

*Sundaram
Asset Management
Company Limited*

*22nd Annual Report
2017-18*

Board of Directors	Pratip Chaudhuri	Chairman
	T T Srinivasaraghavan	
	Rishikesha T Krishnan	
	Arvind Sethi	
	Harsha Viji	Managing Director
	Sunil Subramaniam	Chief Executive Officer
Audit Committee	Pratip Chaudhuri	Chairman
	Arvind Sethi	
	Harsha Viji	
Nomination and Remuneration Committee	T T Srinivasaraghavan	Chairman
	Pratip Chaudhuri	
	Rishikesha T Krishnan	
	Harsha Viji	
Corporate Social Responsibility Committee	Rishikesha T Krishnan	Chairman
	T T Srinivasaraghavan	
	Sunil Subramaniam	
Registered Office	21, Patullos Road, Chennai - 600 002	
Corporate Office	Sundaram Towers, I & II Floor, 46, Whites Road, Royapettah, Chennai - 600 014 Tel: 044-28569900/40609900, Fax: 044-28262040 Website : www.sundarammutual.com	
CIN	U93090TN1996PLC034615	
Auditors	M/s. Suri & Co., Chennai	Chartered Accountants
Information Security Assurance Auditors	M/s. C V Ramaswamy and Co., Chennai	

Management Team

Investment Management	Equity	Fixed Income
	S Krishna Kumar, CIO	Dwijendra Srivastava, CIO
	S Bharath, Head - Research and Fund Manager	Siddharth Chaudhary, Senior Fund Manager
	Rahul Baijal, Fund Manager	Sandeep Agarwal, Senior Fund Manager
	Kumaran Chandrasekaran, Vice President - Investment, AIF Category 2	
	Madanagopal Ramu, Assistant Fund Manager – SPM & AIF Category 3	
	Rohit Seksaria, Asst. Fund Manager	
Sales and Marketing	Priya A Kumar	National Head - Sales, Alternate Investments and Portfolio Management
	Surendra Singh Yadav	National Head - Sales
	Amit Kumar Ray	Head - Sales, Delhi, Uttar Pradesh, Uttaranchal & East Region
	P Nishant	Deputy Head - Sales & Head - Retail Branch & Proprietary Channel
	Rajiv Ashok Chhabria	National Head – Distribution
	Shankar G	Head - Distribution Sales, Alternate Investment & Portfolio Management
	Ajit Narasimhan	Chief Marketing Officer
Risk Management, Operations, Customer Service & Compliance	Lakshminarayanan Duraiswamy	Chief Operating Officer
	T S Sritharan	Senior Vice President and Head – Fund Operations
	P Sundararajan	Company Secretary & Head - Compliance
	H Lakshmi	Chief Financial Officer
	Loganathan C M	Head- Products and Risk Management
	Kalpana Ashok	Principal Officer - PMS
International Business	R Vijayendiran	Head - Global Business Development and Capital Market Strategist
	Ramesh Krishnamurthy	Regional Head - Distribution, Middle East and North Africa
Subsidiaries	Sundaram Asset Management Singapore Pte. Ltd. (Incorporated in Singapore)	
	Sundaram Alternate Assets Limited	
Bankers	AXIS Bank Ltd.	
	HDFC Bank Ltd.	
	ICICI Bank Ltd.	
	Kotak Mahindra Bank Ltd.	
	State Bank of India	

Sponsor

**SUNDARAM FINANCE****Sundaram Finance Limited**

Registered Office: 21, Patullos Road, Chennai 600 002. India

Sundaram Asset Management Company Limited

A wholly-owned subsidiary of



SUNDARAM FINANCE
Enduring values. New age thinking.

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Financial Highlights

Amount ₹ in crores

Year	Own Funds		Average AUM	PBT	PAT	Dividend %
	Paid-up capital	Free Reserves				
2010-11	15.33	43.94	13,946	20.81	13.36	25
2011-12	15.33	51.38	14,226	15.52	11.00	20
2012-13	15.33	62.86	13,574	24.85	16.86	30
2013-14	15.33	72.75	15,248	22.63	15.27	30
2014-15	20.00	114.05	19,477	31.93	21.69	30
2015-16	20.00	114.12	22,171	12.41	4.42	18
2016-17	20.00	144.85	26,896	47.14	30.73	35
2017-18	Equity 20.00 Preference 15.00	174.66	34,164	55.60	38.82	40

Report of the Directors

To the Members

Your Directors have pleasure in presenting the 22nd Annual Report along with the audited financial statements for the year ended March 31, 2018. The summarised financial results of your Company are given below:

(Rs. in cr.)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Average AUM – MF	34,164	26,896
Gross Income	297.37	260.52
Less: Operating Expenses	252.44	213.38
Operating Profit	44.93	47.14
Add: Provision written back	10.67	-
Profit before Tax	55.60	47.14
Provision for Taxation	17.36	16.41
Profit After Tax	38.24	30.73

Company Performance

Your company grew mutual fund average assets under management to Rs.34,164 cr. for the financial year ended 31 March 2018 from Rs.26,896 cr., in the previous financial year. This represents an increase of 27% over the previous year. Your Directors are happy to note that during the course of the year, the combined assets under management reached a level of Rs.40000 cr.

The Average Assets under Portfolio Management Services under discretionary and advisory segments stood at Rs.1311 cr., for the financial year 2017-18 as against Rs.1359 cr. recorded during the corresponding period of the previous year.

During the year, your company received an approval from SEBI for setting up Category II Alternative Investment Fund and launched Sundaram Alternative Opportunities Series – High Yield Secured Debt Fund. The Total targeted commitments under all categories as on March 31, 2018 is Rs. 2,356 cr. and the company received a sum of Rs. 960 cr. from the investors towards commitments. The average assets managed by your Company under Category III and II AIF for the year 2017-18 is Rs. 503 cr.

The overall average assets under management under Mutual Fund, PMS, AIF and international operations as on 31 March 2018 stood at Rs.37,104 cr.

Mutual Fund Industry – Broad Trends

During the year, overall assets under management of the Indian Mutual Fund industry has grown from Rs.17.55 Trillion to Rs.21.36 Trillion, registering a growth of 22%. The equity

assets have grown from Rs.6.73 Trillion to Rs.9.95 Trillion as at 31 March 2018, registering a growth of 48%.

The Gross mobilization by the industry, excluding liquid schemes, for the year was Rs.14.96 Trillion as against Rs.11.92 Trillion in the previous year, registering a growth of 25%. The industry witnessed a gross redemption of Rs.12.21 Trillion excluding liquid schemes as against Rs.9.45 Trillion in the previous year, registering a growth of 29%. The net new cash generated by the industry (excluding liquid schemes) was of Rs.2.75 Trillion when compared to Rs.2.47 Trillion in 2016-17.

In 2017-18, Sundaram Mutual Fund schemes mobilized a sum of Rs. 22,915 cr., excluding liquid schemes, compared to Rs.16,115 cr. in 2016-17. This represents an increase of 42%, when compared with the previous year's collections. The gross redemption from Sundaram Mutual schemes was Rs. 20,008 cr. (excluding liquid schemes) in 2017-18, as against the previous year's redemption amount of Rs.15,069 cr., (excluding liquid schemes) representing an increase of 33%. The Net new cash (without liquid schemes) during the year 2017-18 was Rs.2,908 cr. when compared to Rs.1,046 cr. in 2016-17, registering a growth of 178%.

For the year ended 31 March 2018, your company's mutual fund business of Rs.34164 cr. had a market share of 1.49% of industry assets amounting to Rs.23,07,672 cr. placing your company in 14th place and a market share of 2.52% of equity assets placing your company in 12th place.

Revenue grew to Rs.297.37 cr. for the year 2017-18 when compared to Rs.260.52 cr. during the previous year, an increase of 14%.

Your company increased its profit before tax from Rs.47.14 cr. to Rs.55.60 cr.

Dividend

Your Directors are pleased to recommend a dividend of Rs. 4/- per share (40% on the face value of Rs.10/- per share) for the year ended March 31, 2018. Your company's net worth stood at Rs.209.66 cr. as at 31st March 2018, which is well above the net worth criteria of Rs.50 cr. prescribed under SEBI (Mutual Funds) Regulations, 1996.

Capitalisation

In order to meet the expanding business requirements, your company secured approval of the shareholders to raise upto Rs.60 cr., through issue of Redeemable Cumulative Non-

Convertible Preference Shares on private placement basis. Out of which, your company raised a sum of Rs.15 cr. in January 2018.

