Audit report of the Company.</p> <p>Based on our review no weakness was found in the IT Systems and Controls.</p>

<i>Key Audit Matter</i>	<i>How our audit addressed the key audit matter</i>
<p>Key Audit Matters relating to Subsidiary: Sundaram Finance Holdings Limited</p> <p><i>Valuation of Unquoted investments fair valued through OCI</i></p> <p>Refer Note 2.2 “Fair value measurement” and Note 2.4 “Financial Assets” for relevant accounting policies and significant accounting estimates used by the Group.</p> <p>The investment portfolio is valued at ₹2,269.23 crores which represents almost 98% of the total assets, where unquoted equity investments fair valued through OCI amounts to ₹443.41 crores (“Investment”) covering about 29% of investment value as at 31st March’21.</p> <p>As the above investment are not traded in the active market, fair value of these investments involved significant management judgments and estimate and were valued based on valuation recommendation provided by a Valuation Expert in the Group</p> <p>Determination of Fair Value includes the market approach according to which the earnings and book value-based market multiples of listed peer companies in the same sector have been considered after adjusting for illiquidity discount, if any. This also includes determination of Fair value based on agreements to buy/ sell an asset between the market participants.</p> <p>The above valuations are categorized as Level 2 or Level 3 type of valuation, as the case may be, in accordance of Ind AS 113 Fair Value Measurement based on the available observable/unobservable inputs. Accordingly, the valuation of unquoted investment was considered to be a Key Audit Matter, due to significant judgments associated with determining the fair value of investment and its materiality in the financial statements</p>	<ul style="list-style-type: none"> (i) Reviewed the Accounting Policies used by the Holding Company for accounting and disclosing Investments for compliance with the accounting framework. (ii) Evaluating valuation methodology recommended by Valuation Expert in the Group. (iii) Verified the correctness of market inputs used and mathematical accuracy of the valuation analysis. (iv) Assessed the adequacy of internal controls, evaluated the design and tested the operating effectiveness of such controls for initial recognition, subsequent measurement and disclosure of investments as on the reporting date as per applicable regulations. (v) Our team was supported by our in-house valuation specialist, especially in determining whether such valuation methodology is consistent with the market practice. (vi) We also assessed whether the disclosures in relation to investments are compliant with the relevant Indian accounting requirements and appropriately present the sensitivities in the valuations based on alternative outcome.

Management’s Responsibility for the Consolidated Financial Statements

The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its Associates and Joint ventures in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associates and Joint ventures are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and Joint ventures are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and Joint ventures is also responsible for overseeing the financial reporting process of the Group and of its associates and Joint ventures.

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

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

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

We also:

- a) Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group, its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group, its associates and joint ventures to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, its associates and joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal financial control that we identify during our audit.

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

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

Other matters

- a) We did not audit the financial statements / financial information of six subsidiaries, whose financial statements / financial information reflect total assets of ₹1,99,946.10 Lakhs as at 31st March, 2021, total revenues of ₹31,411.03 Lakhs and net cash outflows amounting to ₹25.28 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including Other Comprehensive Income) of ₹1426.25 Lakhs for the year ended 31st March, 2021, as considered in the consolidated financial statements, in respect of seven associates whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates, is based solely on the reports of the other auditors.
- b) The consolidated financial statements also include the Group's share of net profit (including Other Comprehensive Income) of ₹16,940.75 Lakhs for the year ended 31st March, 2021, as considered in the consolidated financial statements in respect of a joint venture, whose financial statements / financial information have not been audited by us. These statements have been audited by other auditors under Indian GAAP and have been certified by the other auditors and the management of the said company under Ind AS and have been furnished to us for the purpose of consolidation. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the above joint venture, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid joint venture, is based solely on such certified financial statements / financial information furnished to us by the management. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors of the Company as on March 31, 2021 taken on record by the Board of Directors of the Company and its subsidiaries incorporated in India and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in “Annexure A” which is based on the auditor’s reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reasons stated therein.
- g) The managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose impact of pending litigations on the consolidated financial position of the Group. Refer Note 43.06 of the Consolidated Financial Statements.
 - ii. Based on the current assessment of the long term contracts, in the ordinary course of business, the holding company has made adequate provision for losses where required as explained in Note 43.13 of the Notes to Accounts. The derivative contracts being in the nature of the hedge contracts, the company does not anticipate any material losses from the same. The subsidiaries, associates and joint venture did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. During the year, there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the group and its associates and joint ventures incorporated in India.

For **Sundaram & Srinivasan**
Chartered Accountants
Firm Registration. No. 004207S

S. Usha
Partner

Membership Number: 211785
UDIN : 21211785AAAAEA5420

Place: Chennai
Date : 28.05.2021

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Sundaram Finance Limited of even date)

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of Sundaram Finance Limited (hereinafter referred to as “Company”), its subsidiary companies incorporated in India (the Holding Company and its Indian subsidiaries together referred to as “the Group”), its associates and a joint venture, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the group and its associates and joint ventures, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the group and of its associates and joint ventures, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the group, its associates and its joint ventures which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to financial statements insofar as it relates to five Indian subsidiaries, five associates and a joint venture, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies.

For **Sundaram & Srinivasan**
Chartered Accountants
Firm Registration. No. 004207S

S. Usha
Partner

Membership Number: 211785
UDIN : 21211785AAAAEA5420

Place: Chennai
Date : 28.05.2021

Consolidated Balance Sheet

as at 31st March, 2021

(₹ in lakhs)

Particulars	Note	March 31, 2021	March 31, 2020
ASSETS			
Financial Assets			
Cash and cash equivalents	5	149,49.76	64,40.13
Bank Balances	6	639,23.74	720,96.37
Derivative financial instruments	7	–	81,91.82
Receivables	8		
(I) Trade receivables		57,61.18	42,22.58
(II) Other receivables		3,76.80	2,26.79
Loans	9	38150,87.29	37221,75.53
Investments	10	6056,83.76	5095,84.32
Other Financial assets	11	114,64.74	23,50.44
Non-Financial Assets			
Current tax assets (Net)	12	311,26.62	275,10.77
Deferred tax Assets (Net)	12	101,63.94	98,39.68
Investment Property	13	49,65.15	56,65.48
Property, Plant and Equipment	14	267,47.32	284,90.80
Right-of-use assets	15	63,77.72	71,72.81
Intangible assets under development	16	–	1.80
Goodwill		474,02.39	474,02.39
Other intangible assets	16	9,71.07	15,85.76
Other non-financial assets	17	142,52.23	191,32.31
Assets held for sale		–	1.25
Total Assets		<u>46592,53.71</u>	<u>44720,91.03</u>
LIABILITIES AND EQUITY			
Liabilities			
Financial Liabilities			
Derivative financial instruments	7	18,97.39	–
Payables	18		
(I) Trade Payables			
(i) Total outstanding dues of micro enterprises and small enterprises		67.45	61.67
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		64,61.17	82,23.85
(II) Other Payables			
(i) Total outstanding dues of micro enterprises and small enterprises		–	–
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		14,69.87	16,08.79
Debt securities	19	17264,82.51	17348,35.14
Borrowings (Other than debt securities)	20	10556,34.42	10910,55.40
Deposits	21	6001,37.58	5407,87.17
Subordinated liabilities	22	2638,52.34	2272,55.18
Other financial liabilities	23	496,62.13	473,23.64
Non-Financial Liabilities			
Provisions	24	47,69.49	48,91.41
Other non-financial liabilities	25	37,68.73	28,19.14
Equity			
Equity share capital	26	110,18.09	110,16.22
Other equity *		7620,07.09	6566,66.29
Non Controlling Interest		1720,25.46	1455,47.13
Total Liabilities and Equity		<u>46592,53.71</u>	<u>44720,91.03</u>

Significant Accounting policies

Balance sheet, Statement of Profit and Loss and Other disclosures

1-4

5-43

* Refer Statement of Changes in equity

As per our report of even date attached
For **Sundaram & Srinivasan**
Chartered Accountants
Registration No.004207S

S Viji
Chairman

Harsha Viji
Executive Vice Chairman

S Prasad
Director

S Usha
Partner
Membership No.211785
UDIN:21211785AAAAEA5420

Rajiv C Lochan
Managing Director

A N Raju
Deputy Managing Director

T T Srinivasaraghavan
Director

Place : Chennai
Date : 28th May, 2021

M Ramaswamy
Chief Financial Officer

P Viswanathan
Secretary & Compliance Officer

SUNDARAM FINANCE LIMITED

Consolidated Statement of Profit and Loss

for the Year Ended 31st March, 2021

(₹ in lakhs)

Particulars	Note	2020-21	2019-20
Revenue from operations			
Interest Income	27	4478,30.43	3933,58.14
Lease Rental income (Net)		57,91.05	58,40.79
Fees and Commission Income	28	201,45.77	212,05.80
Dividend Income		4,50.02	23,29.07
Income from other Services		323,19.90	358,09.50
Recovery of Bad debts		12,96.80	19,79.53
Net gain on fair value changes	29	164,18.27	68,89.76
Net gain on derecognition of financial instruments under amortised cost category		5,14.30	21,28.53
Total Revenue from operations		5247,66.54	4695,41.12
Other Income	30	69,08.17	27,11.62
Total Income		5316,74.71	4722,52.74
Expenses			
Finance cost	31	2659,39.33	2427,45.26
Employee benefit expenses	32	560,98.44	502,00.48
Fees and commission expenses		91,76.70	125,80.74
Administrative & other expenses	33	213,76.97	248,04.61
Depreciation & amortisation		92,96.89	89,53.25
Impairment on financial instruments	34	368,28.83	330,11.98
Total expenses		3987,17.16	3722,96.32
Profit before tax		1329,57.55	999,56.42
Tax expense:			
Current tax	12	385,67.62	302,25.17
Deferred tax	12	(58,14.80)	(31,51.06)
Reversal of Deferred Tax Liability relating to past years			(60,24.86)
Profit after tax (before adjustment for non controlling interest)		1002,04.73	789,07.17
Add: Share of Profit from Associates		64,21.83	48,84.24
Add: Share of Profit from Joint Ventures		156,73.76	(8,73.67)
Profit / (Loss) for the period from Discontinued Operations			16,22.79
Profit after Tax		1223,00.32	845,40.53
Other Comprehensive Income (OCI)			
A(i) Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans		9.31	(9,05.70)
Equity Instruments through Other Comprehensive Income		220,88.75	(493,96.15)
Share of other comprehensive income from associates & Joint Ventures using equity method		1,16.11	(80.92)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(43,38.63)	13,12.44
Sub-total (A) = (i)-(ii)		178,75.54	(490,70.33)
B(i) Items that will be reclassified to profit or loss			
Change in fair value of derivative instrument		(14,92.67)	11,45.88
Share of other comprehensive income from associates & Joint Ventures using equity method		12,60.69	28,50.07
Foreign currency Translation Reserve		(1,95.15)	7,71.28
(ii) Income tax relating to items that will be reclassified to profit or loss		3,97.96	(1,56.79)
Sub-total (B) = (i)-(ii)		(29.17)	46,10.44
Other Comprehensive Income (A + B)		178,46.37	(444,59.89)
Total Comprehensive Income for the period		1401,46.70	400,80.64
Profit for the period attributable to;			
Owners of the Company		1165,08.79	791,54.39
Non-controlling interests		57,91.53	53,86.14
Other Comprehensive Income for the period attributable to;			
Owners of the Company		45,04.09	(36,73.04)
Non-controlling interests		133,42.28	(407,86.85)
Total Comprehensive Income for the period attributable to;			
Owners of the Company		1210,12.89	754,81.35
Non-controlling interests		191,33.81	(354,00.71)
Earnings per equity share (on PAT)			
Basic & diluted		1,05.74	71.85

As per our report of even date attached
For **Sundaram & Srinivasan**
Chartered Accountants
Registration No.004207S

S Usha
Partner
Membership No.211785
UDIN:21211785AAAAEA5420

Place : Chennai
Date : 28th May, 2021

S Viji
Chairman

Rajiv C Lochan
Managing Director

M Ramaswamy
Chief Financial Officer

Harsha Viji
Executive Vice Chairman

A N Raju
Deputy Managing Director

T T Srinivasaraghavan
Director

P Viswanathan
Secretary & Compliance Officer

A) Equity share capital

Particulars	(₹ in lakhs)
Balance as at 31st March, 2019	11014.29
Add: Allotment of Shares by ESOP Trust to Employees	1.93
Balance as at 31st March, 2020	11016.22
Add: Allotment of Shares by ESOP Trust to Employees	1.87
Balance as at 31st March, 2021	11018.09

B) Other equity

Particulars	Reserves and Surplus							Items of Other Comprehensive Income			Total			
	Capital Reserve	Share Options Outstanding Account	Statutory Reserve	Special Reserve	General Reserve	Retained Earnings	COVID-19 Reserve	Foreign Currency Translation Reserve	Debt instruments through Other Comprehensive Income	Equity instrument through Other Comprehensive Income		Effective portion of cash flow hedge	Total Other Equity	Non Controlling Interest
Balance as at 31st March 2019	13,42.15	2,87.26	1221,68.66	-	3300,95.65	1256,60.78	-	3,83.31	(21,74.00)	364,43.40	7,07.93	6149,15.13	1738,91.43	7888,06.56
(A) Profit After tax for the year	-	-	-	-	-	791,54.39	-	-	-	-	-	791,54.39	53,86.11	845,40.50
(B) Other comprehensive income:														
(i) Items that will not be reclassified to profit or loss														
Remeasurements of the defined benefit plans	-	-	-	-	-	(6,89.24)	-	-	-	-	-	(6,89.24)	10.56	(6,78.68)
Change in Fair value of equity instruments	-	-	-	-	-	-	-	-	-	(71,93.88)	-	(71,93.88)	(411,16.84)	(483,10.72)
Transfer to Retained earning	-	-	-	-	-	62,07.30	-	-	-	(62,07.30)	-	-	(49.98)	(80.92)
Share of other comprehensive income from associates using equity method	-	-	-	-	-	-	-	-	-	(30.93)	-	(30.93)	-	-
(ii) Items that will be reclassified to profit or loss														
Change in fair value of derivative instrument	-	-	-	-	-	-	-	-	-	-	7,83.20	7,83.20	2,05.90	9,89.10
Net gain/(loss) on Fair value of debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income from associates using equity method	-	-	-	-	-	(4,10.16)	-	-	37,80.32	-	(1,19.76)	32,50.40	(4,00.32)	28,50.08
Foreign currency Translation Reserve	-	-	-	-	-	-	-	1,99.04	-	-	-	1,99.04	5,63.84	7,62.88