Subsidiaries

Sundaram Asset Management Singapore Pte Ltd. (SAMS)

SAMS continues to grow rapidly – Average AUM of Sundaram India Midcap Fund and Sundaram Global Brand Fund, two schemes of SAMS as at 31 March 2018 is Rs. 1126 cr. (Rs.489.72 cr. during the previous year). It registered income of Rs.16.39 cr. as against Rs.8.03 cr. during the previous year. SAMS made a profit before tax of Rs.4.48 cr. for the year ended 31 March 2018. The accounts of SAMS are not consolidated into the stand alone accounts of your company.

Considering the improvement in profitability and growth in AUM, your Company had written back provision of Rs.10.67 cr. for diminution in the value of investment in SAMS made in the year 2015-16.

Sundaram Alternate Assets Limited (SAAL)

Your Company decided to hive off the Portfolio Management and AIF divisions into a separate company in order to provide greater visibility on the performance of the businesses, facilitate investment by strategic investors and ring fence the core and non-core activities. Accordingly, Sundaram Alternate Assets Limited was incorporated on 24th January 2018 as a wholly owned subsidiary of your company. Your company invested a sum of Rs.3 crores by subscribing to 30,00,000 equity shares of Rs. 10/- each in the subsidiary. Your company and the subsidiary filed a Scheme of Arrangement before the National company Law Tribunal Southern Region seeking the confirmation of the proposed transfer of business and awaiting the confirmation. Sundaram Alternate Assets Limited has filed an application with SEBI seeking the approval to act as Portfolio Manager and Investment Manager of the schemes under Category II and III presently managed by your Company. After the receipt of approval, SAAL will pursue these activities. The applications are under consideration.

For the period ended January 24, 2018 to March 31, 2018, SAAL recorded an income of Rs.2.58 lakhs and made a profit after tax of Rs.0.14 lakhs.

Fund performance

During the year under review, Sundaram Mutual Fund launched 16 close-ended schemes mobilizing Rs.1374 cr. Most of the schemes registered good performance during the year beating the benchmark. In line with our philosophy, several

equity and fixed income schemes distributed sizeable dividends.

In October 2017, Sundaram Asset Management Company Limited (Sundaram AMC) was awarded Asia's Top 100 Money Managers by Institutional Investor and in January 2018, Sundaram AMC was awarded one of the Best BFSI Brands 2018 by Economic Times.

Your Directors are happy to inform you that the AUM of Sundaram Select Midcap touched Rs.6000 cr., mark on 2nd November 2017. On a fifteen year annualized return, Sundaram Select Midcap returned 29.9% and on a ten year annualized return, Sundaram Select Midcap returned 17.3% as on March 31, 2018. Sundaram Rural India has grown tremendously and secured No. 1 ranking from CRISIL.

Your schemes were recognised by rating agencies and the press. Some of the accolades were:

Scheme Name	Category	Value Research	CRISIL	Morningstar
Sundaram Equity Multiplier Fund	Equity	4 Stars		4 Stars
Sundaram Select Midcap Fund - Direct Plan	Equity	4 Stars		
Sundaram Rural India Fund	Equity		Rank 1	4 Stars
Sundaram Select Focus	Equity		Rank 2	
Sundaram Infrastructure Advantage Fund	Equity		Rank 2	4 Stars
Sundaram Flexible Fund - Flexible Income Plan - Direct Plan	Debt	4 Stars		
Sundaram Money Fund	Debt	4 Stars	Rank 2	
Sundaram Monthly Income Plan - Aggressive Plan	Debt	4 Stars		4 Stars
Sundaram Select Debt Short Term Asset Plan	Debt	4 Stars		4 Stars
Sundaram Ultra Short Term Fund	Debt	4 Stars		4 Stars
Sundaram Flexible Fund – Flexible Income Plan	Debt		Rank 2	5 Stars
Sundaram Monthly Income Plan	Debt		Rank 2	
Sundaram Income Plus - Direct Plan - Growth Option	Ultra short Bond			5 Stars
Sundaram Banking & PSU Debt Fund - Bonus Option	Short-Term Bond			4 Stars
Sundaram Bond Saver - Direct Plan - Growth Option	Intermediate Bond			4 Stars
Sundaram Gilt Fund - Direct Plan - Growth Option	Intermediate Government Bond			4 Stars
Sundaram Regular savings- Direct Plan - Growth Option	Conservative Allocation			4 Stars

Credit Ratings

The following schemes enjoy Credit Quality Ratings from the rating agencies.

Scheme Name	CRISIL	ICRA	CARE
Sundaram Money Fund	AAA		
Sundaram Select Debt Short Term Asset Plan			AAA
Sundaram Ultra Short Term Fund Sundaram Flexible Fund –			AAA
Flexible Income Plan		AAA	
Sundaram Banking & PSU Debt Fund - Bonus Option	AAA		

The above ratings indicate highest degree of safety regarding timely receipt of payments from the investments.

Investors and Distributors

During the year, your Company continued its investor awareness initiatives in ten adopted districts in Tamil Nadu. Your Company has been taking active steps including conducting financial literacy campaign in the districts that it has adopted. For the year 2017-18, Investor Awareness Programs (IAP) was conducted in 453 centres. A sum of Rs.3.01 cr. has been spent towards activities on investor education. Your Company also contributed from the MF schemes a sum of Rs.3.42 cr. towards various investor education initiatives taken by AMFI. The Company had 16.78 lakh investors' folio as at 31 March 2018 as against 14.31 lakh investors' folio during the previous year registering an increase of 17%. Sundaram Mutual schemes enrolled 1,52,374 fresh Systematic Investment Plans (SIP) during the year.

Your Company has 36,643 empaneled distributors of which 7,830 have actively distributed the company's schemes during the year. The company supports its investors and distributors through 94 places including 51 branches across the country. In addition, the company has access to over 600 locations operated by Sundaram Finance Group.

Outlook

The proportion of Individual AUM in equity oriented schemes to overall industry AUM has increased from 30% to 37% in FY2017-18. The industry saw a net inflow of Rs.2.61 lakhs crore in Equity funds in FY 2017-18 of which Rs.67190 cr. through SIPs. Healthy inflows in equity funds through SIPs and lacklustre performance of other asset classes have increased the demand for equity funds among retail investors. The total folio counts of equity funds of the industry also displays growing investor interest in equity funds. The total folio count

of equity funds went up by 1.50 crore, from 4.43 crore in March 2017 to 5.94 crore in March 2018.

Fund rationalisation gives a scope to introduce new category of funds. Your company will continue to focus on introducing new products in the available product category, keeping in mind the long term interest of the investors. With the continued support of the equity markets, good performance of the funds and adopting appropriate product and distribution strategy, your directors hope to continue the good performance in the coming years.

Market Outlook

FY18 started with a reformatory note. On the regulatory front, the RBI directed the banking sector to tighten provisioning norms for stressed sectors, asked for increasing provisioning norms and accelerated the resolution process. The government also announced a Rs.2.1tr. recapitalization plan to boost the balance sheets of public sector banks that were struggling with high NPAs. The recapitalization plan size was a positive surprise that helped the banks improve their capital ratios. The year had its fair share of populism as well. On policy, the government introduced the GST framework and aligned the new GST rates close to the existing rate structure; minimising the impact of the regime change. Following this right through the year, the government consistently lowered rates on GST multiple times. This is expected to ease the movement of goods and services on the ground and boost public finances through increased tax compliance. The fag end of the year witnessed the union budget for FY19. The budget showed a great amount of fiscal restraint; especially in a pre-election year. In addition to containing expenditure growth, the budget narrative continues to focus on agriculture and rural India. India move up 30 places in the World Banks Ease of Doing Business ratings. India also witnessed a positive sovereign rating upgrade from Moody's of one notch above the current rating. It is important to note here that this rating upgrade comes after a period of 13 years.

Q3 FY18 data suggests a continued pickup in growth. This is likely to extend into FY19 as well. Core GDP, a fair reflection of private sector activity ex-agriculture, continues to grow. Short frequency indicators on the ground appear to corroborate the pickup in construction activity with a gradual pickup seen in construction loans, steel and cement production. While the pickup seen in cement production has a demon-related base effect, there is a discernible increase seen in the absolute cement production numbers that have been steadily growing. Short frequency indicators suggest a good run for services with a pickup in NBFC loans, non-food credit growth, retail credit,

LCV production etc. In line with this, the nominal growth seen in the 'trade, hotel, transport, communication' segment of services has seen a continued pickup. However, the real growth for this segment appears to have dropped probably on account of an increase in the indirect tax component.

Growth in FY19 is likely to be on the back of consumption, while the last few quarters have seen a sharp increase in investment as well. The budget appears clearly pro-consumption and with a rural and agri bias in many of its schemes. Comparing FY18 to FY19BE, one can see that FY18 appears to have outdone FY19 from its focus on the rural-agri theme. However, capex took a sharp hit last year in the run up to maintaining fiscal prudence. This has been offset to an extent in FY19 through an increase in allocations for Defence, Railways and Roads. The government appears to be clear in its message that it would not be slipping on the deficit to push capex; especially in a pre-election year. Private capex would have to turn on its own; which is probably underway. A pickup in economic growth would in itself bring in the needed private investment.

Excepting for the seemingly aggressive CGST growth assumption of around 32%, the budget numbers as a whole appear very credible and realistic to us. With overall credible and realistic assumptions on both receipts and expenditure, it is only the CGST growth assumptions that stand out. One must however note here that GST implementation appears to have increased the indirect tax base by > 50%. Therefore one could use this to add credibility to the aggressive GST growth numbers. Further, GST collection numbers have seen a pickup for February and are likely to see a bump up in March. While GST collection numbers are important from a fiscal deficit stand point, one can be rest assured that the government would not backtrack on their deficit target for FY19. Any GST shortfall would be offset by higher disinvestment proceeds or by a cut in expenditure; likely capex.

Inflation is likely to see an increase from FY18 to average around 5%. While the growth recovery is underway, it is still in a 'nascent stage' according to the RBI. This prompts us to expect the RBI to stay on hold for H1FY19. If inflation risks start playing out, H2 could see a gradual pickup in hawkish language followed by rate hikes. Of the twin deficits, while the fiscal would remain contained, the current account deficit is likely to see a gradual rise on the back of higher imports. Higher CAD is a positive as long as its composition indicates strong domestic growth.

Risks always exist to the domestic growth story. While growth appears stable and set to recover driven by consumption, the

sustainability of this growth would depend on reform delivery. Crude prices, rising global yields, possible rupee depreciation and a poor monsoon could be variables to watch out for. These could exert significant pressure on inflation and bring forward RBI's rate hikes. The GST collection momentum is key. While we are confident that a slippage here would not impact the fiscal deficit delivery of the government; it would certainly impact yields and the market mood around the same. Global risks on the other hand can come from aggressive rate hikes from the Fed., material translation of the trade-war narrative and a drop in the momentum of global growth.

Regulation

During the year, SEBI had issued circulars mainly on the following aspects:

- Categorisation and rationalisation of mutual fund schemes to bring in uniformity in the characteristics of similar type of schemes launched by different mutual funds. Your company had proactively engaged with SEBI and on receipt of their approval had completed the rationalisation process;
- As a part of Green Initiative, SEBI has decided to dispense with the requirement of publication of daily NAV, sale / repurchase prices in newspapers and of sending (i) physical copies of scheme annual reports or abridged summary to all the investors whose email addresses are not available and (ii) statement of scheme portfolios to unit holders on half-yearly basis.
- Benchmarking of scheme's performance to Total Return Index in the place of price return index effective from February 2018;

Your directors welcome these measures as it will reduce the number of schemes and make it easier for the investors to compare with similar schemes / appropriate benchmark and also reduce the publication expenses.

SEBI has also decided to reduce the expense ratio in the following manner:

- Additional TER of upto 30 basis points would be allowed for inflows from beyond top 30 cities instead of beyond top 15 cities effective from April 2018;
- AMCs shall not be eligible to charge additional expenses of upto 0.20% of daily net assets in respect of mutual fund schemes including close ended schemes wherein exit load is not levied / not applicable;
- Reduction in the additional expenses of upto 0.20% of the daily net assets of MF Schemes in lieu of the exit load to 0.05%.

The above measures will impact the profitability of your Company and fund mobilisation in the long run.

Risk management

The Company has a well-established Enterprise Risk Management (ERM) framework. The core of the ERM framework consists of internal risk control guidelines and policies, risk monitoring and control tools, risk reporting and exception handling mechanisms. The fund portfolio risk and operational risk parameters are tracked regularly to ensure adherence to the risk norms and limits. The company has framed policies on various areas such as equity and fixed income risks, derivatives, Inter Fund Transfers.

Risk control and mitigation mechanisms are constantly reviewed for their effectiveness and practicality and suitable changes are introduced to adapt to a changing business environment. The overall functioning of Risk Management team is overseen by the MD and CEO and governed by the mandate provided by the audit committee and the Board.

The reports of the internal auditor and independent auditor of the schemes relating to the financials and operations of the Company and schemes were reviewed by the Audit Committee which oversees Risk Controls in the system.

Internal Control System and Adequacy

The Company has an adequate internal control system commensurate with nature and size of its business activity with regard to efficiency of its operations, financial reporting, compliance with applicable laws and regulations. The internal control system is supplemented by audits conducted by the internal auditors.

Board of Directors

The Board of Directors of the company is vested with general power of superintendence, direction and management of the affairs. During the year under review, seven Board Meetings were held.

Mr. Sunil Subramaniam (holding DIN:07222050), retires at the ensuing General Meeting and being eligible, offers himself for re-appointment.

Mr Harsha Viji intends to step down from the Managing Director of your Company effective from 26th June 2018 in view of his greater responsibilities at the Group level and he will continue to be a Director of your Company. Your directors place on record the noteworthy contribution made by Mr Harsha to the growth of your company during his tenure as Managing Director.

Mr Sunil Subramaniam has been elevated as Managing Director of your Company on completion of his present term of office as Chief Executive Officer with effect from 26th June 2018 for a period of 3 years. Necessary resolution is submitted for your approval.

Meeting of Independent Directors

During the year, the Independent Directors of the Company met on 26 February 2018 (i) to review the performance of non-independent directors and the Board as a whole, (ii) to review the performance of the Chairperson of the Company and (iii) to access the quality, quantity and timeliness of flow of information between the company management and the Board.

The Company has received necessary declaration from each Independent Director as required to be given under Section 149(7) of the Companies Act, 2013.

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.

Board Committees

1. Audit Committee

The Audit Committee reviewed the internal audit plans, financial statements, adequacy of internal control systems and the reports, the observations of the internal / external auditors with the responses of the management.

2. Nomination and Remuneration Committee

The Committee in accordance with the mandate, formulated the criteria for determining qualifications, positive attributes and independence of a director and recommended to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees, during financial year 2014-15, which is available on the company's website under the following link:

https://www.sundarammutual.com/pdf2/2018/Docs/Policy_on_Directors_Appointment_and_Remuneration.pdf

The salient features of the policy are as under:

- Any person who in the opinion of the Board is not disqualified to become a Director, and in the opinion of the Board, possesses the ability, integrity and relevant expertise and experience, can be appointed as Director of the Company.

- For appointing any person as an Independent Director he/she should possess qualifications as mentioned under Rule 5 of The Companies (Appointment and Qualification of Directors) Rules, 2014 and he / she should satisfy the independence criteria as laid down in Section 149(6) of the Companies Act, 2013 and SEBI (Mutual Funds) Regulations, 1996.
- The Managing Director is appointed by the shareholders at a general meeting. In terms of the appointment approved by the members, his remuneration has been borne by the holding company, Sundaram Finance Limited. As such he is not drawing any remuneration from the company.
- The Board decides payment of commission to Non whole-time directors every year within 1% of the net profits of the Company approved by the members.
- The Company pays remuneration by way of salary, perquisites and allowances, performance bonus to its Key Managerial Personnel based on the recommendation of Nomination and Remuneration Committee.
- The remuneration of other employees mainly consists of basic remuneration, perquisites, allowances and performance Bonus. The components of the total remuneration vary for different employee grades and are governed by industry patterns, qualifications and experience of the employee, responsibilities handled by them, their individual performances, etc.

The committee recommended to the Board the appointment and re-appointment of directors and carried out evaluation of director's performance.

The committee has also evaluated the performance of the key management personnel and approved the proposal of the management on remuneration to key managerial personnel and other employees.

3. Corporate Social Responsibility Committee (CSR)

In terms of Section 135 of the Companies Act, 2013, the particulars such as composition, CSR Policy and report on the CSR activities are set out in the prescribed format vide **Annexure I**.

Disclosure as per Secretarial Standard on meetings of the Board of Directors (SS-1)

The number and dates of Meetings of the Board and Committees held during the financial year indicating the

number of Meetings attended by each Director is furnished in **Annexure II**. Your Company has complied with applicable Secretarial Standards issued by Institute of Company Secretaries of India.

Public Deposits

Your company has not accepted any deposits from the public.