Particulars	Reserves and Surplus								Items of Other Comprehensive Income			Total Other Equity	Non Controlling Interest	Total	
	Capital Reserve	Share Options Outstanding Account	Statutory Reserve	Special Reserve	General Reserve	Retained Earnings	COVID-19 Reserve	Foreign Currency Translation Reserve	Debt instruments through Other Comprehensive Income	Equity instrument through Other Comprehensive Income	Effective portion of cash flow hedge				
Transfer to Covid Reserve	-	-	-	-	-	(59,64.66)	59,64.66	-	-	-	-	-	-	-	-
Deferred tax on Covid Reserve provisions	-	-	-	-	-	15,01.19	-	-	-	-	-	15,01.19	-	-	15,01.19
On account of Sundaram Finance Employees' Welfare Trust	-	-	-	-	-	15.96	-	-	-	-	-	15.96	-	-	15.96
On account of IND AS 116	-	-	-	-	-	(1,72.25)	-	-	-	-	-	(1,72.25)	-	-	(1,72.25)
Dividend (including dividend distribution tax)	-	-	-	-	-	(298,49.68)	-	-	-	-	-	(298,49.68)	(28,32.77)	-	(326,82.46)
Change in the value of Holdings in Subsidiaries	6,94.58	-	15,02.90	252,74.00	610,00.00	(892,19.02)	-	(47.36)	-	(47,38.56)	33.51	(54,99.96)	98,89.20	-	43,89.24
Options Granted during the year	-	8.44	-	-	-	-	-	-	-	-	-	8.44	-	-	8.44
Cost of shares transferred on exercise of option	-	2,94.01	-	-	-	-	-	-	-	-	-	2,94.01	-	-	2,94.01
Deferred Employee Compensation Cost	-	(6.59)	-	-	-	-	-	-	-	-	-	(6.59)	-	-	(6.59)
Transfer to Statutory Reserve	-	-	-	-	-	(144,78.95)	-	-	-	-	-	(144,78.95)	-	-	(144,78.95)
Transfer to General Reserve	-	-	-	-	-	(246,74.78)	-	-	-	-	-	(246,74.78)	-	-	(246,74.78)
Transfer from retained earnings	-	(3,25.22)	144,78.95	-	246,74.78	-	-	-	-	-	-	388,28.51	-	-	388,28.51
Transfer from Share Options Outstanding account	-	-	-	-	3,25.22	-	-	-	-	-	-	3,25.22	-	-	3,25.22
Share Options exercised after regulatory approvals during the year	-	(12.92)	-	-	-	-	-	-	-	-	-	(12.92)	-	-	(12.92)
Balance as at 31st March 2020	20,36.73	2,44.98	1381,50.51	252,74.00	4160,95.65	470,80.88	59,64.66	5,34.99	16,06.32	182,72.73	14,04.88	6566,66.29	1455,47.13	8022,13.42	

Particulars	Reserves and Surplus								Items of Other Comprehensive Income			Total Other Equity	Non Controlling Interest	Total
	Capital Reserve	Share Options Outstanding Account	Statutory Reserve	Special Reserve	General Reserve	Retained Earnings	COVID-19 Reserve	Foreign Currency Translation Reserve	Debt instruments through Other Comprehensive Income	Equity instrument through Other Comprehensive Income	Effective portion of cash flow hedge			
Balance as at 31st March, 2020	20,36.73	2,44.98	1381,50.51	252,74.00	4160,95.65	470,80.88	59,64.66	5,34.99	16,06.32	182,72.73	14,04.88	6566,66.29	14554.13	8022,13.42
(A) Profit After tax for the year	-	-	-	-	-	1165,08.79	-	-	-	-	-	1165,08.79	5791.53	1223,00.32
(B) Other comprehensive income:														
(i) Items that will not be reclassified to profit or loss														
Remeasurements of the defined benefit plans	-	-	-	-	-	(2.13)	-	-	-	-	-	(2.13)	8.61	6.48
Change in Fair value of equity instruments	-	-	-	-	-	-	-	-	-	38,36.00	-	38,36.00	139,16.95	177,52.95
Share of other comprehensive income from associates using equity method	-	-	-	-	-	(17.40)	-	-	-	-	-	(17.40)	1,33.51	1,16.11
(ii) Items that will be reclassified to profit or loss														
Change in fair value of derivative instrument	-	-	-	-	-	(1,31.04)	-	-	-	-	(488.26)	(6,19.30)	(4,75.41)	(10,94.71)
Net gain/(loss) on Fair value of debt securities	-	-	-	-	-	-	-	-	13,21.19	-	-	13,21.19	-	13,21.19
Share of other comprehensive income from associates using equity method	-	-	-	-	-	(13.08)	-	-	-	-	-	(13.08)	(47.42)	(60.50)
Foreign currency Translation Reserve	-	-	-	-	-	-	-	(1.20)	-	-	-	(1.20)	(1,93.95)	(1,95.15)
Total Comprehensive income for the year (A)+(B)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from Covid Reserve	-	-	-	-	-	59,64.66	(59,64.66)	-	-	-	-	-	-	-
Deferred tax on Covid Reserve provisions	-	-	-	-	-	(15,01.19)	-	-	-	-	-	(15,01.19)	-	(15,01.19)
On account of Sundaram Finance Employees' Welfare Trust	-	-	-	-	-	15.55	-	-	-	-	-	15.55	-	15.55

Particulars	Reserves and Surplus							Items of Other Comprehensive Income			Total			
	Capital Reserve	Share Options Outstanding Account	Statutory Reserve	Special Reserve	General Reserve	Retained Earnings	COVID-19 Reserve	Foreign Currency Translation Reserve	Debt instruments through Other Comprehensive Income	Equity instrument through Other Comprehensive Income		Effective portion of cash flow hedge	Total Other Equity	Non Controlling Interest
Dividend (including dividend distribution tax)	-	-	-	-	-	(165,22.40)	-	-	-	-	-	(165,22.40)	(592.31)	(171,14.71)
Lease - Practical expedient adjustments	-	-	-	-	-	12.10	-	-	-	-	-	12.10	-	12.10
Foreign currency Translation Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in the value of Holdings in Associates	5.17	-	-	-	-	21,82.46	-	-	-	-	-	21,87.63	79,36.82	101,24.45
Options Granted during the year	-	1,12.52	-	-	-	-	-	-	-	-	-	1,12.52	-	1,12.52
Cost of shares transferred on exercise of option	-	(6.51)	-	-	-	-	-	-	-	-	-	(6.51)	-	(6.51)
Deferred Employee Compensation Cost	-	30.23	-	-	-	-	-	-	-	-	-	30.23	-	30.23
Transfer to Statutory Reserve	-	-	-	-	-	(179,76.90)	-	-	-	-	-	(179,76.90)	-	(179,76.90)
Transfer to Special Reserve	-	-	-	-	-	(64,00.00)	-	-	-	-	-	(64,00.00)	-	(64,00.00)
Transfer to General Reserve	-	(2,87.61)	-	-	-	-	-	-	-	-	-	(2,87.61)	-	(2,87.61)
Transfer from Share Options Outstanding account	-	-	-	-	2,87.61	-	-	-	-	-	-	287.61	-	2,87.61
Transfer from Retained earnings	-	-	179,76.90	64,00.00	-	-	-	-	-	-	-	243,76.90	-	243,76.90
Balance as at 31st Mar,2021	20,41.90	93.61	1561,27.40	316,74.00	4163,83.26	1292,00.29	-	5,33.78	29,27.51	221,08.73	9,16.62	7620,07.09	1720,25.46	9340,32.55

Description of nature and purpose of other equity:

- a) Capital Reserve: Represents reserve created on account of amalgamations and arrangements
- b) Share Options Outstanding Account: Represents reserve on grant of option to employees of the company / group company under Employee Stock option Scheme.
- c) General reserve: Represents amount appropriated from retained earnings.
- d) Statutory reserve: Represents reserve created as per Section 45-IC of the Reserve Bank of India Act, 1934.
- e) Special reserve: Represents reserve created as per Section 36(1)(viii) of Income Tax Act, 1961 and Section 29C of the National Housing Bank Act, 1987.
- f) COVID-19 reserves: Represents amount appropriated from retained earnings (net of tax)

As per our report of even date attached

For **Sundaram & Srinivasan**

Chartered Accountants

Registration No.004207S

S Usha

Partner

Membership No.2111785

UDIN:21211785AAAAEA5420

Place : Chennai

Date : 28th May, 2021

S Viji
Chairman

Harsha Viji
Executive Vice Chairman

S Prasad
Director

Rajiv C Lochan
Managing Director

A N Raju
Deputy Managing Director

T T Srinivasaraghavan
Director

M Ramaswamy
Chief Financial Officer

P Viswanathan
Secretary & Compliance Officer

Consolidated Cash Flow Statement

(₹ in lakhs)

	2020-2021		2019-2020	
<u>A. CASH FLOW FROM OPERATING ACTIVITIES:</u>				
Profit before tax	1329,57.55		999,56.43	
Add: Finance costs	<u>2659,39.33</u>	3988,96.87	<u>2427,45.26</u>	3427,01.69
Depreciation and Amortisation expense		92,96.89		89,53.24
Impairment on financial instruments		368,28.83		330,11.98
(Gain)/loss on sale of property, plant and equipment		(2,12.54)		2,67.02
Share-based payment expense		1,51.90		2,85.69
Derivatives MTM		79.67		(14.76)
Exchange loss on foreign currency translations		54.51		22.73
Net gain on fair value changes		(164,18.27)		(68,74.99)
Dividend income		(4,50.02)		(23,29.07)
Cash flow from Discontinuing operations		—		20,13.03
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		<u>4282,27.84</u>		<u>3780,36.56</u>
(Increase) Decrease in Leased assets - net of sales		(38,53.76)		(50,38.54)
(Increase) Decrease in Bank deposits		(14,92.24)		22,68.04
(Increase) Decrease in SLR Investments (net)		101,71.86		(67,95.04)
(Increase)/ Decrease in trade and other receivables		(17,44.93)		6,68.14
(Increase)/ Decrease in Loans		(1296,09.17)		(1532,00.33)
(Increase)/ Decrease in Other financial assets		(87,02.38)		(4,26.77)
(Increase)/ Decrease in Non financial assets		95.59		(82,66.48)
(Increase)/ Decrease in Other non-financial assets		(70,49.82)		(11,55.92)
Increase/ (Decrease) in trade and other payables		(19,10.89)		(25,98.14)
Increase/(Decrease) in financial liabilities		83,39.20		5,79.63
Increase/(Decrease) in other non-financial liabilities and provisions		8,06.97	(1349,49.56)	(31,84.30)
		<u>(1771,49.71)</u>		<u>(1771,49.71)</u>
Cash generated from Operations		<u>2932,78.27</u>		<u>2008,86.85</u>
Financial costs		(2169,21.96)		(1694,85.92)
Income Taxes Paid		(314,04.88)	(2483,26.84)	(305,22.98)
		<u>(2000,08.90)</u>		<u>(2000,08.90)</u>
NET CASH FROM OPERATING ACTIVITIES (A)		<u>449,51.44</u>		<u>8,77.95</u>

Consolidated Cash Flow Statement (Contd.)

(₹ in lakhs)

	2020-2021	2019-2020
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase and construction of property, plant and equipment	(11,27.67)	(46,98.13)
Purchase and generation of intangible assets	(3,43.27)	(3,18.60)
Purchase of investment in Equity instruments	-	(1001,16.92)
Sale of investment in Equity instruments	1.88	63,77.31
Purchase of other investments	(20010,98.46)	(24708,41.54)
Sale of other investments	19752,15.00	23577,92.65
Share of profits from Associates	-	69,62.60
Payment for purchase and construction of investment properties	(4.90)	-
Proceeds from sale of property, plant and equipment, intangible assets and investment property	17,81.23	7,24.99
Dividend income	13,14.02	58.64.35
NET CASH FROM INVESTING ACTIVITIES (B)	(242,62.17)	(1982,53.29)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Payment of Lease liability	(29,90.90)	(24,28.54)
Debt securities, deposits, sub-ordinated liabilities and other borrowings		
Availment	21465,62.76	25051,58.75
Repayment	(21386,34.94)	(22865,97.69)
Dividend Paid (including dividend distribution tax)	(171,14.30)	(298,49.68)
Transaction costs related to loans and borrowings	(2.25)	(51.12)
NET CASH FROM FINANCING ACTIVITIES (C)	(121,79.64)	1862,31.72
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)	85,09.63	(111,43.62)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR *	64,40.13	175,83.75
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	149,49.76	64,40.13
COMPONENTS OF CASH AND CASH EQUIVALENTS		
AT THE END OF THE YEAR		
Balances with Banks	64,01.26	51,85.01
Cash, Cheques & drafts on hand	85,48.50	12,55.12
	149,49.76	64,40.13

* includes Home Finance and Fund Services balances as of 01.04.2019

As per our report of even date attached
For **Sundaram & Srinivasan**
Chartered Accountants
Registration No.0042075

S Usha
Partner
Membership No.211785
UDIN:21211785AAAAEA5420
Place : Chennai
Date : 28th May, 2021

S Viji
Chairman

Rajiv C Lochan
Managing Director

M Ramaswamy
Chief Financial Officer

Harsha Viji
Executive Vice Chairman

A N Raju
Deputy Managing Director

P Viswanathan
Secretary & Compliance Officer

S Prasad
Director

T T Srinivasaraghavan
Director

Notes to the Consolidated Financial Statements

SIGNIFICANT ACCOUNTING POLICIES

1.1 Reporting Entity

Sundaram Finance Limited (the “Company”) is domiciled in India, with its registered office located at No 21, Patullos road, Chennai 600 002, The Company has been incorporated under the provisions of the Indian Companies Act 1913 and its equity shares are listed on the National Stock Exchange (NSE) in India.

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

1.2 Statement of Compliance

The Consolidated Financial Statements are prepared as a going concern in accordance Indian Accounting Standards notified under section 133 of The Companies Act, 2013 read together with Rule 3 of The Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) amendments Rules, 2016 issued by the Ministry of Corporate Affairs (MCA) provisions of the Companies Act 2013 (to the extent notified) have been complied.

The accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

In addition, the guidance notes and announcement issued by the Institute of Chartered Accountants of India are also applied, except

where the compliance with other statutory provisions requires different treatment.

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

1.3 Accounting Convention

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

1.4 Measurement of fair value

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

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

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

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

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

1.5 Basis of Consolidation

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Name of the Company	% of Holdings As On	
	31.03.2021	31.03.2020
Sundaram Asset Management Company [#]	100.00	100.00
Sundaram Trustee Company	100.00	100.00
LGF Services Limited	100.00	100.00
Sundaram Finance Employee Welfare Trust	100.00	100.00
Sundaram Finance Holdings Limited *	21.61	21.61
Sundaram Home Finance Limited (From 30/09/2019)	100.00	100.00
Sundaram Fund Services Limited (From 31/07/2019)	100.00	100.00

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

Name of the Company	% of Holdings as on	
	31.12.2021	31.03.2020
Subsidiaries		
Sundaram Asset Management Singapore Pte Ltd	100.00	100.00
Sundaram Alternate Assets Limited	100.00	100.00

* Sundaram Finance Holdings Limited

The Company along with its promoters holds more than 50% in Sundaram Finance Holdings Limited and hence treated as subsidiary for Consolidation purpose. The Investments in the following Subsidiaries/ Associates companies of Sundaram Finance Holdings Limited have been considered for the company's consolidation.