Secretarial Audit

In terms of Section 204 of the Companies Act, 2013 and the rules thereunder, the Company has appointed Mr A Kalyana Subramaniam, Practising Company Secretary as the Secretarial Auditor of the Company. Secretarial Audit Report as provided by Mr A Kalyana Subramaniam, Practising Company Secretary is annexed to this Report vide **Annexure III**.

Extract of Annual Return

The extract of the annual return pursuant to Rule 12 (1) of the Companies (Management and Administration) Rules, 2014 is attached vide **Annexure IV**.

Personnel

Your Company had 332 employees on its rolls as on 31 March 2018. During the year, your Company had carried out various employee engagement activities and welfare measures. Your Board of Directors place on record their acknowledgement for the support, dedication and unswerving commitment displayed by the employees of the Company.

Particulars of Employee Remuneration

Particulars of employee remuneration pursuant to Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are set out in the **Annexure VI** to the Directors' Report. Any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

Disclosure under the Prevention of Sexual Harassment of Women at Workplace Act, 2013

The Company has put in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) had been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaint was received during the year 2017-18.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Information under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules 2014:

(a) Conservation of Energy and Technology Absorption:

Your Company has taken following measures on the energy saving and technology absorption:

- i. Substantial savings in energy consumption and heat reduction were achieved by consolidation of servers, network and server virtualization; and
- ii. Implemented video conferencing solution through cloud sharing facility thereby saving energy.

(b) Foreign Exchange Earnings and Outgo:

During the year 2017-18, foreign exchange earnings was Rs.1.64 cr. (2016-17: Rs.1.54 cr.) and foreign exchange outgo during the year was Rs.11.31 cr. (2016-17: Rs.8.05 cr.)

Particulars of loans, guarantee and investments pursuant to Section 186 of the Companies Act, 2013

The Company has not given any loan or guarantee to any person or body corporate. The investment in the shares of Sundaram Asset Management Singapore Pte. Ltd., and Sundaram Alternate Assets Limited is disclosed in the report separately.

Particulars of Related Party Transactions pursuant to Section 134(3)(h) of the Companies Act, 2013

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

The Directors' responsibility statement pursuant to Section 134 3 (c) of Companies Act, 2013

Your directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. The directors had selected such accounting policies and applied them consistently and made judgments and

estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;

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

Auditors

M/s. Suri & Co. Chartered Accountants, Chennai, Statutory Auditors of your Company will hold office until the conclusion of the ensuing 22nd Annual General Meeting. Your directors recommend the re-appointment of M/s. Suri & Co., Chartered Accountants, Chennai, as Statutory Auditors of the Company in accordance with the provisions of Sections 139, 141 and other applicable provisions of the Companies Act, 2013 to hold office from the conclusion of 22nd Annual General Meeting until the conclusion of 27th Annual General Meeting, subject to the approval of the shareholders at the 22nd Annual General Meeting. The Company has received a certificate from them pursuant to Section 139 confirming their eligibility under Section 141 of the Companies Act, 2013 and rules issued thereunder.

Acknowledgement

Your Directors wish to place on record their appreciation of the professional support and guidance received from the Trustees of Sundaram Mutual Fund and the Sponsors – Sundaram Finance Limited.

Your Board of Directors also thanks the Securities and Exchange Board of India, Monetary Authority of Singapore, Association of Mutual Funds of India, the Company's bankers and other intermediaries for their unstinting support.

Your Directors place on record their deep appreciation for the dedication and commitment displayed by the employees of your Company.

For and on behalf of the Board of Directors

Date: May 11, 2018

Place: Chennai

Pratip Chaudhuri

Chairman

Annual Report on CSR Activities for the Financial Year 2017-18

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

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

http://www.sundarammutual.com/pdf2/2015/AMC_CSR_Policy.pdf

2. **The Composition of CSR Committee**

Mr. Rishiksha T. Krishnan - Chairman

Mr. T. T. Srinivasaraghavan - Member

Mr. Sunil Subramaniam - Member

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

₹ 3500 lakhs

4. **Prescribed CSR expenditure (two percent of the amount as in item 3 above):**

₹70 lakhs

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

(a) Total amount to be spent for the financial year: 70 lakhs

(b) Amount unspent, if any: Nil

(c) Manner in which the amount spent during the financial year: Details Enclosed

6. **In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:**

Not Applicable

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

We hereby state that implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company.

Rishiksha T Krishnan
Chairman - CSR Committee

Sunil Subramaniam
Chief Executive Officer

T T Srinivasaraghavan
Member - CSR Committee

Place: Chennai
Date: 2nd April 2018

Manner in which the amount spent during the financial year

(₹ in lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. no	CSR Project or activity identified	Sector in which the Project is covered	Projects or programs: (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Sub-heads; (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	Promoting education by providing financial assistance to deserving and meritorious students and also Educational Institutions which work for this cause (5 Institutions)	Educational	Tamil Nadu – Chennai	37.50	37.50	37.50	37.50
			Karnataka – Bengaluru	3.00	3.00	40.50	3.00
2	Promoting preventive and general health care (4 Institutions)	Healthcare	Tamil Nadu – Chennai	15.50	15.50	56.00	15.50
			Andhra Pradesh – Madanapalle	2.00	2.00	58.00	2.00
3	Protection of national heritage, art and culture (1 Institution)	National Heritage, Art and Culture	Tamil Nadu	10.00	10.00	68.00	10.00
4	Measures for the benefit of armed forces veteran, war widows and their dependents (1 Institution)	For the benefit of armed forces veteran, war widows and their dependents	New Delhi	2.00	2.00	70.00	70.00
	Total			70.00	70.00		70.00

Disclosure as per Secretarial Standard on meetings of the Board of Directors (SS-1)

Annexure II

1. Board

During the year under review, 7 meetings of the Board of Directors were held. The details of directors' attendance at Board Meetings are as follows:

S. No.	Name of the Director	DIN	No. of Meetings Attended	Meeting Dates
1	Pratip Chaudhuri	915201	5	10.05.2017,
2	T T Srinivasaraghavan	18247	6	23.06.2017,
3	Rishikesha T Krishnan	64067	5	04.08.2017,
4	Arvind Sethi	1565	6	26.10.2017,
5	Harsha Viji	602484	7	07.12.2017
6	Sunil Subramaniam	7222050	5	02.02.2018, 26.02.2018

2. Audit Committee

During the year under review, 5 meetings of the Audit Committee were held. Attendance of the members at committee meetings are as follows:

S. No.	Name of the Member	No. of Meetings Attended	Meeting Dates
1	Mr Pratip Chaudhuri	3	10.05.2017,
2	Mr Arvind Sethi	4	23.06.2017,
3	Mr Harsha Viji	5	04.08.2017, 26.10.2017, 26.02.2018

3. Nomination and Remuneration Committee

During the year under review, 1 meeting of the Nomination and Remuneration Committee was held. Attendance of the members at committee meeting is as follows:

S. No.	Name of the Member	No. of Meetings Attended	Meeting Date
1	Pratip Chaudhuri	1	26.02.2018
2	Rishikesha T Krishnan	1	
3	T T Srinivasaraghavan	1	
4	Harsha Viji	1	

4. Corporate Social Responsibility Committee

During the year under review, 1 meeting of the Corporate Social Responsibility was held. Attendance of the members at committee meeting is as follows:

S. No.	Name of the Member	No. of Meetings Attended	Meeting Date
1	Rishikesha T Krishnan	1	26.02.2018
2	T T Srinivasaraghavan	1	
3	Harsha Viji	1	

5. Separate Meeting of Independent Directors

A separate meeting of Independent Directors was held on 26.02.2018. All the independent directors, as under, attended the meeting.

S. No.	Name of the Member
1	Pratip Chaudhuri
2	Rishikesha T Krishnan
3	Arvind Sethi

Form No. MR-3

Secretarial Audit Report

For the Financial Year Ended 31.03.2018

[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 Asset Management Company Limited
CIN-U93090TN1996PLC034615
21, Patullos Road,
Chennai - 600002.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Sundaram Asset Management Company 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 Asset Management Company 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 authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period ended on 31.03.2018 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 Asset Management Company Limited for the period ended on 31.03.2018 according to the provisions of:

- (i) The Companies Act, 2013 (**the Act**) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('**SCRA**') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('**SEBI Act**') to the extent applicable to the Company:-
 - a) The Securities and Exchange Board of India (Mutual Fund) Regulations, 1996;
 - b) The Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993;
 - c) The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
 - d) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - e) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, and

f) The Memorandum and Articles of Association.

I have also examined compliance with the applicable clauses of the Secretarial Standards 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 and there are no other specific observations requiring any qualification on non-compliances.

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. No changes in the composition of the Board of Directors that took place during the period under review.
- 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.
- All decisions have been carried unanimously.
- The Company has obtained all necessary approvals under the various provisions of the Act.
- There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
- The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code for Independent Directors.

I further report that based on the information received and records maintained, 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 period the company has considered the Scheme of Arrangement between this company and Sundaram Alternate Asset Limited wherein a portion of the business portfolio of this company is to be transferred to Sundaram Alternate Asset Limited for which the company is awaiting Order from National Company Law Tribunal.

A Kalyana Subramaniam

Place: Chennai

(ACS No.11400)

Date:11-May-2018

(C.P No. 16345)

Form No. MGT 9

Extract of Annual Return as on the financial year ended on 31st March 2018

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

I. REGISTRATION AND OTHER DETAILS

i) C I N	U93090TN1996PLC034615
ii) Registration Date	26th February 1996
iii) Name of the Company	Sundaram Asset Management Company Limited
iv) Category / Sub-category of the company	Public Company / Company having Share Capital
v) Address of the Registered office and contact details	21 Patullos Road, Chennai 600 002 Tel:044-28569900; Email: sundararajan@sundarammutual.com
vi) Whether listed company	No
vii) Name, address and contact details of Registrar and Transfer agent, if any	Cameo Corporate Services Limited, 'Subramanian Building' No.1, Club House Road, Chennai 600 002 Tel: 044 28460390 to 0395

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No	Name & description of main products / services	NIC Code of the product/ services	% to total turnover of the company
1	Investment Management and Advisory Services	66301	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name and address of the company	CIN/GLN	Holding/Subsidiary/Associate	% of shares Held	Applicable Section
1	Sundaram Finance Limited, 21, Patullos Road, Chennai 600002	L6519TN1954PLC002429	Holding Company	100%	Sec. 2 (46)
2	Sundaram Asset Management Singapore Pte Limited 50, Armenian Street, #02-02, Wilmer Place, Singapore	179938	Subsidiary Company	100%	Sec. 2 (87)
3	Sundaram Alternate Assets Limited 21, Patullos Road, Chennai 600002	U65990TN2018PLC120641	Subsidiary Company	100%	Sec. 2 (87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders		No of Shares held at the beginning of the year				No of shares held at the end of the year				% Change During the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoter									
1)	Indian									
a)	Individual / HUF	—	—	—	—	—	—	—	—	—
b)	Central Govt	—	—	—	—	—	—	—	—	—
c)	State Govt(s)	—	—	—	—	—	—	—	—	—
d)	Bodies Corp.	1,24,85,000	75,15,000	2,00,00,000	100%	1,24,85,000	75,15,000	2,00,00,000	100%	Nil
e)	Banks / FI	—	—	—	—	—	—	—	—	—
f)	Any Other	—	—	—	—	—	—	—	—	—
	Sub Total A(1)	1,24,85,000	75,15,000	2,00,00,000	100%	1,24,85,000	75,15,000	2,00,00,000	100%	Nil
2)	Foreign									
a)	NRIs - Individuals	—	—	—	—	—	—	—	—	—
b)	Other Individuals	—	—	—	—	—	—	—	—	—
c)	Bodies Corp.	—	—	—	—	—	—	—	—	—
d)	Banks / FI	—	—	—	—	—	—	—	—	—
e)	Any Other	—	—	—	—	—	—	—	—	—
	Sub Total A(2)	—	—	—	—	—	—	—	—	—
	Total Shareholding of promoter (A) = A(1) + (A)(2)	1,24,85,000	75,15,000	2,00,00,000	100%	1,24,85,000	75,15,000	2,00,00,000	100%	Nil
B.	Public Shareholding									
1)	Institutions	—	—	—	—	—	—	—	—	—
a)	Mutual Funds	—	—	—	—	—	—	—	—	—
b)	Banks / FI	—	—	—	—	—	—	—	—	—
c)	Central Govt	—	—	—	—	—	—	—	—	—
d)	State Govt	—	—	—	—	—	—	—	—	—
e)	Venture Capital Funds	—	—	—	—	—	—	—	—	—
f)	Insurance Companies	—	—	—	—	—	—	—	—	—
g)	FIs	—	—	—	—	—	—	—	—	—
h)	Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i)	Others(Specify)	—	—	—	—	—	—	—	—	—
	Sub Total B(1)	—	—	—	—	—	—	—	—	—

Category of Shareholders		No of Shares held at the beginning of the year				No of shares held at the end of the year				% Change During the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2)	Non-Institutions									
a)	Bodies Corp.	—	—	—	—	—	—	—	—	—
i)	Indian	—	—	—	—	—	—	—	—	—
ii)	Overseas	—	—	—	—	—	—	—	—	—
b)	Individuals									
i)	Individual shareholders holding nominal share capital upto ₹1 Lakh	—	—	—	—	—	—	—	—	—
ii)	Individual shareholders holding nominal share capital in excess of ₹1 Lakh	—	—	—	—	—	—	—	—	—
c)	Others Specify	—	—	—	—	—	—	—	—	—
	Sub Total B(2)	—	—	—	—	—	—	—	—	—
	Total Public Shareholding (B) = B(1) + (B)(2)	—	—	—	—	—	—	—	—	—
C.	Shares held by custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	—
	Grand Total (A) + (B) + (C)	1,24,85,000	75,15,000	2,00,00,000	100%	1,24,85,000	75,15,000	2,00,00,000	100%	Nil

ii) Shareholding of Promoters

Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
	No of Shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	No of Shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
Sundaram Finance Limited	2,00,00,000	100%	Nil	2,00,00,000	100%	Nil	Nil

iii) Change in Promoter's Shareholding(Please specify, if there is no change)

Shareholder's Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
Sundaram Finance Limited				
At the beginning of the year:	2,00,00,000	100%	2,00,00,000	100%
Date wise increase / Decrease	—	—		
At the end of the year			2,00,00,000	100%

iv) Shareholding pattern of top ten shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Shareholder's Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
At the beginning of the year	Not Applicable			
Date wise increase / Decrease				
At the End of the year				

v) Shareholding pattern of Directors and Key Managerial Personnel

Sr.No.	Name of the Directors and KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
1	Mr T T Srinivasaraghavan*				
	At the beginning of the year	1	Negligible	1	Negligible
	Date wise increase / Decrease	—	—		
	At the End of the year			1	Negligible
2	Mr Harsha Viji, Managing Director*				
	At the beginning of the year	1	Negligible	1	Negligible
	Date wise increase / Decrease	—	—		
	At the End of the year			1	Negligible
3	Mr P Sundararajan, Secy. & Compliance Officer*				
	At the beginning of the year	1	Negligible	1	Negligible
	Date wise increase / Decrease	—	—		
	At the End of the year			1	Negligible

* 1 Equity Share of ₹10/- held as nominee of Sundaram Finance Limited jointly with others.

V) Indebtedness

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	6000.00	—	—	6000.00
ii) Interest due but not paid	—	—	—	—
III) Interest accrued but not due	—	—	—	—
Total (i)+(ii)+(iii)	6000.00	—	—	6000.00
Change in Indebtedness during the financial year				
Addition	—	—	—	—
Reduction	1,673.54	—	—	1,673.54
Net Change	(1,673.54)	—	—	(1,673.54)
Indebtedness at the end of the financial year				
i) Principal Amount	4326.46	—	—	4326.46
ii) Interest due but not paid	31.75	—	—	31.75
III) Interest accrued but not due	—	—	—	—
Total (i)+(ii)+(iii)	4326.46	—	—	4326.46

VI) Remuneration of Directors and Key Managerial Personnel.