Name of the Company	% of Holdings as on	
	31.03.2021	31.03.2020
Subsidiaries		
Sundaram Business Services Limited	1,00.00	1,00.00
Associates		
Flometallic India Private Limited	40.00	40.63
The Dunes Oman LLC (FZC) (Sultanate of Oman)	43.69	43.69
Sundaram Hydraulics Limited	25.71	27.44
Axles India Limited	38.81	38.81
Turbo Energy Private Limited	32.00	32.00
Transenergy Limited (from 5th August 2020)	43.74	42.31
Sundaram Dynacast Private Limited	26.00	26.00
Wheels India Limited (from 29th Jun 2020)	23.28	13.58
Mind S.r.l Italy (from 1st October 2020)	40.60	—

The investment in the following joint ventures has been consolidated as per "Ind AS 28 -Investment in Associates and Joint ventures"

Name of the Company	% of Holdings As On	
	31.03.2021	31.03.2020
Sundaram BNP Paribas Home Finance Limited		*
Sundaram BNP Paribas Fund Services Limited		#
Royal Sundaram General Insurance Company Limited	50.00	50.00

* Joint Venture upto 29/09/2019 and 100% subsidiary from 30.09.2019

Joint Venture upto 30/07/2019 and 100% subsidiary from 31.07.2019

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

The consolidated financial statements incorporate the financial statements of the company and the entities controlled by the company. Control is achieved when the company has the power over the investee and is exposed or has right to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

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

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

The consolidated financial statements of the Joint ventures have been prepared on the following basis: Interest in Joint ventures is accounted for using the equity method. An investment in Joint venture is initially recognised at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income. Gain or loss in respect of changes in other equity of Joint ventures resulting in dilution of stake in the Joint ventures is recognised in the Statement of Profit and Loss.

2. Significant Accounting Policies

2.1 Revenue recognition

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

A) Interest Income

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

B) Service income

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

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

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

C) Fee and commission income

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

D) Dividend Income

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

E) Lease income: Refer Note 2.3

F) Trusteeship Fee, investment management and advisory fees

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2.2 Financial instruments

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

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

Financial assets**Classification**

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

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

At Amortised Cost

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

- The asset is held within a business model whose objective is to hold them in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on

specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Amortization Policy on Brokerage Expenses – Mutual Fund:

Incurred towards Amortized over a period of

- Equity Linked Savings Schemes 36 Months
- Open Ended Equity Schemes-Lump sum 12 Months
- Open Ended Equity Schemes-SIP 36 Months
- Closed Ended Schemes- Over the tenor of the Scheme

Amortization Policy on Brokerage Expenses – AIF:

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

Equity Investments

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

Investment in Compulsorily Convertible Preference Shares (CCPS)

The Company designates investment in CCPS at FVTOCI. The fair value changes on the instrument, excluding dividends, are recognised under OCI. There is no recycling of the amounts from OCI to the statement of profit and loss on sale of investment.

Impairment of Financial Assets

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

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

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

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

Financial liabilities

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

Contract Asset and Contract Liability.

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

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

De-recognition of financial assets and financial liabilities

Financial asset

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

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

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

If the Group enters into transactions whereby it transfers assets recognized on its balance sheet, but retains all or substantially all of the risks and rewards of the transferred assets, the transferred

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

assets are not derecognised. On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received including any cumulative gain or loss accounted in OCI till now, is recognised in profit or loss.

Financial liabilities

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

Offsetting of financial instruments

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

2.3 Leases

Lessor Accounting

Leases for which the company is a lessor is classified as finance lease or operating lease based on the terms and conditions of the lease agreement

Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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

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

2. **Operating lease:** Assets leased out on operating lease are recognised as an asset under Property, Plant and equipment in the balance sheet.

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

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

Lessee Accounting

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is the present value of the lease payments to be made over the lease term using the incremental borrowing rates.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

Right of use assets are evaluated for impairment at each reporting date.

2.4 Employee Benefits

Short Term Employee Benefits

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

Post-Employment Benefits

Defined contribution plans

1. Superannuation

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

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

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

3. Provident Fund

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

Defined benefit plans

1. Gratuity

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

The change in defined benefit plan liability is split into changes arising out of service, interest cost and re-

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

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

2. Provident Fund

Contributions of the Company are made to the Company's Employees Provident Fund Trust in accordance with the fund rules. The interest rate payable by the trust to the beneficiaries every year is notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the Investment of the trust and the notified interest rate. The monthly contribution made by the Company is recognised as employee benefit expense in the Statement of Profit and Loss.

3. Retired Medical care plan

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

Other Long-Term Employee Benefits

1. Leave Encashment:

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

2. Employee Assured Bonus Scheme & Sick leave:

The Company accounts its liability in respect of other long-term benefits like Employee Assured Bonus Scheme and entitlement of sick leave on the basis of an actuarial valuation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

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

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

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

The Option carries neither right to Dividend nor voting rights.

2.5 Income Taxes

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

a) Current income tax

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

on a net basis, or to realize the asset and settle the liability simultaneously.

b) Deferred income tax

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

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

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

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

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

2.6 Business Combination

Business combinations have been accounted as per the acquisition method prescribed in Ind AS 103.

When a business combination is achieved in stages, any previously held equity interest in the acquired is remeasured at its acquisition-date fair value and the resulting gain or loss, if any, is recognised in the consolidated statement of profit and loss or other comprehensive income, as appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

The excess of

- i) Sum of
- the consideration transferred
 - the amount of any non-controlling interests in the acquired entity and
 - the acquisition-date fair value of any previously held equity interest in the acquired entity
- over
- ii) The acquisition-date fair value of the net identifiable assets acquired is recognized as “Goodwill” else as “Gain on bargain purchase”.

Any “Gain on a bargain purchase” is recognized in other comprehensive income and accumulated in equity as Capital Reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase, otherwise the gain is recognized directly in equity as Capital Reserve.

Transaction costs in connection with a business combination are expensed as incurred.

2.7 Property plant and equipment (PPE)

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

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

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

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

Freehold land is not depreciated.

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

Subsequent expenditure is added to the carrying amount or recognized as separate asset, when the Group expects future economic benefits from that item

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

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

(In Years)

Assets	Own	Operating Lease
Plant and Machinery	15	5
Computer and end user devices	7	3
Computer servers and network	8-10	6
Vehicles	5	4
Office equipment	3-8	–
Electrical installations	15	–
Furniture and Fixtures	3-10	–
Improvement to lease hold premises		Equally over the maximum period of the lease initially agreed upon and in case of improvement to existing leased premises, over the balance lease period

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

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

An item of the property plant equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of the item of property plant equipment is determined as the difference between the sale proceeds and carrying amount of the asset and is recognized in profit and loss. When the use of property changes from owner-occupied to investment property, the property is reclassified as investment property at its Carrying amount on the date of reclassification.

2.8 Investment property

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

It is measured initially at cost of acquisition including transaction costs, borrowing cost and other directly attributable cost in bringing the asset to its working condition for its intended use.

Subsequent expenditure is capitalized to the asset carrying amount only when it is probable that the future economic benefit associated with the expenditure will flow to the Group.

The fair value of investment property has been determined by property value, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued.

Depreciation is provided on written down value method by adopting useful life prescribed under schedule II to the Companies Act, 2013 after retaining 5% of Original cost as residual value for Buildings. The useful life of buildings is between 30 to 60 years.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefit are expected from the disposal. Any gain or loss arising on derecognition of the property is recognised in the statement of profit and loss in the same period.

2.9 Discontinued Operations

Discontinuing operation is a component of an entity that either has been disposed of or is classified as "Held for sale".

Assets and Liabilities in connection with Discontinuing operations are classified under "Held for sale" if their carrying amount is intended to be recovered principally through sale rather than through continued use.

The condition for classification of "Held for sale" is met when the Assets and liabilities are available for immediate sale and the same is highly probable of being completed within one year from the date of classification under "Held for sale".

Assets "Held for sale" are measured at lower of carrying amount and fair value less cost to sell.

2.10 Intangible assets

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

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

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

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

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

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

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an assets net selling price and the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

Intangible Assets under development

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

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

2.11 Impairment of non-financial assets

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

2.12 Foreign Currency transaction

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

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

2.13 Derivatives & Hedge Accounting

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

2.14 Dividend

The final Dividend on shares is recorded as a liability on the date of approval by the Shareholders and interim dividends are accounted on payment basis as they are revocable till actually paid.

2.15 Cash flow Statement

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2.16 Provisions, Contingent Liabilities and Contingent Assets

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

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

Contingent liabilities

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

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

2.17 Earnings Per Share

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

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

2.18 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to

the Chief Operating Decision Maker (CODM). The Chairman of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the CODM. The Group's CODM reviews financial information presented, for purposes of making operating decisions and assessing financial performance of the Group.

3. Critical accounting judgments and key sources of estimation uncertainty

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

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

4. Recent Amendments in Accounting Standards and Presentation of Financial Statements notified but not effective

Ministry of Corporate Affairs (MCA) vide notification G.S.R. 207(E) dated 24th March 2021 have notified Amendments which are applicable from April 1 2021, which require elaborate disclosures to various Financial Statement Line Items. The company will evaluate the disclosures and disclose the same in the subsequent year's Financials Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 5: Cash and cash equivalents

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Cash on hand	18,32.03	1,92.31
Balances with Banks	64,01.26	51,85.01
Cheques, drafts on hand	67,16.47	10,62.81
TOTAL	<u>149,49.76</u>	<u>64,40.13</u>

Note 6: Bank Balance other than specified in Note 5 above

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Bank Balance other than specified in Note 5 above		
Unpaid dividend account	3,76.97	3,70.20
Balances with banks *	635,46.77	717,26.17
TOTAL	<u>639,23.74</u>	<u>720,96.37</u>

* Bank deposits include,

- a) ₹466,26.00 lakhs (as on 31.03.2020 ₹605,13 lakhs) provided as collateral for assets securitised.
- b) In accordance with the Reserve Bank of India directives, the company has created a floating charge on the statutory liquid assets comprising bank deposits of ₹96,50.00 lakhs (as on 31.03.2020 ₹40,50.00 lakhs) in favour of trustees representing the deposit holders of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 7 : Derivative Financial Instruments

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

(₹ in lakhs)

Particulars	31st March 2021			31st March 2020		
	Notional amount	Fair Value		Notional amount	Fair Value	
		Assets	Liabilities		Assets	Liabilities
(i) Currency derivatives:						
- Currency swaps	–	–				–
- Forward Contracts	401,97.03		31,22.28	1207,25.26	63,14.43	
Subtotal (i)	401,97.03	–	31,22.28	1207,25.26	63,14.43	–
(ii) Interest rate derivatives:						
- Forward Rate Agreements & Interest Rate Swaps	900,00.00	12,24.89	–	275,00.00	18,77.39	–
Subtotal (ii)	900,00.00	12,24.89	–	275,00.00	18,77.39	–
Total Derivative Financial Instruments (i)+(ii)	1301,97.03	12,24.89	31,22.28	1482,25.26	81,91.82	–
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Cash flow hedging:						
- Currency derivatives	–	–	3,44.12	–	5,75.74	–
- Interest rate derivatives	900,00.00	12,24.89	–	275,00.00	13,01.65	–
(ii) Undesignated derivatives	401,97.03	–	27,78.16	1207,25.26	63,14.43	–
Total Derivative Financial Instruments (i)+(ii)	1301,97.03	12,24.89	31,22.28	1482,25.26	81,91.82	–

Notes:

- 1) The interest rate risk and exchange rate risk on the borrowings of the Company are managed using various derivative instruments which are entered from time to time. The risk management strategy and the use of derivatives are explained in Note 38 - Financial Risk Management Framework and Note 44.03 - Derivatives.
- 2) The Company has designated the Interest rate derivatives (IRS/FRA), which were entered to mitigate interest rate risk on its Subordinated Non Convertible Debentures and Rupee Term Loans, as hedging instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 8: Receivables

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Trade receivables		
- Secured, considered good	—	—
- Unsecured, considered good	57,59.38	42,09.02
- Receivables which have significant increase in Credit Risk	16.02	33.20
- Receivables - credit impaired	23.42	46.78
Less: Impairment loss on the above	37.64	66.42
Sub-total - Trade receivables	57,61.18	42,22.58
Other receivables		
- Unsecured, considered good	3,76.80	2,26.79
Sub-total - Other receivables	3,76.80	2,26.79
TOTAL	<u>61,37.98</u>	<u>44,49.37</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 9: Loans

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Hypothecation loans #	28862,15.18	27357,85.91
Net Investment in hire purchase	103,74.23	292,22.49
Term Loans	522,02.24	365,10.98
Housing Loans	6270,86.90	6537,93.59
Non Housing Loans	2784,04.22	2937,76.56
Advance for business assets	164,65.36	80,19.80
Amount retained on Assets securitised / assigned	92,43.67	153,82.52
Loans repayable on Demand	73,81.47	60,12.93
Bills Purchased and Bills Discounted	23,85.33	16,29.60
Net investment in lease	17,19.02	7,01.19
Other loans@	51,22.41	54,92.80
Total Loans - Gross	38966,00.03	37863,28.38
Less: Impairment loss allowance	815,12.74	641,52.85
Total Loans - Net	38150,87.29	37221,75.53
Of the above		
Secured by tangible assets	38725,86.32	37709,85.12
Covered by Bank/Government Guarantees	4,48.50	6,17.50
Secured by Deposits placed	12,65.15	14,49.30
Unsecured	223,00.06	132,76.46
Total Loans - Gross	38966,00.03	37863,28.38
Less: Impairment loss allowance	815,12.74	641,52.85
Total Loans - Net	38150,87.29	37221,75.53
Loans in India		
Public Sector	—	—
Others *	38966,00.03	37863,28.38
Total Loans - Gross	38966,00.03	37863,28.38
Less: Impairment loss allowance	815,12.74	641,52.85
Total Loans in India - Net - (A)	38150,87.29	37221,75.53
Loans outside India	—	—
Less: Impairment loss allowance	—	—
Total Loans outside India - Net - (B)	—	—
Total loans (A) + (B)	38150,87.29	37221,75.53

includes repossessed assets at market value

@ includes loans to employees and loan against deposits

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 10: Investments

(₹ in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
	Carrying Amount	
Measured as per equity method		
Investments in Equity Instruments		
- Joint Ventures		
Royal Sundaram General Insurance Co. Limited	714,36.56	544,95.88
- Associates*		
Flometallic India Private Limited	73,96.24	61,95.44
The Dunes Oman LLC (FZC)	95,28.38	88,92.95
Axles India Limited	52,78.04	53,29.20
Turbo Energy Private Limited	493,94.38	461,25.28
Transenergy Limited	9,13.73	3,87.98
Sundaram Dynacast Private Limited	14,67.87	13,95.71
Wheels India Limited	249,54.99	–
Mind S.r.l	2027.39	–
	1009,61.01	683,26.57
Total - A	1723,97.56	1228,22.45
At fair value through other comprehensive income:		
Investment in Equity Investments	1177,52.18	998,14.21
Investment in Preference Shares	3,11.99	3,11.99
Total - B	1180,64.17	1001,26.20
At fair value through profit or loss:		
Investment in Mutual Funds	2138,41.74	1885,21.98
Investment in Alternative Investment Funds	182,20.06	131,87.94
Investment in Equity Investments	21.95	18.90
Investment in Preference Securities	2,98.26	2,98.26
Total - C	2323,82.00	2020,27.07