A) Remuneration to Managing Director, Whole-time directors and/or Manager

(in ₹)

Sl. No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Mr. Harsha Viji, Managing Director	Mr. Sunil Subramaniam, Chief Executive Officer	
1	Gross Salary a) Salary as per provisions contained in Section 17(1) of the Income tax Act, 1961 b) Value of Perquisites u/s 17(2) of the Income Tax Act, 1961 c) Profits in Lieu of salary under Section 17(3) of the Income tax Act, 1961.	—	72,84,000	72,84,000
		—	1,12,75,632	1,12,75,632
		—	—	—
2	Stock Option	—	—	—
3	Sweat Equity	—	—	—
4	Commission - as % of Profits - others, specify	—	1,25,00,000	1,25,00,000
		—	—	—
5	Others, Please specify	—	—	—
	Total (A)	—	3,10,59,632	3,10,59,632
	Ceiling as per the Act (10% of Net Profits)			4,56,47,668

B) Remuneration to Other Directors

(in ₹)

Name of Directors	Particulars of Remuneration			Total
	Fee for attending Board / Committee Meetings	Commission	Others, please specify	
Independent Directors:				
Mr Pratip Chaudhuri	1,00,000	5,00,000	—	6,00,000
Mr Rishiksha T Krishnan	80,000	5,00,000	—	5,80,000
Mr Arvind Sethi	1,10,000	5,00,000	—	6,10,000
Other Non-Executive Director:				
Mr T T Srinivasaraghavan		—	—	—
Total (B)	2,90,000	15,00,000	—	17,90,000
Total Managerial Remuneration (A) + (B) excluding Sitting Fee				15,00,000
Overall ceiling as per the Act (11% of Net Profits)				5,02,12,435

C) Remuneration to Key Managerial Personnel other than MD/Manager / WTD

Sl. No	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	18,36,000	16,80,000	35,16,000
	b) Value of Perquisites u/s Section 17(2) of the Income Tax Act, 1961	36,52,128	38,00,640	74,52,768
	c) Profits in Lieu of salary under Section 17(3) of the Income tax Act, 1961	—	—	—
2	Stock Option	—	—	—
3	Sweat Equity	—	—	—
4	Commission			
	- as % of Profits	—	—	—
	- Others, Please Specify	—	—	—
5	Others, Please specify	—	—	—
	Total	54,88,128	54,80,640	1,09,68,768

VII. Penalties/ Punishment/Compounding of Offences

There were no penalties / punishment / compounding of offences against the Company, Directors and other Officers in Default during the year ended 31st March 2018.

For and On behalf of the Board of Directors

Date: May 11, 2018

Place: Chennai

Pratip Chaudhuri

Chairman

Annexure - V

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.

For and On behalf of the Board of Directors

Date: May 11, 2018

Place: Chennai

Pratip Chaudhuri

Chairman

INDEPENDENT AUDITOR'S REPORT

To the Members of Sundaram Asset Management Company Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Sundaram Asset Management Company Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true

and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit and its cash flows for the year ended on that date.

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 the Annexure A statement on the matters specified in paragraph 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, and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) Our opinion on the company's internal financial control system over financial reporting is annexed herewith.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in the financial statements- Refer Note 23.8 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For Suri & Co.

Chartered Accountants
Firm Registration No. 004283S

S.Ganesan
Partner

Membership No.018525

Place: Chennai
Date: 11/05/2018

Annexure A to the Auditors' Report (referred to in our report of even date)

The Annexure referred to in Independent Auditors' Report to the members of the company on the financial statements for the year ended 31st March, 2018, we report that:

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The company conducts physical verification of fixed assets once in every year which in our opinion is reasonable having regard to size of the company; according to the information given to us no material discrepancies were identified on such verification.
- c. There is no immovable property held by the company.
- (ii) The company is engaged in the business of rendering asset management, investment advisory and portfolio management services and as such paragraph (ii) relating to inventory is not applicable to the company.
- (iii) The company has not granted loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans or given guarantees or provided security to directors or to persons in whom the directors are interested and hence the provisions of section 185 the Companies Act, 2013 are not applicable. In respect of investment made by the company in a body corporate during the year, the company has complied with the provisions of section 186 of the Companies Act, 2013. The company has not provided any loan, guarantee or security to any body corporate and hence the provisions of section 186 the Companies Act, 2013 are not applicable to this extent.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 for any of the services rendered by the company.
- (vii) a) According to the information and explanations given to us and based on our examination of the records of the company, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employee State Insurance Fund, Income Tax, Service Tax, Goods and Service Tax, cess and other statutory dues with the appropriate authorities and there are no outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there are no dues of Income tax, Service tax and Goods and Service Tax which have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

Name of the statute	Nature of dues	Amount Disputed (₹)	Amount Paid (₹)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax dues	12,20,489	Nil	FY 2010-11	Income Tax Appellate Tribunal

Income Tax Act, 1961	Income Tax dues	8,63,385	Nil	FY 2011-12	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax dues	11,71,523	Nil	FY 2012-13	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax dues	70,323	Nil	FY 2013-14	Income Tax Appellate Tribunal
The Finance Act, 1994	Service Tax dues	18,28,55,516	1,38,26,223	FY 2010-11 to 2014-15	Customs, Excise & Service Tax Appellate Tribunal, Chennai.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or to any financial institutions.
- (ix) The Company did not raise any money by way of Initial Public Offer or further public offer (including debt instruments) during the year. The company has applied the term loans for the purpose for which they were raised.
- (x) According to the information and explanations given to us, no fraud by the Company or on the company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) The Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the order is not applicable.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 wherever applicable and disclosures as required by the accounting standards have been made. Refer Note 23.4 of Notes to Financial Statements.
- (xiv) The company has made private placement of redeemable cumulative non-convertible preference shares during the year under review. The requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised has been used for the purposes for which the funds were raised.
- (xv) 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. Accordingly, paragraph 3(xv) of the order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Suri & Co.
Chartered Accountants
Firm Registration No. 004283S

S.Ganesan
Partner
Membership No.018525

Place: Chennai
Date: 11/05/2018

Annexure to the Independent Auditor's Report

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

We have audited the internal financial controls over financial reporting of Sundaram Asset Management Company Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Suri & Co.

Chartered Accountants
Firm Registration No. 004283S

S.Ganesan

Partner

Membership No.018525

Place: Chennai
Date: 11/05/2018

Balance Sheet

As at 31st March, 2018

(Amount in ₹)

Particulars	Note	31.03.18	31.03.17
I. Equity and Liabilities			
1. Shareholders' Funds			
(a) Share Capital	2	35,00,00,000	20,00,00,000
(b) Reserves and Surplus	3	174,66,38,587	144,84,73,021
		209,66,38,587	164,84,73,021
2. Share Application Money Pending Allotment		—	—
3. Non-Current Liabilities			
(a) Deferred Tax Liabilities	4	26,65,11,639	11,34,49,974
(b) Long Term Borrowings	5	13,65,29,256	—
(c) Long Term Provisions	6	1,19,82,490	1,12,06,933
		41,50,23,385	12,46,56,907
4. Current Liabilities			
(a) Trade Payables			
i) Total outstanding dues of micro enterprises and small enterprises		—	—
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	7	27,44,43,955	15,95,18,567
(b) Other Current Liabilities	8	30,59,66,475	1,49,62,740
(c) Short Term Provisions	9	14,16,53,542	10,81,15,275
		72,20,63,972	28,25,96,582
Total		323,37,25,944	205,57,26,510
II. Assets			
1. Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	10	4,98,81,483	2,55,61,603
(ii) Intangible Assets	10	53,14,133	65,87,144
(b) Non-Current Investments	11	33,15,06,953	17,91,51,545
(c) Long Term Loans and Advances	12	160,35,35,313	89,85,67,654
		199,02,37,882	110,98,67,946
2. Current Assets			
(a) Current Investments	13	9,25,22,527	28,42,36,537
(b) Trade receivables	14	13,51,54,560	10,81,34,904
(c) Cash and Bank Balances	15	1,73,47,928	1,79,71,395
(d) Short Term Loans and Advances	16	99,84,63,047	53,55,15,728
		124,34,88,062	94,58,58,565
Total		323,37,25,944	205,57,26,510

Significant Accounting Policies and Notes to Accounts 1 to 23

For **SURI & CO.**
Chartered Accountants
Firm Regn No. 0042835

S. GANESAN
Partner
Membership No. 018525

Chennai
11th May 2018

Pratip Chaudhuri
Chairman

Sunil Subramaniam
Chief Executive Officer

P. Sundararajan
Company Secretary

Harsha Viji
Managing Director

Lakshmi H
Chief Financial Officer

Profit and Loss Statement

For the year ended 31st March 2018

(Amount in ₹)

Particulars	Note	2017-18	2016-17
Income			
Revenue from operations	17	291,69,80,322	257,25,84,932
Other Income	18	16,34,33,924	3,25,70,462
Total (A)		<u>308,04,14,246</u>	<u>260,51,55,394</u>
Expenditure			
Employee Benefits expense	19	62,90,28,692	53,46,33,047
Administrative and other expenses	20	47,11,17,930	42,15,26,897
Brokerage & Marketing Expenses	21	137,48,99,749	115,60,65,064
Finance Cost	22	2,45,25,353	50,96,422
Depreciation	10	2,48,10,160	1,64,52,948
Total (B)		<u>252,43,81,884</u>	<u>213,37,74,378</u>
Profit before tax (A-B)		<u>55,60,32,362</u>	<u>47,13,81,017</u>
Less : Tax Expense			
Current Tax		9,58,91,820	12,70,00,000
MAT Credit Entitlement		(7,53,37,042)	—
Deferred Tax		15,30,61,665	17,36,16,443
		3,70,75,322	16,40,75,322
Profit after Tax		<u>38,24,15,919</u>	<u>30,73,05,695</u>
Earnings per Equity Share			
Number of Equity Shares (Face Value ₹10/- Per Share)		2,00,00,000	2,00,00,000
Weighted Average Number of Shares (Face Value ₹10/- Per Share)		2,00,00,000	2,00,00,000
Basic & Diluted Earnings per Equity Share		19.08	15.37

For **SURI & CO.**
Chartered Accountants
Firm Regn No. 0042835

S. GANESAN
Partner
Membership No. 018525

Chennai
11th May 2018

Pratip Chaudhuri
Chairman

Sunil Subramaniam
Chief Executive Officer

P. Sundararajan
Company Secretary

Harsha Viji
Managing Director

Lakshmi H
Chief Financial Officer

NOTES TO THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements:

The financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis of accounting. GAAP comprises Accounting Standards notified under section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014, other pronouncements of the Institute of Chartered Accountants of India.

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amounts of revenues and expenses during the year and disclosure of contingent liabilities as at the date of financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

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

1.2 Revenue Recognition:

Investment Management Fees, Advisory Fees and Portfolio Management Service Fees are accounted on accrual basis.

Dividend income is recognized when the Company's right to receive dividend is established.

Interest income is recognized on the time proportionate method.

1.3 Property, Plant and Equipment and Depreciation:

Property, Plant and Equipment are stated at cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation on assets except improvements to leased office premises is provided on the Written down Value Method over the useful life as prescribed in Schedule II to the Companies Act, 2013. Assets costing ₹5000 or less acquired during the year are written down to Re.1.

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

1.4 Intangible Assets and amortization:

Computer Software acquired is recognised as an intangible asset and the cost is amortized over a period of 3 years.

1.5 Investments:

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments.

Long Term investments are carried at cost and provision for decline in value, other than temporary is considered wherever necessary.

Current Investments are valued at lower of cost and fair value (net asset value).

1.6 Transactions in Foreign Currency:

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

1.7 Employee Benefits:

A) Short Term Employee Benefits:

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

B) Post-employment benefits:

Defined Contribution Plani) *Provident Fund*

The Company contributes to a Government - administered Provident Fund and Pension Fund.

Defined Benefit Plani) *Gratuity*

The Company contributes annually to a Gratuity Fund administered by trustees and managed by Life Insurance Corporation of India. The company accounts its liability for future gratuity benefits based on actuarial valuation, as at Balance Sheet date, determined using the Projected Unit Credit method.

ii) *Leave Encashment*

The Company contributes to a staff leave encashment scheme managed by Life

Insurance Corporation of India. The Company accounts its liability based on an actuarial valuation, as at the Balance Sheet date, determined every year, using the Projected Unit Credit method.

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

1.8 Leases:

Operating Lease payments are recognised as expenditure in the Profit and Loss Account.

1.9 Taxation:

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in the future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets.

Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised. Current tax and deferred tax assets and liabilities are offset to the extent to which the Company has a legally enforceable right to set off and they relate to taxes on income levied by the same governing taxation laws.

1.10 Earnings per share:

Basic earnings per share ('EPS') amounts are computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all measurable dilutive potential equity shares.

1.11 Impairment of Assets:

The carrying amounts of assets are reviewed at each balance sheet date to ascertain whether there is an indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Recoverable amount is the higher of an asset's net selling price and value in use. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

1.12 Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised when the company has present legal or constructive obligations, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date.

A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognised nor disclosed in the financial statements.

1.13 Scheme Expenses

- a) Amortization Policy on Brokerage Expenses-Mutual Fund:

Incurring Towards	Amortized over a period of
Equity Linked Savings Schemes	36 Months
Open Ended Equity Schemes-Lumpsum	12 Months
Open Ended Equity Schemes-SIP	36 Months

- b) 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.

Notes to the Accounts

forming part of the Balance Sheet as at March 31, 2018

(Amount in ₹)

Note 2

Share Capital :

Particulars	31.03.18	31.03.17
Share Capital		
Authorised		
4,00,00,000 Equity Shares of ₹ 10/- each	40,00,00,000	40,00,00,000
60,00,000 6.75% Redeemable Cumulative Non-convertible Preference Shares of ₹100/- each	60,00,00,000	5,00,00,000
	100,00,00,000	45,00,00,000
Issued, Subscribed and fully paid up		
2,00,00,000 Equity Shares of ₹ 10/- each	20,00,00,000	20,00,00,000
15,00,000 6.75% Redeemable Cumulative Non-convertible Preference Shares of ₹100/- each	15,00,00,000	—
	35,00,00,000	20,00,00,000

Details of number of Equity Shares held by shareholders holding more than 5% shares are set out below:

Name of the Shareholder	Status	No. of Shares #	% held as at 31.03.2018
Sundaram Finance Limited	- Holding Company	2,00,00,000	100%

Includes six equity shares held by nominees of Sundaram Finance Limited.

Reconciliation of the number of equity shares outstanding at the beginning and at the end of financial year are as follows:

Particulars	31.03.18	31.03.17
Opening number of Shares outstanding	2,00,00,000	2,00,00,000
Add: Shares issued	—	—
Less: Shares bought back	—	—
Closing number of shares outstanding	2,00,00,000	2,00,00,000

Details of number of Preference Shares held by shareholders holding more than 5% shares are set out below:

Name of the Shareholder	Status	No. of Shares	% held as at 31.03.2018
Sundaram Finance Holdings Limited	- Fellow subsidiary	15,00,000	100%

Reconciliation of the number of preference shares outstanding at the beginning and at the end of financial year are as follows:

Particulars	31.03.18	31.03.17
Opening number of Shares outstanding	—	—
Add: Shares issued	15,00,000	—
Less: Shares bought back	—	—
Closing number of shares outstanding	15,00,000	—

Note 3

Reserves And Surplus

Particulars	31.03.18	31.03.17
a) Securities Premium Account		
Opening balance	31,20,29,769	31,20,29,769
Add: Received during the year	—	—
b) General Reserve		
Opening balance	12,62,68,158	12,62,68,158
Add: Transfer from Surplus in the Profit and Loss Statement	—	—
c) Surplus in the Profit and Loss Statement		
Opening balance	101,01,75,094	70,28,69,400
Appropriations:		
Dividend paid	7,00,00,000	
Dividend Distribution Tax paid	1,42,50,353	
Add: Profit for the year	38,24,15,919	30,73,05,694
	1,30,83,40,660	1,01,01,75,094
	174,66,38,587	144,84,73,021

Notes to the Accounts

forming part of the Balance Sheet as at March 31, 2018

(Amount in ₹)

Note 4**DEFERRED TAX LIABILITIES**

Particulars	31.03.18	31.03.17
Arising from timing difference in respect of:		
Amortisation of Brokerage & Depreciation	26,65,11,639	11,34,49,974
	<u>26,65,11,639</u>	<u>11,34,49,974</u>

Note 5**LONG TERM BORROWINGS**

Particulars	31.03.18	31.03.17
From Banks:		
Unsecured		
Axis Bank Limited	6,87,50,005	—
Repayment Terms:		
Repayable in 33 monthly instalments commencing from April 2019; 12 monthly instalments commencing from April 2018 under Current maturities of Long Term Loans Rate of Interest : 8.15% Period and amount of default - NIL		
From Banks:		
Secured		
HDFC Bank Limited	6,77,79,251	—
Secured by Primary and Exclusive Charge on book debts		
Repayment Terms:		
Repayable in 3 monthly instalments commencing from April 2019; 12 monthly instalments commencing from April 2018 under Current maturities of Long Term Loans Rate of Interest : 8.15% Period and amount of default - NIL		
	<u>13,65,29,256</u>	<u>—</u>

Note 6**LONG TERM PROVISIONS**

Particulars	31.03.18	31.03.17
Provision for Employee Benefits	1,19,82,490	1,12,06,933

Note 7**TRADE PAYABLES**

Particulars	31.03.18	31.03.17
Trade Payables		
i) Total outstanding dues of micro enterprises and small enterprises	—	—
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	27,44,43,955	15,95,18,567
	<u>27,44,43,955</u>	<u>15,95,18,567</u>