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Particulars	As at 31.03.2021	As at 31.03.2020
	Carrying Amount	
At amortised cost:		
Investment in Government Securities	749,56.74	665,27.88
Investment in Non-Convertible Debentures	–	102,74.43
Investment in Pass Through Certificates	55,24.33	78,59.03
Investment in Commercial Paper	24,06.00	–
Investment in Bonds	22.62	22.62
	829,09.69	846,83.95
Less: Allowance for Impairment loss	(69.68)	(75.35)
Total - D	828,40.01	846,08.60
Total Investments	6056,83.75	5095,84.32
(Net of allowance for impairment loss)		
A+B+C+D		

* includes goodwill of ₹116,82.29 lakhs and Capital Reserve of ₹7,05.11 lakhs

Note 11: Other Financial assets

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Carried at amortised cost		
- Security deposits	14,22.18	13,90.05
- Other advances	100,61.60	9,78.02
- Unbilled Revenue	24.08	46.60
Less: Impairment loss on the above	43.12	64.23
TOTAL	114,64.74	23,50.44

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 12: Tax Reconciliation

Disclosure pursuant to Ind AS 12 "Income Taxes"

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

(₹ in lakhs)

Sl. No.	Particulars	2020-21	2019-20
(a)	Profit or Loss section :		
	(i) Current income tax :		
	Current income tax expense	385,67.62	302,25.17
		<u>385,67.62</u>	<u>302,25.17</u>
	(ii) Deferred tax :		
	Tax expense on origination and reversal of temporary differences	(58,14.80)	(31,51.06)
	Reversal of deferred tax liabilities relating to past years	—	(60,24.86)
	Total Deferred tax (ii)	<u>(58,14.80)</u>	<u>(91,75.92)</u>
	Income tax expense reported in Profit or Loss [(i) + (ii)]	<u>327,52.81</u>	<u>210,49.26</u>
(b)	Other Comprehensive Income (OCI) section :		
	(i) Items not to be reclassified to profit or loss in subsequent periods :		
	Current tax expense/(income) :	43,38.63	(13,12.44)
	profit on sale of equity investments	—	16,15.98
	fair value of equity investments	43,35.80	(27,01.41)
	others	2.84	(2,27.01)
	(ii) Items to be reclassified to profit or loss in subsequent periods :		
	(A) Deferred tax expense/(income):		
	On MTM of cash flow hedges	(3,97.96)	1,56.79
	Income tax expense reported in Other Comprehensive Income [(i) + (ii)]	<u>39,40.68</u>	<u>(11,55.65)</u>
	Income tax expense reported in retained earnings	<u>366,93.49</u>	<u>198,93.61</u>

12 b) Reconciliation of tax expense and the tax on accounting profit at applicable tax rate

(₹ in lakhs)

Sl. No.	Particulars	2020-21	2019-20
(a)	Profit before tax and exceptional items	1394,68.92	12161,59.72
(b)	Profit on exceptional items	—	—
(c)	Profit before tax	1394,68.92	12161,59.72
(d)	Tax on Accounting profit	351,93.33	318,35.36
(e)	(i) Tax on income exempt from tax :		
	(A) Dividend income	10,22.11	19,65.11
	(ii) Tax on expenses not tax deductible :		
	(A) CSR expenses/Donations/others	6,78.12	4,53.59
	(B) Expenses in relation to exempt income	—	2,37.86
	(iii) Tax effect on various other items	20,96.52	34,87.60
(f)	Total effect of tax adjustments [(i) to (iii)] (f)=(i)-(ii)+(iii)	24,40.51	47,61.26
(g)	Tax on exceptional items	—	(60,24.68)
(h)	Tax expense recognised during the year (h)=(d)-(f)+(g)	<u>327,52.81</u>	<u>210,49.42</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(c) Reconciliation of Deferred Taxes

(₹in lakhs)

Particulars	01.04.2020	Recognised Through Profit and Loss Account	Recognised Through Other Comprehensive Income	Recognised Through Retained Earnings	31.03.2021
Difference between book depreciation and tax depreciation	38,86.60	(93.22)	–	–	37,93.37
Loans and impairment on loans	73,18.99	49,54.35	–	–	122,73.34
Investments	40,05.73	15.46	(39,37.83)	–	83.35
HP income	(61,00.68)	(4,16.46)	–	–	(65,17.14)
Utilisation of MAT credit	(19.18)	(1,88.76)	–	–	(2,07.94)
Covid Reserve	15,00.97	–	–	(15,00.97)	–
Others	(7,52.73)	14,91.69	–	–	7,38.96
Total	98,39.68	57,63.06	(39,37.83)	(15,00.97)	101,63.94

Reconciliation of Deferred Taxes for the Year Ended 2019-20

(₹in lakhs)

Particulars	01.04.2019	Recognised Through Profit and Loss Account	Recognised Through Other Comprehensive Income	Recognised Through Retained Earnings	31.03.2020
Difference between book depreciation and tax depreciation	55,85.53	(16,98.93)	–	–	38,86.60
Loans and impairment on loans	41,07.23	32,11.76	–	–	73,18.99
Investments	19,28.79	(4,67.69)	25,44.63	–	40,05.73
HP income	(74,49.01)	13,48.33	–	–	(61,00.68)
Utilisation of MAT credit	–	(19.18)	–	–	(19.18)
Covid Reserve	–	–	–	15,00.97	15,00.97
Others	(62,65.20)	67,96.59	–	(12,84.14)	(7,52.73)
Total	(20,92.66)	91,70.88	25,44.63	2,16.83	98,39.68

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 13: Investment Property

(₹ in lakhs)

Particulars	Land	Building	Total
GROSS BLOCK AT COST			
As at 31.03.2020	50,95.62	7,32.22	58,27.84
Additions	–	–	–
Deductions	7,38.93	47.07	7,86.00
Asset Transfer from PPE	–	1,34.07	1,34.07
As at 31.03.2021	43,56.69	8,19.22	51,75.91
DEPRECIATION			
Upto 31.03.2020	–	1,62.35	1,62.35
Additions	–	36.59	36.59
Deductions	–	5.92	5.92
Asset Transfer from PPE	–	17.74	17.74
Upto 31.03.2021	–	2,10.76	2,10.76
Carrying Value as at 31.03.2021	43,56.69	6,08.46	49,65.15

(₹ in lakhs)

Particulars	Land	Building	Total
GROSS BLOCK AT COST			
As at 31.03.2019	50,98.79	7,32.22	58,31.01
Additions	–	–	–
Deductions	3.17	–	3.17
As at 31.03.2020	50,95.62	7,32.22	58,27.84
DEPRECIATION			
Upto 31.03.2019	–	1,27.59	1,27.59
Additions	–	34.76	34.76
Deductions	–	–	–
Upto 31.03.2020	–	1,62.35	1,62.35
Carrying Value as at 31.03.2020	50,95.62	5,69.86	56,65.48

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

The Fair value of the investment property is ₹10726.06 lakhs (2019-20: ₹10652.04 lakhs) Items relating to investment property recognised in Profit & Loss Account for the year ended are given below:

(₹ in lakhs)

Particulars	2020-21	2019-20
Rental income	2,42.82	3,12.75
Direct Operating expenses on properties generating rental income	19.96	29.28
Direct Operating expenses on properties not generating rental income	0.33	3.41

The investment properties are freely realizable.

There is a contractual obligation to purchase, construct or develop investment property. The following asset purchase is an investment property:

(₹ in lakhs)

Description	Capitalisation Cost	Advance Paid	Advance Paid	Balance Advance Paid	Balance Advance Paid	Date of Registration
Land and Building	1,19.90	4.90	March 2021	1,15.00	April 2021	Yet to be registered

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 14: Property, Plant and Equipment

(₹ in lakhs)

Particulars	Freehold Land	Freehold Buildings	Leasehold office / Residential Premises	Plant and Machinery and Computers	Furniture and Fixtures	Vehicles	Office Equipment	Assets on Operating Lease		Finance Lease	Total
								Plant and Machinery and Computers	Vehicles		
GROSS BLOCK AT COST											
As at 31.03.2020	61,09.56	25,11.01	10,82.59	62,09.60	12,63.92	2,789.96	13,99.36	9,74.55	204,45.70	—	427,86.25
Additions	—	59.08	28.42	5,18.14	87.92	1,53.93	1,04.85	5,90.08	42,47.03	8,94.53	66,83.99
Deductions	—	—	—	3,95.89	34.13	1,18.22	39.13	—	57,77.59	—	63,64.96
Asset Transfer to IP	—	—	1,34.07	—	—	—	—	—	—	—	1,34.07
Translation Adjustments	—	—	1.41	0.31	0.21	—	0.16	—	—	—	2.08
As at 31.03.2021	61,09.56	25,70.09	9,78.35	63,32.16	13,17.92	28,25.67	14,65.24	15,64.63	189,15.14	8,94.53	429,73.29
DEPRECIATION											
Upto 31.03.2020	—	4,55.23	2,99.50	30,45.70	5,87.26	11,13.86	5,90.61	4,23.55	77,79.74	—	142,95.45
Additions	—	1,83.53	1,11.43	10,55.61	1,73.23	4,27.32	1,88.17	3,29.16	31,32.88	2,11.14	58,12.46
Deductions	—	—	—	3,46.67	24.30	61.66	27.70	—	34,05.81	—	38,66.15
Asset Transfer to IP	—	—	17.74	—	—	—	—	—	—	—	17.74
Translation Adjustments	—	—	1.41	0.23	0.17	—	0.14	—	—	—	1.95
Upto 31.03.2021	—	6,38.76	3,94.59	37,54.87	7,36.35	14,79.52	7,51.22	7,52.71	75,06.81	2,11.14	162,25.97
Carrying Value as at 31.03.2021	61,09.56	19,31.33	5,83.75	25,77.29	5,81.57	13,46.16	7,14.02	8,11.92	114,08.33	6,83.39	267,47.32

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

Particulars	Freehold Land	Freehold Buildings	Leasehold office/ Residential Premises	Plant and Machinery and Computers	Furniture and Fixtures	Vehicles	Office Equipment	Assets on Operating Lease		Total
								Plant and Machinery and Computers	Vehicles	
GROSS BLOCK AT COST										
As at 31.03.2019	43,66.59	19,59.26	10,37.94	39,15.15	9,33.13	18,34.62	9,24.12	6,84.59	179,81.87	336,76.37
Effect of Acquisition of Subsidiaries	16,21.77	3,32.46	-	17,17.98	2,16.39	4,16.79	3,67.83	-	-	46,73.22
Additions	1,21.20	2,20.66	43.12	14,68.85	1,55.47	7,95.71	2,05.74	3,10.89	63,27.02	96,48.66
Deductions	0.00	1.37	0.00	9,00.15	41.30	2,57.16	98.50	20.93	38,63.19	51,82.60
Reclassified on account of adoption of Ind AS 116	-	-	-	-	-	-	-	-	-	39.08
Translation Adjustments	-	-	1.53	7.77	0.23	-	0.17	-	-	9.70
As at 31.03.2020	61,09.56	25,11.01	10,82.59	62,09.60	12,63.92	27,89.96	13,99.36	9,74.55	204,45.70	427,86.27
DEPRECIATION										
Up to 31.03.2019	-	2,07.82	1,36.73	14,25.88	3,24.72	6,08.08	3,00.91	1,57.78	60,95.28	92,57.20
Effect of Acquisition of Subsidiaries	-	34.84	-	12,05.20	87.37	1,42.81	1,50.05	-	-	16,20.27
Additions	-	2,12.75	1,61.45	11,89.36	2,05.30	4,76.54	2,09.69	2,71.06	34,82.95	62,09.11
Deductions	-	0.18	-	7,82.61	30.27	1,13.58	70.17	5.29	17,98.49	28,00.58
Reclassified on account of adoption of Ind AS 116	-	-	-	-	-	-	-	-	-	-
Translation Adjustments	-	-	1.33	7.87	0.13	-	0.13	-	-	9.46
Upto 31.03.2020	-	4,55.23	2,99.51	30,45.70	5,87.26	11,13.85	5,90.62	4,23.55	77,79.74	142,95.45
Carrying Value as at 31.03.2020	61,09.56	20,55.78	7,83.08	31,63.91	6,76.66	16,76.11	8,08.74	5,51.00	126,65.96	284,90.80

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 15: Right of Use Assets

(₹ in lakhs)

Particulars	ROU Land	ROU Buildings	ROU Vehicles	Finance Lease	Total
				Land	
GROSS BLOCK AT COST					
As at 31.03.2020	1,96.23	91,53.97	43.15	39.08	94,32.43
Additions	7.03	22,42.36	–	–	22,49.39
Deductions	–	9,86.66	8.60	–	9,95.25
Translation Adjustments	–	(4.06)	–	–	(4.06)
As at 31.03.2021	2,03.26	104,05.61	34.55	39.08	106,82.51
DEPRECIATION					
Up to 31.03.2020	1,12.39	21,27.05	20.18	–	22,59.62
Additions	85.40	25,37.81	14.57	–	26,37.78
Deductions	–	5,84.50	7.74	–	5,92.24
Translation Adjustments	–	(0.37)	–	–	(0.37)
Upto 31.03.2021	1,97.79	40,79.99	27.02	–	43,04.79
Carrying Value as at 31.03.2021	5.47	63,25.62	7.53	39.08	63,77.72

(₹ in lakhs)

Particulars	ROU Land	ROU Buildings	ROU Vehicles	Finance Lease	Total
				Land	
GROSS BLOCK AT COST					
As at 31.03.2019	–	–	–	–	–
Reclassified on account of adoption of Ind AS 116	1,96.23	64,55.47	–	39.08	66,90.78
Additions	–	34,41.47	43.15	–	34,84.62
Deductions	–	7,42.97	–	–	7,42.97
As at 31.03.2020	1,96.23	91,53.97	43.15	39.08	94,32.43
DEPRECIATION					
Up to 31.03.2019	–	–	–	–	–
Reclassified on account of adoption of Ind AS 116	1,12.39	14,53.16	–	–	15,65.55
Additions	–	9,65.64	20.18	–	9,85.82
Deductions	–	2,91.75	–	–	2,91.75
Upto 31.03.2020	1,12.39	21,27.05	20.18	–	22,59.62
Carrying Value as at 31.03.2020	83.84	70,26.92	22.97	39.08	71,72.81

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 16 Other Intangibles Assets & Intangible Assets Under Development

(₹ in lakhs)

Particulars	Computer Software		Total	Intangibles Under Development
	Purchased	Self Generated		
GROSS BLOCK AT COST				
As at 31.03.2020	40,29.41	9,94.82	50,24.23	1.80
Additions	4,03.28	—	4,03.28	—
Deductions	—	—	—	1.80
As at 31.03.2021	44,32.69	9,94.82	54,27.51	—
DEPRECIATION				
Up to 31.03.2020	27,62.05	6,76.42	34,38.47	—
Additions	9,08.04	1,09.93	10,17.97	—
Deductions	—	—	—	—
Upto 31.03.2021	36,70.09	7,86.35	44,56.44	—
Carrying Value as at 31.03.2021	7,62.60	2,08.47	9,71.07	0.00

(₹ in lakhs)

Particulars	Computer Software		Total	Intangibles Under Development
	Purchased	Self Generated		
GROSS BLOCK AT COST				
As at 31.03.2019	69,85.61	9,70.27	79,55.88	1.00
Additions	3,23.91	24.55	3,48.46	1.80
Deductions	32,80.10	—	32,80.10	1.00
As at 31.03.2020	40,29.41	9,94.82	50,24.23	1.80
DEPRECIATION				
Up to 31.03.2019	48,52.03	5,70.58	54,22.61	—
Additions	9,12.87	1,05.84	10,18.71	—
Deductions	30,02.85	—	30,02.85	—
Upto 31.03.2020	27,62.05	6,76.42	34,38.47	—
Carrying Value as at 31.03.2020	12,67.36	3,18.40	15,85.76	1.80

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 17: Other Non-Financial Assets

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Stamp and stamp papers on hand	2,15.32	2,16.13
Prepaid expenses	96,70.37	149,36.14
Balances with Government authorities	38,11.02	36,00.18
Capital Advances	1,16.25	1,27.95
Other advances*	4,39.27	2,51.91
TOTAL	142,52.23	191,32.31

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

Note 18 : Payables

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises		
Outstanding Liability	67.45	61.67
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		
Dealer Balances	42,70.75	51,01.90
Outstanding Liability	21,90.43	31,21.95
TOTAL	65,28.63	82,85.52
Other payables		
(i) Total outstanding dues of micro enterprises and small enterprises	–	–
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	14,69.87	16,08.79
TOTAL	14,69.87	16,08.79

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 19 : Debt Securities

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Carried at amortised cost		
Non-Convertible debentures	14841,56.68	13014,54.98
Commercial paper	2423,25.83	4333,80.16
TOTAL	17264,82.51	17348,35.14
Of the above		
Debt securities in India	17264,82.51	17348,35.14
Debt securities in outside India	—	—
TOTAL	17264,82.51	17348,35.14

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

Note 20 : Borrowings other than debt securities

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Carried at amortised cost		
Secured		
Term Loan from banks	7606,22.26	8499,89.38
Term Loan from National Housing Bank	2131,86.62	1824,72.19
Working capital demand loans and Cash credit	788,58.20	559,83.55
Unsecured		
Term Loan from banks	29,67.34	6,97.92
Credit facilities from banks	—	19,12.36
TOTAL	10556,34.42	10910,55.40
Of the above		
Borrowings in India	10556,34.42	10910,55.40
Borrowings in Outside India	—	—
TOTAL	10556,34.42	10910,55.40

The term loan from banks are secured by hypothecation of specific assets covered by a charge on hypothecation loan receivable /Hire purchase/Lease Agreements

Working capital demand loans and cash credit are secured by a charge on hypothecation loan receivable/hire purchase /lease agreement, ranking *pari passu*, excluding assets which are specifically charged to others.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 21 : Deposits

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Carried at amortised cost		
- Public Deposits	5989,27.81	5400,66.91
- From Companies	12,02.78	5,10.81
- From Directors	6.99	2,09.45
TOTAL	6001,37.58	5407,87.17

Note 22 : Subordinated Liabilities

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Carried at amortised cost		
Subordinated Non Convertible Debentures		
- India	2638,52.34	2272,55.18
- Outside India	—	—
TOTAL	2638,52.34	2272,55.18

Note 23 : Other Financial liabilities

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Amounts due on assets securitised or assigned	80,21.23	88,25.69
Unpaid matured deposits and interest accrued thereon	67,06.48	76,51.21
Unpaid dividend	3,56.76	3,49.75
Payable to Employees	81,84.95	70,26.62
Advance received from customers	53,52.09	41,57.62
Lease Liability	69,88.81	75,97.18
Other liabilities**	140,51.80	117,15.57
TOTAL	496,62.12	473,23.64

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

Note 24 : Provisions

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Provision for employee benefits	30,43.72	30,82.42
Provision for Other expenses^	17,25.77	18,08.99
TOTAL	47,69.49	48,91.41

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 25 : Other Non-Financial liabilities

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Other Liabilities #	35,98.25	27,27.87
Revenue received in advance	1,70.48	91.27
TOTAL	37,68.73	28,19.14

Other mainly include government dues, taxes payable, GST payable and salary deductions payable

Note 26 : Equity Share capital

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Authorised capital		
27,81,00,000 Equity Shares of ₹10/- each	278,10.00	278,10.00
Issued and Subscribed :		
11,11,03,860 Equity Shares of ₹10/- each fully paid up	111,10.39	111,10.39
Less:		
9,22,960 (2020-9,41,710) Equity Shares of ₹10/- each held by ESOP trust but not yet allotted to Employees	92.30	94.17
Adjusted, Issued and Subscribed Share Capital	110,18.09	110,16.22

a) Reconciliation of the number of shares outstanding at the beginning and at the end of the period:

Particulars	March 31, 2021	March 31, 2020
Issued and Subscribed:		
Balance at the beginning of the Year	11,11,03,860	11,11,03,860
Less: Shares held by Sundaram Finance Employees' Welfare Trust	9,22,960	9,41,710
Adjusted, Issued and Subscribed Share Capital	11,01,80,900	11,01,62,150

b) Rights, preferences and restrictions in respect of equity shares:

The Equity share holders are entitled to receive dividends as and when declared; a right to vote in proportion to holding etc. and their rights, preferences and restrictions are governed by / in terms of their issue under the provisions of the Companies Act, 2013.

c) No shareholder of the company holds more than 5% of the Equity shares.

Notes to Consolidated Profit and Loss Statement

Note 27: Interest Income

(₹ in lakhs)

Particulars	2020-21	2019-20
On Financial assets measured at amortised cost:		
Loans	4350,16.82	3800,40.64
Investments	71,64.96	64,77.53
Deposit with Banks	47,72.60	56,29.75
On Financial assets classified at Fair value through profit or loss :		
Investments	8,76.05	12,10.22
TOTAL	<u>4478,30.43</u>	<u>3933,58.14</u>

Note 28: Fees and Commission Income

(₹ in lakhs)

Particulars	2020-21	2019-20
Relating to		
- Loans	113,88.31	119,52.82
- Selldown servicing fee	40,81.63	41,48.56
- Income from other Financial Services	45,40.11	49,65.13
- Trusteeship Fees	1,35.72	1,39.29
TOTAL	<u>201,45.77</u>	<u>212,05.80</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 29: Net gain/(loss) on fair value changes

(₹ in lakhs)

Particulars	2020-21	2019-20
A . Net gain/(loss) on financial instruments at fair value through profit or loss		
(i) On trading portfolio	–	–
(ii) On Financial instruments designated at fair value through profit or loss	–	–
B. Others		
Net gain/(loss) on financial instruments at fair value through profit or loss on		
- Investments	164,18.27	68,75.01
- Derivatives	–	14.76
C. Total Net gain/(loss) on fair value changes (A + B)	164,18.27	68,89.76
Of the above, fair value changes:		
- Realised	126,82.22	69,24.03
- Unrealised	37,36.05	(34.27)
TOTAL	164,18.27	68,89.76

Note 30: Other Income

(₹ in lakhs)

Particulars	2020-21	2019-20
Net gain / (loss) on		
- Derecognition of property, plant and equipment	7,06.44	2,67.02
- Foreign currency transaction and translation (other than considered as finance cost)	2,60.63	1,80.04
Others		
- Interest income	44,77.72	11,39.30
- Rental income	2,42.82	3,16.78
- Other non-operating income	12,20.56	8,08.48
TOTAL	69,08.17	27,11.62

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 31: Finance costs

(₹ in lakhs)

Particulars	2020-21	2019-20
On Financial liabilities carried at amortised cost:		
Interest on		
Deposits	439,48.98	341,84.89
Term loans	611,85.21	650,18.91
Debt securities	1351,94.61	1209,22.79
Subordinated liabilities	206,43.52	178,02.64
Other interest expense and borrowing cost	15,72.79	9,25.34
Derivatives	85,16.87	4,96.65
Foreign currency transaction and translation	(51,22.65)	36,94.15
Gain/Loss on unwinding of Derivatives	–	(3,00.11)
TOTAL	2659,39.33	2427,45.26

Note 32: Employee Benefits Expenses

(₹ in lakhs)

Particulars	2020-21	2019-20
Salaries and Wages	519,84.36	460,92.38
Contribution to provident and other funds	33,04.12	28,69.55
Share Based Payments to employees	1,42.76	2,85.69
Staff welfare expenses	6,67.20	9,52.86
TOTAL	560,98.44	502,00.48

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 33: Administrative and other Expenses

(₹ in lakhs)

Particulars	2020-21	2019-20
Rent, taxes and energy costs	11,24.65	20,14.03
Repairs and maintenance	30,38.62	28,96.67
Communication Costs	12,26.35	15,47.21
Printing and stationery	3,00.28	6,03.49
Advertisement and publicity	1,47.11	2,53.08
Director's fees, allowances and expenses	2,16.69	2,13.09
Auditor's fees and expenses	2,75.81	2,62.82
Legal and Professional charges	10,93.16	12,57.92
Insurance	3,88.90	3,15.96
Outsourcing cost	62,85.00	74,85.42
Travel and conveyance	8,41.66	23,78.35
Donations	24,15.75	19,19.51
Foreign currency transaction and translation	54.51	22.73
Derivative	79.67	—
Other expenditure	38,88.81	36,34.33
TOTAL	213,76.97	248,04.61

Note 34: Impairment on financial instruments

(₹ in lakhs)

Particulars	2020-21	2019-20
On Financial instruments measured at amortised cost:		
Loans	390,62.00	312,84.73
Investments	(5.66)	21.51
Repossessed assets	(20,72.98)	15,49.88
Others	(1,54.53)	1,55.86
TOTAL	368,28.83	330,11.98

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 35: Capital Management:

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

The Group endeavour to source diversified borrowing, depending on asset liability duration and interest rate sensitivities.

The Group monitors the Capital adequacy ratio, Debt equity ratio and Solvency ratio for the purpose of adequacy of capital.

Note 36: Revenue

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

Remaining performance obligation

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

The aggregate value of performance obligations that are completely or partially unsatisfied as at March 31, 2021 is ₹35.47 lakhs (2019-20 ₹ 5.40 lakhs) which the company expects to recognise in next year.

Note 37: Financial instruments – Fair value measurements

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

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

(₹ in lakhs)

Particulars	Fair Value Hierarchy	March 31, 2021	March 31, 2020
Financial Assets			
Derivatives	Level 2	–	8191.82
Investments			
Mutual Funds	Level 1	2134,11.74	1884,21.98
Mutual Funds	Level 3	4,30.00	1,00.00
Alternate Investment Funds	Level 1	182,20.06	131,87.94
Equity Instruments	Level 2	21.95	18.90
Preference Securities	Level 3	2,98.26	2,98.26
Financial Liabilities			
Derivatives	Level 2	18,97.39	–

Fair value is estimated based on the market inputs for the classification as per level 2 and level 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

b. i) Equity Shares designated at Fair value through Other Comprehensive Income:

The Group designated the investments in equity shares (other than subsidiaries, associates and joint ventures) at FVTOCI, because the Group intends to hold these investments for long-term strategic purpose.

(₹ in lakhs)

Particulars	Fair Value Hierarchy	March 31, 2021	March 31, 2020
Wheels India Limited	Level 1	–	188,14.52
India Motor Parts & Accessories Limited	Level 1	137,49.79	134,95.32
Sundaram Clayton Limited	Level 1	585,40.93	457,03.24
Brakes India Private Limited #	Level 2	302,70.87	121,69.89
TVS Investments Limited #	Level 2	33,00.00	21,88.55
Lucas TVS Limited	Level 3	73,12.50	29,23.22
Delphi TVS Diesel Systems Limited	Level 3	12,44.14	11,96.02
Vishnu Forge Industries Limited	Level 3	1,25.20	1,14.68
D2C Consulting Services Private Limited	Level 3	1.75	1.75
Fettle Tone LLP	Level 3	20,87.00	20,87.00
* Experian Credit Information Company of India Private Ltd.	Level 3	11,20.00	11,20.00
*UMW Industries Limited	Level 3	0.02	0.02
Total		1177,52.18	998,14.21

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

Considered as Level 3 as at Mar 31,2020

As Wheels India Limited has become an Associate during the year, as per Ind AS 27 - Separate Financial Statements, the same has been valued at Cost.

Dividend income of ₹447.66 lakhs and ₹2311.64 lakhs were recognised during the financial years 2020-21 and 2019-20 respectively.

ii) Compulsory Convertible Preference Shares (CCPS) designated at Fair value through Other Comprehensive Income:

Particulars	31st March 2021	31st March 2020
Investment in Series A CCPS of RBSG Capital Private Limited	3,11.99	3,11.99

For the above investment, as per Ind AS 109, cost has been considered as the best estimate of the fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

(₹ in lakhs)

Particulars	Carrying Amount		Fair Value Hierarchy	Fair Value	
	March 31, 2021	March 31, 2020		March 31, 2021	March 31, 2020
Financial Assets:					
Cash and cash equivalents	149,49.76	64,40.13	Level 1	149,49.76	64,40.13
Bank Balances	639,23.74	720,96.37	Level 3	648,11.87	725,86.47
Receivable	61,37.98	44,49.37	Level 3	61,37.98	44,49.37
Loans	38150,87.29	37221,75.53	Level 3	38448,66.18	37023,54.37
Investments in Government Securities	749,56.74	665,27.88	Level 1	780,75.98	699,54.09
Investment (Others)	78,83.27	180,80.73	Level 3	79,64.47	181,03.50
Other Financial Assets	114,64.74	23,50.44	Level 3	114,64.74	23,65.40
Total	39944,03.52	3892120.45		40282,70.97	38762,53.33
Financial Liabilities:					
Payables	79,98.50	98,94.31	Level 3	79,94.13	99,01.54
Debt Securities	17264,82.51	17348,35.14	Level 3	17563,09.73	17533,23.73
Borrowings (Other than Debt Securities)	10556,34.42	10910,55.40	Level 3	10648,02.23	11057,98.66
Deposits	6001,37.58	5407,87.17	Level 3	6055,25.29	5441,63.99
Subordinated Liabilities	2638,52.34	2272,55.18	Level 3	2891,41.59	2439,93.74
Other Financial Liabilities	496,62.13	473,23.64	Level 3	499,59.34	473,47.18
Total	37037,67.47	36511,50.83		37737,32.31	37045,28.84

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

Note 38: Financial Risk Management framework

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

The policies and procedures laid down by the Group for the purpose of risk identification, measurement and management, compare well with contemporary best practices followed by industry peers. The various committees constituted by the respective Group's Boards such as Risk Management Committee, Asset Liability Management Committee, Investment Committee etc. have enunciated detailed policies for assessment of various types of risks and fixed tolerance limits as appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 38.1 Credit Risk

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

The Group has in place a robust credit policy which clearly defines the credit filters and the terms of acceptance of proposals for financing different categories of borrowers and asset classes.

The credit appraisal process, inter alia, includes filters for stratification of customers, compliance with know your customer (KYC) norms, Field investigation, Credit bureau verification, exposure ceilings, asset risk and segment and geography risks. The risk metrics also address Loan to Value, loan tenure, based on the useful life of the asset, end-use of the asset and credit enhancements, as appropriate.

The Group's exposure is primarily to retail customers, thereby making for a well-diversified risk portfolio. The time tested monitoring and recovery mechanism ensures timely recovery of instalments and where required, necessary action for resolution of delinquent accounts is initiated, including legal proceedings. Finally, physical presence and in-depth knowledge of the markets in which the Group operates enables early identification of emerging risks thereby facilitating prompt remedial action.

Impact of COVID-19

Consequent to the outbreak of COVID-19 pandemic, the Indian government had announced nationwide lockdown in March 2020. Subsequently, the lockdown was lifted in a phased manner outside specified containment zones. While the gradual easing of restrictions by the Government has spurred a revival of activity, the near total lockdown in the first quarter has resulted in lower business acquisition for the year ended 31st March 2021. Even as the economy was beginning to show some signs of recovery from the third quarter of financial year 2020-21, the second wave of the pandemic from March 2021, which has been far more severe in India, has forced another phase of lockdowns in various states across the country. The impact of the ongoing disruptions, on the Group's operations and financial results, will depend on future developments, around pace of vaccination, continued adherence to safety protocols and possible emergence of newer variants/strains of the virus, all of which remain uncertain.

There were no adjusting events that would have any material impact on the Group's financial statements for the year ending 31st March 2021.

Impairment - Expected credit loss (ECL):

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

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

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

Stage 2: Where instalments are 31 days - 90 days overdue and

Stage 3: Where instalments are overdue beyond 90 days

The Group is required to provide 12-month expected credit loss (12-month ECL) for stage 1 assets and the life time expected credit loss (LECL) for stage 2 & stage 3 assets.

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

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

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

Where a customer has one contract in stage 3 and one or more contracts in stage 1 / stage 2, the PD for all the contracts is considered at 100%.

LGD

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

a. Loans and Advances

Stages ->	Gross Carrying Amount							Total
	31.03.2021			31.03.2020			Total	
	1	2	3	1	2	3		
Balance at the beginning of the year	34692,05.18	1968,67.62	1155,61.98	37816,34.78	25886,89.24	1177,79.26	366,55.78	27431,24.28
Transfer on account of change in status of Joint venture to Subsidiary	-	-	-	-	8184,48.83	485,17.18	350,94.91	9020,60.92
New business - Net of recovery	586,19.70	(252,11.90)	(61,92.53)	272,15.28	3459,59.64	(584,66.55)	(11,96.03)	2862,97.06
Transfers due to change in creditworthiness	(817,77.23)	737,03.97	80,73.25	-	(1487,14.53)	890,17.68	596,96.85	-
Financial assets that have been derecognised	(2,53.22)	(6.62)	(11.33)	(2,71.17)	1351,52.79	(34.23)	(3.34)	1351,15.22
Write off during the year	10.91	62.70	216,32.12	217,05.74	25.21	14.18	146,92.87	147,32.26
Balance at the end of the year	34462,89.97	2453,03.61	958,21.91	37874,15.49	34692,05.18	1968,67.62	1155,61.98	37816,34.78

(₹ in lakhs)

Stages ->	Expected Credit Loss							Total
	31.03.2021			31.03.2020			Total	
	1	2	3	1	2	3		
Balance at the beginning of the year	48,24.29	50,39.09	541,86.36	640,49.74	17,57.85	21,96.89	138,09.77	177,64.51
Transfer on account of change in status of Joint venture to Subsidiary	-	-	-	-	26.28	1,87.72	270,26.55	272,40.55
New business - Net of recovery	80,22.64	55,51.16	271,60.69	407,34.50	29,30.78	31,78.16	278,22.67	339,31.61
Transfers due to change in creditworthiness	25,78.84	(9,06.06)	(3,62.07)	13,10.71	8,40.33	(4,93.73)	24,75.55	28,22.15
Financial assets that have been derecognised	(9.00)	(26.35)	30,11.39	29,76.04	7,05.74	15.78	22,55.31	29,76.82
Write off during the year	10.91	62.70	216,32.12	217,05.74	25.21	14.18	146,92.87	147,32.26
Balance at the end of the year	154,23.87	96,47.83	563,41.47	814,13.17	48,24.29	50,39.09	541,86.36	640,49.74

(₹ in lakhs)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Concentration of Credit risk %

(i) Concentration by Geographical risk:

Particulars	31.03.2021	31.03.2020
South	69.83	71.37
North	16.95	15.43
West	9.68	9.94
East	3.55	3.26
Total	100.00	100.00

(ii) Concentration by Asset Class:

Particulars	31.03.2021	31.03.2020
Commercial Vehicles	35.89	37.60
Cars	19.72	19.69
Housing	16.75	17.48
Construction Equipments	9.15	8.16
Non Housing	7.18	7.60
Tractors & Farm Equipments	6.11	4.89
Others	5.21	4.58
Total	100.00	100.00

b. Other Assets:

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

(₹ in lakhs)

Stages ->	31.03.2021				31.03.2020			
	1	2	3	Total	1	2	3	Total
Gross Carrying Amount	88,53.69	22.72	89.86	89,66.27	69,83.69	53.53	35.69	70,72.91
Transfer on account of change in status of Joint venture to Subsidiary	–	–	–	–	24,27.56	(31.08)	109.89	25,06.37
Expected Credit Loss	63.30	1.22	70.71	1,35.23	68.56	4.49	112.38	1,85.43
Net Carrying Amount	87,90.40	21.50	19.15	88,31.05	93,42.69	17.96	33.20	93,93.85

c. Loan Commitments and Financial Guarantees:

(₹ in lakhs)

Stages ->	31.03.2021				31.03.2020			
	1	2	3	Total	1	2	3	Total
Gross Carrying Amount	559,62.93	99.99	–	560,62.93	102,09.33	–	–	102,09.33
Transfer on account of change in status of Joint venture to Subsidiary	–	–	–	–	572,54.25	17,79.04	–	590,33.29
Expected Credit Loss	1,32.79	1.11	–	1,33.90	1,99.39	0.98	–	2,00.37
Net Carrying Amount	558,30.14	98.88	–	559,29.03	672,64.19	17,78.06	–	690,42.25

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Credit risk management practices

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

d. Debt Securities:

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

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

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

(₹ in lakhs)

Particulars	31.03.2021		31.03.2020	
	Gross Carrying Amount		Gross Carrying Amount	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Government Securities	–	749,56.74	–	665,27.88
Mutual Funds	2138,41.74	–	1885,21.98	–
Alternate Investment Funds	182,20.06	–	131,87.94	–
Pass Through Certificates	–	55,24.33	–	78,59.03
Non- Convertible Debentures	–	–	–	102,74.43
Commercial Paper	–	24,06.00	–	–
Preference Securities	2,98.26	–	2,98.26	–
Bonds	–	22.62	–	22.62
Total	2323,60.06	829,09.69	2020,08.18	846,83.95

The Gross carrying amount in respect of investments classified under amortised cost are at stage 1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

Particulars	Expected Credit Loss	
	31.03.2021	31.03.2020
Balance at the beginning of the year	75.35	53.22
Transfer on account of change in status of Joint venture to Subsidiary	–	1.07
Additional Provisions (Net)	27.51	48.50
Transfers due to change in creditworthiness	–	–
Financial assets that have been derecognised	33.19	27.44
Write off during the year	–	–
Balance at the end of the year	69.67	75.35

The Expected credit loss pertains to investments classified under Amortised Cost at Stage 1.

38.2 Liquidity Risk

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

31st March 2021	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
Non-Derivative Financial Liabilities							
Payables	64,68.78	9,82.47	46.21	1,13.31	3,63.90	24.25	7998.92
Debt Securities	3686,90.13	2127,34.41	2410,15.43	9653,77.42	335,89.10	51432.00	1872838.49
Borrowings (Other than Debt Securities)	1217,40.27	1047,46.18	3125,54.70	4897,37.71	735,75.29	43644.65	1145998.79
Deposits	654,71.67	799,86.08	1511,72.79	3518,71.76	138,65.22	–	662367.52
Subordinated Liabilities	67,04.88	111,71.35	145,21.57	711,08.00	621,07.63	234302.79	399916.22
Other Financial Liabilities	312,75.06	41,82.78	8,66.84	113,38.91	14,08.91	1027.64	50100.13
Derivative Financial Liabilities	30,06.08	1,00.33	1,65.19	5,84.87	–	–	3856.46
Total	6033,56.87	4139,03.59	7203,42.73	1890131.98	1849,10.04	3304,31.33	41430,76.53
Non-Derivative Financial Assets							
Cash and cash equivalents	149,49.76	–	–	–	–	–	149,49.76
Bank Balances	25,21.82	77,69.00	67,09.38	515,03.75	–	–	685,03.95
Receivables	60,24.11	54.10	59.77	–	–	–	61,37.98
Loans	4900,72.34	4128,12.39	7551,52.48	19287,28.88	5749,00.30	7253,13.16	48869,79.53
Investments	2146,12.68	62,66.58	60,93.88	243,34.12	228,58.92	780,57.02	3522,23.20
Other Financial Assets	93,72.14	64.47	1,63.62	6,16.50	1,41.05	11,07.99	114,65.76
Derivative Financial Assets	–	–	5,28.07	11,18.46	11,18.46	11,18.46	38,83.45
Total	7375,52.85	4269,66.54	7687,07.19	20063,01.70	5990,18.73	8055,96.63	53441,43.64

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

31st March 2020	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
Non-Derivative Financial Liabilities							
Payables	68,34.21	7,53.48	11,16.56	9,48.74	2,26.29	34.93	99,14.20
Debt Securities	1776,74.75	2912,79.09	4073,37.27	9295,55.65	572,82.00	378,60.00	19009,88.76
Borrowings (Other than Debt Securities)	1897,72.09	1022,64.11	2907,07.61	4925,52.34	852,35.91	504,55.93	12109,87.99
Deposits	496,50.89	711,46.41	1256,33.52	3348,82.94	118,87.04	–	5932,00.80
Subordinated Liabilities	120,69.09	46,37.21	174,96.85	776,55.37	527,79.17	1812,51.68	3458,89.37
Other Financial Liabilities	374,81.56	18,80.27	23,26.98	30,70.12	14,38.65	11,26.11	473,23.68
Derivative Financial Liabilities	1,85.06	–	–	2,61.60	–	–	4,46.66
Total	4736,67.65	4719,60.57	8446,18.79	18389,26.76	2088,49.05	2707,28.65	41087,51.47
Non-Derivative Financial Assets							
Cash and cash equivalents	64,40.13	–	–	–	–	–	64,40.13
Bank Balances	120,88.16	253,92.69	12,52.26	391,83.06	–	–	779,16.17
Receivables	44,47.37	2.00	–	–	–	–	44,49.37
Loans	2830,79.60	4110,23.40	7558,23.47	19626,29.25	6207,65.74	8082,24.78	48415,46.23
Investments	1858,92.61	30,65.48	84,33.61	322,31.46	186,95.92	740,82.10	3224,01.18
Other Financial Assets	9,35.61	1,15.21	3,97.58	5,21.96	3,44.52	1,11.83	24,26.72
Derivative Financial Assets	54,95.33	–	2,91.10	12,64.75	7,08.83	12,53.21	90,13.23
Total	4983,78.81	4395,98.78	7661,98.02	20358,30.48	6405,15.01	8836,71.92	52641,93.02

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

38.3 Market Risk

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

a. Interest rate risk

The Group's exposure to changes in interest rates relates to its investment in debt securities/ outstanding floating rate liabilities. Most of the Group's outstanding liability in local currency is on fixed rate basis and hence not subject to interest rate risk. Whereas the foreign currency liability is linked to international rate benchmarks like LIBOR and hence subject to interest rate risk. The Group hedges these risks by way of entering into derivative transactions.

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

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Financial Assets		
Fixed rate Instruments		
Loans	29950,47.40	28537,14.42
Investments	828,40.01	846,08.60
Bank Balances	639,23.74	720,96.37
Sub Total (A)	31418,11.15	30104,19.39
Variable rate Instruments		
Lease assets	146,22.68	139,18.17
Loans	8505,57.23	8987,96.41
Sub Total (B)	8651,79.91	9127,14.58
Total (A) + (B)	40069,91.06	39231,33.97
Financial Liabilities		
Fixed rate Instruments		
Debt Securities	19903,34.85	19620,90.33
Borrowings (Other than debt securities)	4136,51.08	4430,10.53
Deposits	6039,01.65	5483,44.23
Sub Total (C)	30078,87.58	29534,45.09
Variable rate Instruments		
Financial liabilities with floating interest rate	6419,83.34	6480,45.02
Sub Total (D)	6419,83.34	6480,45.02
Total (C) + (D)	36498,70.92	36014,90.11

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Fair value sensitivity analysis for fixed rate instruments

The Group's fixed rate instruments which are carried at amortised cost are not measured for interest rate risk. In respect of other instruments, the risks are measured through fair value.

Cash flow sensitivity analysis for variable rate instruments

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

Particulars	31st March 2021		31st March 2020	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
Variable rate instruments	4176.28	(4177.39)	(9193.90)	9194.89
Cross currency Interest Rate Swap	(531.81)	531.81	(1286.86)	1286.86
Cash flow sensitivity (Net)	4708.09	(4709.20)	(7907.04)	7908.03

Interest rate sensitivity

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

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

b. Currency Risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which borrowings are denominated and the respective functional currency, i.e. INR. The transactions of the Group are primarily denominated in INR.

i) Exposure to Currency risk

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	USD	INR	USD	INR
Total foreign currency exposure in respect of recognised assets and liabilities	526.84	38724.90	1717.40	129467.86
Cross currency Interest Rate swap / Forward exchange contracts	(526.84)	(38724.90)	(1717.40)	(129467.86)
Net Exposure	–	–	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Sensitivity

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

ii) Exposure to currency risk on account of Services business:

Particulars	Currency	As at March 31, 2021		As at March 31, 2020	
		Foreign Currency	INR (in lakhs)	Foreign Currency	INR (in lakhs)
Cash and Cash equivalents	AUD	1864642	1026.91	1608290	714.02
Cash and Cash equivalents	AED	25510	5.08	72256	14.76
Trade Receivables	AUD	644690	355.35	956960	440.92
Other Financial Assets	AED	4090	0.82	4090	0.83
Trade Payable	AUD	25060	13.80	65734	30.29
Other Financial Liabilities	AED	113574	22.64	179471	36.68

The foreign currency risk is mitigated by derivative contracts. The outstanding contracts as at the Balance Sheet date are as follows:

Particulars	31st March 2021		31st March 2020	
	Buy	Sell	Buy	Sell
Forward Contract: Cashflow Hedge				
AUD/INR (in A\$ '000)	-	11550.00	-	11493.00
AUD/INR (in ₹ Lakhs)	-	6550.27	-	6221.15

As at the Balance Sheet date, the Group's net foreign exchange exposures that are not hedged by a derivative instrument or otherwise is below:

Particulars	Foreign Currency	INR (in lakhs)
GBP	840	0.85
USD	7898	5.77
NZD	6000	3.07
Total		9.69

Equity Risk:

The Group has investments in listed/unlisted companies, which are measured at FVTPL and FVTOCI. The valuation is dependent on market conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 39: Financial Instruments - Transferred financial assets that are not derecognised in their entirety

Securitisation:

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

(₹ in lakhs)

Particulars	31st March 2021	31st March 2020
Carrying amount of transferred assets	2434,43.70	3391,49.55
Carrying amount of associated liabilities	2506,32.99	3474,70.27
Fair value of assets	2449,54.75	3337,92.27
Fair value of associated liabilities	2548,52.28	3500,43.74
Net position at Fair value	(98,97.54)	(162,51.48)

Note 40: Employee benefits

Post-employment benefits: Defined Contribution plan

(₹ in lakhs)

Amount recognised as expense in Employee benefit expense	2020-21	2019-20
Contribution to Provident Fund	4,74.56	4,83.84
Contribution to Pension Fund	8,53.23	7,54.57
Contribution to Superannuation Fund	2,24.60	2,27.88
Contribution to State Insurance Scheme	9.23	10.52
Contribution to Labour Welfare Fund	2.51	0.60
Total	15,64.14	14,77.42

Defined benefit plans

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

Particulars	FUNDED		UNFUNDED	
	Gratuity		Retired Employee Medical Scheme	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Amounts recognised in profit or loss				
Current service cost	6,96.18	5,33.04	–	–
Past Service Cost	–	–	–	–
Net interest expense/(income)	8.86	(1.94)	6.59	7.34
Total amount included in employee benefits expense	7,05.04	5,31.10	6.59	7.34
Amounts recognised in other comprehensive income				
Opening amount recognized in OCI outside profit and loss account	1,15.98	29.37	–	–
Re measurement (gains)/losses: Actuarial (gains)/losses arising from changes in	–	–	–	–
- Financial assumptions	(3,53.26)	5,92.82	7.55	4.28
- Experience adjustments	3,39.09	1,54.80	(2.97)	(2.90)
Return on plan assets, excluding amount included in net interest expense/ (income)	0.27	1,91.39	–	–
Total amount recognised in other comprehensive income	1,02.08	9,68.38	4.59	1.38
Changes in the defined benefit obligation	–	–	–	–
Opening defined benefit obligation	78,90.98	64,61.79	1,03.58	100.91
Add/(less) on account of business combination/transfers	83.24	10.30	–	–
Current service cost	7,25.63	5,33.04	–	–
Past Service Cost	–	–	–	–
Interest expense	5,03.71	4,72.94	6.59	–
Remeasurement (gains)/losses arising from changes in				
- Demographic assumptions	–	0.23	–	–
- Financial assumptions	(3,53.26)	5,93.62	7.55	4.28
- Experience adjustments	3,39.09	1,82.66	(2.97)	(2.90)
Liabilities assumed / (settled)	9.31	(24.39)		-
Benefits paid	(7,46.21)	(3,39.20)	(5.34)	(6.06)
Closing defined benefit obligation	84,52.49	78,90.98	1,09.42	1,03.58

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

Particulars	FUNDED		UNFUNDED	
	Gratuity		Retired Employee Medical Scheme	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Opening fair value of plan assets	72,02.91	61,03.16	–	–
Add/(less) on account of business combination	81.33	20.60	–	–
Return on plan assets excluding interest income	3,64.25	3,82.10	–	–
Contribution by employer	12,10.41	12,06.27	5.34	6.06
Benefits paid	(7,59.47)	(3,39.20)	(5.34)	(6.06)
Actuarial gain / (loss) on plan assets	25.47	(70.02)	–	–
Closing fair value of plan assets	–	72,02.91	–	–
Assets acquired / (settled)	–	(24.39)	–	–
Interest on plan assets	1,06.80	70.09	–	–
Net asset / (liability) recognised in balance sheet	82,31.70	72,48.61	–	–
Defined benefit obligation	84,52.49	78,90.98	109.42	103.58
Fair value of plan assets	82,28.43	72,48.61	–	–
Surplus/(Deficit)	(2,24.06)	(6,42.37)	(1,09.42)	(1,03.58)

(in %)

Particulars	FUNDED		UNFUNDED	
	Gratuity		Retied Employee Medical Scheme	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
I. Actuarial assumptions				
Discount rate	6.47-7.02	6.47 - 6.95	3.87-6.71	4.58-6.53
Expected Return on plan assets	6.94-6.97	6.66 -7.40	–	–
Attrition rate (Age Based)	1 to 10	1 to 10	–	–
Salary escalation	5 to 8	5 to 9	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

Provident Fund

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

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

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

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

(in %)

Particulars	31.03.2021	31.03.2020
Central Government Securities	10.86	11.82
State Government Securities	38.66	36.38
Public Sector Bonds	41.43	42.01
Private Sector Bonds	2.23	2.35
Special Deposits	3.13	3.39
Equity Fund	3.69	4.05
Total	100.00	100.00

Note 41: Share Based Payments

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

Description of the plan that existed during the period:

Particulars	Grant 12	Grant 11
Board meeting date	29.05.2020	30-05-2019
Options granted	9375	18750
Exercise price (per share)	10	10
Date of grant	29.05.2020	30-05-2019
Vesting date	01-06-2021	02-06-2020
Vesting period	12 months	12 months
Exercise period	02.06.2021 to 01.09.2021	03-06-2020 to 02-09-2020
Market price immediately prior to grant date	1209.75	1577.45
Intrinsic value	1199.75	1567.45

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Group share based payments

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

Effect of Share based payments transactions on financial statement of the entity:

(₹ in lakhs)

Particulars	Apr to Mar 2021	Apr to Mar 2020
Expenses recognised in Profit & Loss account	1,18.40	2,46.29
Amount recognised as Investment in Group companies	24.36	43.26

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

(in numbers)

Particulars	Grant 12	Grant 11
Sundaram Asset Management Company Limited	700	1,400
Sundaram Home Finance Limited	900	1,800
TOTAL	1,600	3,200

Measurement of fair value

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

The key assumptions used in computing the fair value are:

Particulars	Grant 11	Grant 10
Risk free interest rate per annum	3.86%	6.43%
Life of the option	370 days	370 days
Expected volatility	36.48%	32.32%
Fair value of the option (₹)	1200.13	1568.08

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

Reconciliation of the outstanding share options: 2020-2021

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

(in numbers)

Grant details	Grant 12		Grant 11	
	Weighted average exercise price per option	No. of options	Weighted average exercise price per option	No. of options
Outstanding at the beginning of the period	—	—	10	18,750
Granted during the period	10	9,375	—	—
Forfeited / expired during the period	—	—	—	—
Exercised during the period	—	—	10	18,750
Outstanding at the end of the period	10	9,375	—	—
Exercisable at the end of the period	—	—	—	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

Particulars	31.03.2021	31.03.2020
	Grant 12	Grant 11
Exercise Price (₹)	10	10
Contractual life	2 months	2 months

Reconciliation of the outstanding share options: 2019-2020

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

(in numbers)

Grant details Particulars	Grant 11		Grant 10	
	Weighted average exercise price per option	No. of options	Weighted average exercise price per option	No. of options
Outstanding at the beginning of the period	–	–	10	20,000
Granted during the period	10	18,750	–	–
Forfeited / expired during the period	–	–	10	750
Exercised during the period	–	–	10	19,250
Outstanding at the end of the period	10	18,750	–	–
Exercisable at the end of the period	–	–	–	–

Note 42: Leases

(₹ in lakhs)

Grant details	31-03-2021		31-03-2020	
	Gross Investment in Lease	Present value of Minimum Lease payments	Gross Investment in Lease	Present value of Minimum Lease payments
Upto 1 Year	91,44.33	84,48.46	233,59.84	213,27.13
1-5 Years	30,64.94	27,65.74	89,89.29	85,96.56
Total	122,09.27	112,14.20	323,49.13	299,23.68
Less: Unearned Finance income	9,95.07	–	24,25.45	–
Present value of Minimum Lease payments	112,14.20	–	299,23.68	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Operating lease as lessor

Maturity pattern of Minimum Lease payments:

(₹ in lakhs)

Year	31-03-2021	31-03-2020
Less than 1 year	57,08.63	55,81.67
Later than 1 year and not later than 5 years	76,17.65	76,57.43
Total	133,26.28	132,39.09

Operating lease as lessee - Ind AS 116 – Leases

COVID-19 - Related Rent Concessions: Ministry of Corporate Affairs (MCA) has issued an amendment to Ind AS 116 – Leases. (notified on 24th July 2020) The amendment provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification. The amendments allowed the expedient to be applied to COVID-19 related rent concessions to payments originally due on or before June 30, 2021 and also require disclosure of the amount recognized in profit or loss to reflect changes in lease payments that arise from COVID-19 related rent concessions.

Accordingly, the Company has applied practical expedient to all its rent concessions and the amount in profit and loss for the reporting period that reflect the change in lease payments arising from rent concession is ₹69.64 lakhs.

Note 43: General

43.01 Tax u/s 115BAA of the Income Tax Act

The Group has opted for reduced rate of Income tax pursuant to the aforesaid section, except for Sundaram Finance Holdings Limited and Sundaram Business Services Limited.

43.02 Sundaram Finance Holdings Limited is proposing to undertake a rights issue of up to 7,10,00,000 equity shares of face value of ₹5/- each (“Rights Equity Shares”) aggregating up to ₹ 35,500 lakhs through the fast track mode in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), 2018, as amended, and various applicable circulars that have been issued by the Securities and Exchange Board of India (“SEBI”) from time to time. In connection with the Issue, the letter of offer dated April 21, 2021 has been filed with NSE and SEBI.

43.03 Sundaram Asset Management Company have approved the proposed investment in Principal Asset Management Private Limited and the consequential takeover and mergers of mutual fund schemes managed by the said Company. Pursuant to board approval the company has commenced the process of investment including obtaining necessary statutory approval, entering into share purchase agreements. The expected cash out flow on account of the said investment is around ₹33853 lakhs excluding transaction cost attributable to the said investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

43.04 Segment Reporting

(₹ in lakhs)

Business Segments	Asset Financing		Other Operations		Eliminations		Consolidated Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
REVENUE								
Segment Revenue	4856,37.53	4250,31.59	391,29.02	445,09.53	-	-	5247,66.55	4695,41.12
Inter segment sales	(69.95)	11.74	122,63.20	100,84.97	121,93.25	100,96.71	-	-
Total Revenue	4855,67.58	4250,43.33	513,92.22	545,94.50	121,93.25	100,96.71	5247,66.55	4695,41.12
RESULT								
Segment Result	1226,23.72	962,07.22	156,00.79	116,36.77	90,94.79	81,36.15	1291,29.73	997,07.84
Unallocated income (net of expense)	-	-	-	-	-	-	38,27.82	2,48.58
Profit before tax	-	-	-	-	-	-	1329,57.55	999,56.42
Less: Income tax	-	-	-	-	-	-	327,52.81	210,49.25
Net Profit (before adjustment for minority interest)	-	-	-	-	-	-	1002,04.73	789,07.17
Add: Share of Profit in Associates/Joint control Entities	-	-	-	-	-	-	220,95.59	40,10.55
Less: Minority Interest	-	-	-	-	-	-	57,91.53	53,86.14
Profit / (Loss) for the period from Discontinued Operations	-	-	-	-	-	-	-	16,22.80
Profit after Tax	-	-	-	-	-	-	1165,08.79	791,54.38
OTHER INFORMATION	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Segment Assets	42135,12.27	41045,92.16	4811,42.62	4237,88.56	1412,58.53	1411,92.66	45533,96.35	43871,88.06
Unallocated Assets	-	-	-	-	-	-	1058,57.36	849,01.72
Assets held for sale	-	-	-	-	-	-	-	1.25
Total Assets	-	-	-	-	-	-	46592,53.71	44720,91.03
Segment Liabilities	37042,62.30	36510,37.75	117,78.14	96,72.01	18,37.37	18,48.36	37142,03.07	36588,61.40
Unallocated Liabilities	-	-	-	-	-	-	-	-
Liabilities held for sale	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-	37142,03.07	36588,61.40
Capital Expenditure	67,43.87	96,02.37	2,26.24	5,13.67	-	1,17.11	69,70.12	99,98.93
Depreciation	83,18.72	80,28.02	11,86.08	10,31.69	2,07.91	1,06.46	92,96.89	89,53.25
Non-cash expenses other than depreciation	368,33.95	317,46.11	(5.12)	23.17	-	(12,42.70)	368,28.83	330,11.98

43.05 Pending Litigations

The pending litigations as on 31st March 2021 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.

43.06 Provisions contingent liabilities and contingent asset

(₹in lakhs)

Movement of provisions	Amount
Opening Balance as at 01.04.2020	17,79.88
Add: Additional provision created during the period	1,30.28
Less: Reversal / Payments during the period	1,98.87
Closing Balance as at 31.03.2021	17,11.29

(₹in lakhs)

Contingent liabilities	31.03.2021	31.03.2020
a) On Cheques discounted	2.65	0.46
b) Bank guarantee and Letter of credit	41,48.12	5,40.44
c) Claims against the company not acknowledged as debts	7,82.54	7,32.24
d) Tax disputes	58,58.61	54,46.78

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

(₹In lakhs)

Particulars	31.03.2021	31.03.2020
Estimated amount of contracts remaining to be executed on capital account (net of advance)	630.15	292.28
Uncalled commitment	3393.61	6380.46
Corporate guarantee provided to subsidiary company	2500.00	2500.00

43.09 The Board of Directors have recommended a final dividend of ₹6 per share (60 %) for the year ended 31st March 2021 in May 2021. This together with interim dividend of ₹12 per share paid would aggregate to a total dividend of ₹18 per share (180 %).

43.10 Administrative and other expenses “under Other Expenditure” include payment to Statutory Auditors towards:

(₹in lakhs)

Particulars	2020-21	2019-20
Auditors' fees and expenses*	236.52	242.68
Statutory fees	156.59	157.67
Tax fees	36.04	30.71
Certification fees	38.59	48.72
Reimbursement of expenses	5.30	5.58

*including GST provision

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

43.11 RELATED PARTIES DISCLOSURES:

Related party disclosures, as per INDAS 24 for the Year Ended 31st March 2021, are given below:

Associates of a Subsidiary Company

Flometallic India Private Ltd.

The Dunes Oman LLC (FZC)

Sundaram Hydraulics Ltd.

Axles India Ltd.

Turbo Energy Private Ltd.

Transenergy Ltd.

Sundaram Dynacast Private Ltd.

Wheels India Limited

Mind S.r.l. (w.e.f. 21st October 2020)

Joint Ventures:

Royal Sundaram General Insurance Co. Ltd.

Key Management Personnel:

Mr. T.T. Srinivasaraghavan, Managing Director

Mr. Harsha Viji, Deputy Managing Director

Mr. A.N. Raju, Director (Operations)

Mr. Rajiv C Lochan, Director - Strategy

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

	Mr. T.T. Srinivasaraghavan	Mr. Harsha Viji	Mr. A.N. Raju	Mr. Rajiv C Lochan
Father	Mr. T. T. Rangaswamy	Mr. S.Viji		Mr. Chellappa Senji Gomatam
Mother	Mrs. Vimala Rangaswamy	Mrs. Chitra Viji		Mrs. Geetha Chellappa
Wife	Mrs. Bagyam Raghavan		Mrs. R.N. Mala	
Daughter	Miss. Anjana Raghavan			
Son	Mr. T. T. Venkatraghavan		Mr. R.N. Pradyumna	
Brother			Mr. A.N.Krishnamoorthy	
Brother	Mr. T.T.Narendran	Mr. Sriram Viji	Mr.A.N.Sreeram	

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

M/s. Azorius Holdings Private Limited

M/s. Uthirattadhi Sriram Holdings Private Ltd.

The following Key Management Personnel were redesignated on 01.04.2021 as follows:

Mr. Harsha Viji - Executive Vice Chairman

Mr. Rajiv C Lochan - Managing Director

Mr. A.N. Raju - Deputy Managing Director

Mr. T.T. Srinivasaraghavan - Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

All the arrangements and transactions entered into by the company with related parties, for the Year Ended 31.03.2021 were in ordinary course of business and on arm's length price.

Related Party Transactions for the Year Ended 31st March 2021

The nature and volume of transactions for the Year ended 31st March 2021 with the above related parties are as follows.

(₹ in lakhs)

Particulars	Associates	Joint Ventures	2020-21	2019-2020
INCOME				
Lease Rental Income	1,28.53	7.48	1,36.01	94.36
Interest Income	–	3,90.13	3,90.13	8,09.22
Income from Services	24.17	9,42.31	9,66.48	18,77.49
Dividend	8,64.01	–	8,64.01	59,19.53
Rent Receipts	34.40	51.25	85.65	1,82.94
Income from other Financial Services	–	17,05.75	17,05.75	24,04.69
Other Non Operating Income		8.74	8.74	85.37
Solar Power Income	0.09		0.09	–
Sale of Assets		3.64	3.64	–
EXPENDITURE				
Interest	–	18,61.14	18,61.14	13,01.75
Rent Paid	–	2.64	2.64	3.86
Insurance Premium	–	2,43.53	2,43.53	2,13.32
Brokerage Paid	–	–	–	0.35
Fund Accounting Charges			–	1,51.64
ASSETS				
Investments in NCD			–	102,74.43
Purchase of equity Shares	123,71.29		123,71.29	–
Payment of Call Money	5,50.00		5,50.00	
Insurance Premium paid in advance		1,86.05	1,86.05	2,07.09
Procurement of Solar Panel			–	29.50
Other Deposits			–	1,54.86
LIABILITIES				
Issue of Non Convertible Debentures		51,47.07	51,47.07	50,58.19
Redemption of Non Convertible Debentures		5,00.00	5,00.00	20,00.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

Compensation paid to Key Managerial Personnel	2020-21	2019-2020
Short term benefits	17,77.88	11,37.34
Post retirement benefits	47.30	38.62
Share based payments	29.94	39.85

(₹ in lakhs)

Transactions with Key Managerial Personnel	2020-21	2019-2020
Interest on deposits	2,08.69	1,35.13
Dividend Paid	9,83.56	14,75.71
Dividend Paid to Enterprises over which KMP and his relatives is exercising significant influence	3,49.46	5,24.19

Disclosure of Material Transactions with Related Parties

(₹ in lakhs)

Particulars	Related Parties	2020-21	2019-2020
INCOME			
Lease Rental Income	Wheels India Limited	75.55	–
	Turbo Energy Private Ltd.	39.54	49.83
	Axles India Limited	13.45	15.31
	Royal Sundaram General Insurance Co. Ltd.	7.48	13.36
	Sundaram Fund Services Limited	–	15.86
Interest Income	Royal Sundaram General Insurance Co. Ltd.	3,90.13	8,09.22
Income from Services	Royal Sundaram General Insurance Co. Ltd.	9,42.31	13,24.76
	Turbo Energy Private Ltd.	16.51	17.89
	Wheels India Limited	7.66	–
	Sundaram Home Finance Ltd.	–	3,93.69
	Sundaram Fund Services Ltd.	–	1,41.04
	Transenergy Limited	–	0.11
Dividend	Wheels India Limited	1,48.43	–
	Axles India Limited	1,48.38	3,95.67
	Sundaram Dynacast Private Limited	1,87.20	2,57.40
	Flometallic India Private Limited	3,80.00	3,25.00
	Transenergy Limited	–	9.00
	Sundaram Home Finance Ltd.	–	23,84.24
	Dunes Oman LLC (FZC)	–	10,12.22
	Turbo Energy Private Limited	–	15,36.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Particulars	Related Parties	2020-21	2019-2020
Rent Receipts	Royal Sundaram General Insurance Co. Ltd.	51.25	47.91
	Turbo Energy Private Ltd.	34.40	34.40
	Sundaram Fund Services Ltd.	–	5.89
	Sundaram Home Finance Ltd.	–	94.75
Income from other Financial Services	Royal Sundaram General Insurance Co. Ltd.	17,05.75	18,41.82
	Sundaram Home Finance Ltd.	–	3,43.14
	Sundaram Fund Services Ltd.	–	2,19.73
Other Non Operating Income	Royal Sundaram General Insurance Co. Ltd.	8.74	12.85
	Sundaram Home Finance Ltd.	–	65.23
	Sundaram Fund Services Ltd.	–	7.29
Solar Power Income	Turbo Energy Private Limited	0.09	–
Sale of Assets	Royal Sundaram General Insurance Co. Ltd.	3.64	–

(₹ in lakhs)

Particulars	Related Parties	2020-21	2019-2020
EXPENDITURE			
Interest	Royal Sundaram General Insurance Co. Ltd.	18,61.14	13,01.75
Rent Paid	Royal Sundaram General Insurance Co. Ltd.	2.64	3.75
	Sundaram Home Finance Ltd.	–	0.11
Insurance Premium	Royal Sundaram General Insurance Co. Ltd.	2,43.53	2,13.32
Brokerage Paid	Sundaram Home Finance Ltd.	–	0.35
Fund Accounting Charges	Sundaram Fund Services Ltd.	–	151.64

(₹ in lakhs)

Particulars	Related Parties	2020-21	2019-2020
ASSETS			
Investments in NCD	Royal Sundaram General Insurance Co. Ltd.	–	102,74.42
Purchase of Shares	Wheels India Limited	99,99.94	–
	Mind S.r.l	23,71.35	–
Payment of Call Money	Flometallic India Private Limited	5,50.00	–
Insurance Pemium paid in advance	Royal Sundaram General Insurance Co. Ltd.	1,86.05	2,07.09
Procurement of Solar Panel	Turbo Energy Private Limited	–	29.50
Other Deposits	Royal Sundaram General Insurance Co. Ltd.	–	1,54.86
LIABILITIES			
Issue of Non Convertible Debentures	Royal Sundaram General Insurance Co. Ltd.	51,47.07	50,58.19
Redemption of Non Convertible Debentures	Royal Sundaram General Insurance Co. Ltd.	5,00.00	20,00.00

Balances With Related Parties as at 31st March 2021

(₹ in lakhs)

BALANCES OUTSTANDING	Associates	Joint Ventures	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which KMP and his relatives is exercising significant influence	31.03.2021	31.03.2020
ASSETS							
Investments	991,43.29	585,26.56	–	–	–	1576,69.85	1371,27.55
Other Assets	1.02	8,90.74	–	–	–	8,91.75	11,13.06
LIABILITIES							
Equity Holdings	–	–	2,06.37	4,49.84	2,32.97	8,89.18	8,88.43
Non Convertible Debentures	–	256,51.49	–	–	–	256,51.49	212,34.06
Deposits	–	–	1,76.56	11,15.11	–	12,91.67	11,05.68
Other Liabilities	–	36.25	–	–	–	36.25	36.25
Remuneration payable	–	–	12,44.81	–	–	12,44.81	7,24.85

Disclosure of Material Balances With Related Parties as at 31st March 2021

(₹ in lakhs)

BALANCES OUTSTANDING	Associates	Joint Ventures	31.03.2021	31.03.2020
ASSETS				
a) Investments in Equity Shares				
Royal Sundaram General Insurance Co. Ltd	–	585,26.56	585,26.56	585,26.56
Flometallic India Private Limited	63,20.13	–	63,20.13	61,95.44
Dunes Oman LLC (FZC)	95,28.38	–	95,28.38	88,92.95
Sundaram Hydraulics Limited	–	–	–	–
Axles India Limited	52,77.72	–	52,77.72	53,29.20
Turbo Energy Private Limited	493,94.38	–	493,94.38	461,25.28
Transenergy Limited	9,13.73	–	9,13.73	3,87.98
Sundaram Dynacast Private Limited	14,67.87	–	14,67.87	13,95.71
Wheels India Limited	238,69.73	–	238,69.73	–
- Mind S.r.l Italy	23,71.35	–	23,71.35	–
b) Investments in Non Convertible Debentures				
Royal Sundaram General Insurance Co. Ltd	–	–	–	102,74.42
Total	991,43.29	585,26.56	1576,69.85	1371,27.55

Disclosure Of Material Balances With Related Parties as at 31st March 2021

(₹ in lakhs)

BALANCES OUTSTANDING	Associates	Joint Ventures	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which KMP and his relatives is exercising significant influence	31.03.2021	31.03.2020
Other Assets							
Royal Sundaram General Insurance Co. Ltd.		8,90.74				8,90.74	11,13.06
Turbo Energy Private Ltd.	0.11					0.11	–
Wheels India Ltd.	0.91					0.91	–
Total	1.02	8,90.74				8,91.76	11,13.06
LIABILITIES							
Equity Holdings			2,06.37	4,49.84	2,32.97	8,89.18	8,88.43
Non Convertible Debentures							
Royal Sundaram General Insurance Co. Ltd.		256,51.49				256,51.49	212,34.06
Deposits			1,76.56	11,15.11		12,91.67	11,05.68
Other Liabilities							
Royal Sundaram General Insurance Co. Ltd.		36.25				36.25	36.25
Remuneration payable			12,44.81			12,44.81	7,24.85
Total		36.25	12,44.81			12,81.06	7,61.10

43.12 Disclosure under the MSME Act 2006

(₹in lakhs)

Particulars	31.03.2021	31.03.2020
i) Principal amount remaining unpaid*	67.45	61.67
ii) Interest amount remaining unpaid	Nil	Nil
iii) Interest and principal amount paid beyond appointed date	Nil	Nil
iv) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointment day during the year) but without adding the interest specified under this Act.	Nil	Nil
v) Interest accrued and remaining unpaid	Nil	Nil
vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil

* Subsequently liability is discharged

43.13 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.

43.14 Earnings per Share

Particulars	Year Ended 31.03.2021	Year Ended 31.03.2020
Profit/(Loss) attributable to equity shareholders (₹ in Lakhs)	116508.79	79154.39
Weighted average number of equity shares	1,10,18,09,400	1,10,16,21,900
Earnings per share – Basic & Diluted (in ₹)	105.74	71.85
Face value of Share	10	10

43.15 Previous period's figures have been regrouped wherever necessary to conform to current period's classification.

As per our report of even date attached
For **Sundaram & Srinivasan**
Chartered Accountants
Registration No.004207S
S Usha
Partner
Membership No.211785
UDIN:21211785AAAAEA5420
Place : Chennai
Date : 28th May, 2021

S Viji
Chairman

Rajiv C Lochan
Managing Director

M Ramaswamy
Chief Financial Officer

Harsha Viji
Executive Vice Chairman

A N Raju
Deputy Managing Director

S Prasad
Director

T T Srinivasaraghavan
Director

P Viswanathan
Secretary & Compliance Officer

Form AOC-I

(Pursuant to first provision to sub-section (3) of section 129 of the Companies Act, 2013, read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries/Associate companies/Joint Ventures

Part "A": Subsidiaries

1	2	3	4	5	6	
Sl. No.	1	2	3	4	5	
Name of the subsidiary	Sundaram Asset Management Company Limited and it's subsidiaries	Sundaram Finance Holdings Limited and it's subsidiaries	Sundaram Trustee Company Limited	LGF Services Limited	Sundaram Home Finance Ltd	
3.	Date since when the Subsidiary was acquired	26-02-1996	02-12-2003	23-01-2004	02-07-1999	27-06-2008
4.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA	NA	NA	NA
5.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	NA	NA	NA	NA	NA
6.	Share capital	20,00.00	75,55.19	5.00	25.00	101,25.44
7.	Other Equity	233,74.16	2119,47.77	1,84.34	3,26.56	1457,44.96
8.	Total assets	359,25.35	2306,11.84	2,09.82	3,54.56	9828,31.65
9.	Total Liabilities	105,51.19	111,08.89	20.48	3.00	8269,61.25
10.	Investments	172,39.32	2269,22.55	1,74.26	1,99.17	782,92.93
11.	Turnover	288,15.27	64,29.40	1,41.68	11.42	1039,30.64
12.	Profit/(Loss) before taxation	70,29.20	14,22.77	95.87	7.85	251,30.09
13.	Tax Expense	15,16.20	4,56.71	24.13	2.00	59,65.75
14.	Profit/(Loss) after taxation*	55,13.00	73,87.88	71.74	5.85	191,64.34
15.	Other Comprehensive Income	83.21	170,19.87	-	-	(40.70)
16.	Total Comprehensive Income	55,96.20	244,07.75	71.74	5.85	191,23.64
17.	Proposed Dividend	15,00.00	11,10.52	25.00	6.25	55,68.99
18.	% of shareholding	100.00%	21.61%	100.00%	100.00%	100.00%

Subsidiaries yet to commence operations : NIL

Subsidiaries liquidated or sold during the period : NIL

* Includes Share of profit from Associates : ₹ 6421.83 lakhs

Part “B”: Associates and Joint Ventures

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

(₹ in lakhs)

	Name of Associates/Joint Ventures	Royal Sundaram General Insurance Company Ltd
1.	Latest audited Balance Sheet Date	31-03-2021
2.	Date on which the associate/JV was acquired	22-08-2000
3.	Shares of Associate/Joint Venture held by the company on the period end	
	Number	22,45,00,000
	Amount of Investment in Joint Venture	585,26.66
	Extend of Holding %	50.00%
4.	Description of how there is significant influence	Joint Venture
5.	Reason why the Associate/Joint Venture is not consolidated	NA
6.	Networth attributable to Shareholding as per latest audited Balance Sheet	714,36.39
7.	Total Comprehensive Income for the period	
	i. Considered in Consolidation	169,40.75
	ii. Not Considered in Consolidation	169,40.75

Associates/Joint ventures yet to commence operations : NIL

Associates/Joint ventures liquidated or sold during the period : NIL

As per our report of even date attached
For **Sundaram & Srinivasan**
Chartered Accountants
Registration No.004207S

S Usha
Partner
Membership No.211785
UDIN:21211785AAAAEA5420
Place : Chennai
Date : 28th May, 2021

S Viji
Chairman

Rajiv C Lochan
Managing Director

M Ramaswamy
Chief Financial Officer

Harsha Viji
Executive Vice Chairman

A N Raju
Deputy Managing Director

P Viswanathan
Secretary & Compliance Officer

S Prasad
Director

T T Srinivasaraghavan
Director

Sundaram Finance Branch Network – 588 Branches