Note 8**OTHER CURRENT LIABILITIES**

Particulars	31.03.18	31.03.17
Current Maturities of Long Term Loans	29,61,16,860	—
Statutory dues Payable	66,74,257	1,49,62,740
Interest accrued and due on borrowings	31,75,358	—
	<u>30,59,66,475</u>	<u>1,49,62,740</u>

Note 9**SHORT TERM PROVISIONS**

Particulars	31.03.18	31.03.17
Provision for Employee Benefits	14,16,53,542	10,81,15,275
	<u>14,16,53,542</u>	<u>10,81,15,275</u>

Note: 10
Fixed Assets

(Amount in ₹)

Description	Gross Block At Cost			Depreciation			Netblock	
	As at 01.04.2017	Additions	Deductions	As at 31.03.2018	Additions	Deductions	As at 31.03.2018	As at 31.03.2017
Tangible Assets								
Office Equipment	2,11,08,671 (1,99,17,987)	11,87,301 (11,90,684)	1,63,551 —	2,21,32,421 (2,11,08,671)	9,61,793 (9,84,192)	1,58,974 —	1,98,18,575 (1,90,15,755)	20,92,915 (18,86,424)
Electrical Equipment	2,18,70,199 (2,04,63,124)	42,12,134 (14,85,800)	8,45,080 (78,725)	2,52,37,253 (2,18,70,199)	23,77,907 (18,58,472)	6,87,970 (73,172)	1,85,35,192 (1,68,45,254)	50,24,944 (54,03,170)
Computers	8,51,11,632 (7,60,96,395)	1,18,77,594 (90,15,237)	53,75,591 —	9,16,13,635 (8,51,11,632)	82,68,683 (73,75,496)	52,31,954 —	7,79,90,099 (7,49,53,370)	1,01,58,262 (85,18,521)
Furniture and fixtures	1,69,15,248 (1,62,38,990)	22,02,449 (6,76,258)	1,83,863 —	1,89,33,834 (1,69,15,248)	16,48,025 (5,93,600)	1,81,595 —	1,63,49,505 (1,48,83,075)	20,32,173 (19,49,515)
Vehicles	28,20,179 (28,20,179)	20,81,431 —	— —	49,01,610 (28,20,179)	5,19,549 (3,02,354)	— —	26,17,108 (20,97,558)	7,22,620 (10,24,975)
Improvement to rented premises	3,76,39,937 (3,37,40,959)	2,45,65,212 (38,98,978)	1,20,09,805 —	5,01,95,344 (3,76,39,937)	77,22,693 (34,81,887)	1,20,09,805 —	2,78,22,136 (3,21,09,250)	55,30,691 (51,13,596)
Total Tangible Assets	18,54,65,866	4,61,26,121	1,85,77,890	21,30,14,097	2,14,98,650	1,82,70,298	16,31,32,614	2,55,61,606
Intangible Assets								
Computer Software	3,87,03,068 (3,04,58,579)	20,38,500 (82,44,489)	— —	4,07,41,568 (3,87,03,068)	33,11,510 (18,56,947)	— —	3,54,27,434 (3,21,15,924)	65,87,144 (1,99,602)
Total Intangible Assets	3,87,03,068	20,38,500	—	4,07,41,568	33,11,510	—	3,54,27,434	65,87,144
Grand Total	22,41,68,934	4,81,64,621	1,85,77,890	25,37,55,665	2,48,10,160	1,82,70,298	19,85,60,049	3,21,48,749
Previous Year	(19,97,36,213)	(2,45,11,446)	(78,725)	(224,68,934)	(1,64,52,948)	(73,172)	(19,20,20,188)	(2,40,95,803)

Notes to the Accounts

forming part of the Balance Sheet as at March 31, 2018

(Amount in ₹)

Note 11

NON - CURRENT INVESTMENTS

Particulars	31.03.18	31.03.17
Un-Quoted		
Trade:		
Investments in Mutual Funds	2,29,03,933	72,61,833
(Net Asset Value as at 31.03.18 - ₹2,40,48,614 /-)		
Investment in Equity Instruments: Fully paid		
- Subsidiary Company		
Sundaram Asset Management Singapore Pte. Ltd		
Number of Shares Holding : 58,55,001		
Face Value: 1 SGD	27,81,03,020	27,81,03,020
Less: Provision for Diminution in Value of Investments		
(Refer Note No. 23.9)	—	10,67,13,308
	27,81,03,020	17,13,89,712
- Subsidiary Company		
Sundaram Alternate Assets Ltd		
Number of Shares Holding : 30,00,000		
Face Value: ₹10/-	3,00,00,000	—
(Refer Note No. 23.14)		
- Others		
MF Utilities India Private Limited		
Number of Shares Holding: 5,00,000	5,00,000	5,00,000
Face Value: ₹1		
	<u>33,15,06,953</u>	<u>17,91,51,545</u>

Particulars	As at 31.03.18			As at 31.03.17	
	Face Value	Holding (Number)	Cost (₹)	Holding (Number)	Cost (₹)
Investments in Mutual Funds					
Sundaram Hybrid C - Growth Option	—	—	—	—	—
Sundaram FTP GJ - Growth Option	10	—	—	3,00,000	30,00,000
Sundaram World Brand Fund Series I - Growth Option	10	—	—	2,490	24,900
Sundaram Small Cap Series 2 - Growth Option	10	2,500	25,000	2,500	25,000
Sundaram Global Advantage Fund - Growth Option	10	1,93,762	27,06,933	1,93,762	27,06,933
Sundaram FTP GY - Growth Option	10	500	5,000	500	5,000
Investments in Alternative Investment Funds					
Sundaram Alternative Investment Opp Fund - Nano Cap Sr 1	1,00,000	90	1,00,00,000	—	15,00,000
(Commitment Amount : ₹ 1,00,00,000)					
Sundaram Alternative Investment Opp Fund - Nano Cap Sr 2	1,00,000	96	1,01,67,000	—	—
(Commitment Amount : ₹ 1,01,67,000)					
Total				<u>2,29,03,933</u>	<u>72,61,833</u>

Notes to the Accounts

forming part of the Balance Sheet as at March 31, 2018

(Amount in ₹)

Note 12

LONG TERM LOANS AND ADVANCES

Particulars	31.03.18	31.03.17
Loans and Advances to Others		
Unsecured, considered good		
Tax payments pending adjustments (Net)	56,26,98,983	40,32,94,650
Brokerage Recoverable from Mutual Fund Schemes	34,03,77,353	20,93,07,608
Prepaid Expenses	48,25,12,759	21,98,92,278
Security Deposit	2,68,20,500	61,67,781
AIF Upfront Brokerage	17,60,34,223	5,87,88,999
Service Tax demand paid under protest	1,38,26,223	1,76,228
Others	12,65,273	9,40,110
	160,35,35,313	89,85,67,654

Brokerage recoverable from Mutual Fund schemes (under Loans and Advances) represents brokerage paid towards various schemes of mutual fund which are yet to be charged to the respective schemes.

Note 13

Current Investments

Particulars	31.03.18	31.03.17
Un-Quoted		
Trade:		
Investments in Mutual Funds	9,25,22,527	28,42,36,537
	9,25,22,527	28,42,36,537

Particulars	As at 31.03.18			As at 31.03.17	
	Face Value	Holding (Number)	Cost (₹)	Holding (Number)	Cost (₹)
Investments in Mutual Funds					
Sundaram Money Fund - Growth Plan - Direct	10	4,51,984	1,37,88,245	4,51,274	1,37,63,266
Sundaram Income Plus-Growth	10	30,04,823	7,85,48,855	1,12,01,883	27,02,88,156
Sundaram MIP(A)-Direct-Monthly Dividend	10	390.318	5427	368.85	5,115
HDFC Liquid Fund - Growth - Direct	1,000	4.3	10,000	4.3	10,000
Invesco Liquid Fund - Growth - Direct	1,000	6.17	10,000	6.168	10,000
ICICI Liquid Fund - Growth - Direct	100	57.38	10,000	57.381	10,000
DHFL Pramerica Insta Cash Plus Fund	100	65.25	10,000	65.247	10,000
Canara Rebecca Liquid Fund - Growth - Direct	1,000	6.97	10,000	6.974	10,000
DSP Blackrock Liquidity Fund - Growth - Direct	1,000	5.93	10,000	5.932	10,000
Birlasunlife Cash Plus - Growth - Direct	100	52.99	10,000	52.989	10,000
IDFC Cash Fund - Growth - Direct	1,000	6.98	10,000	6.982	10,000
L&T Liquid Fund - Growth - Direct	1,000	6.19	10,000	6.189	10,000
Axis Liquid Fund - Growth - Direct	1,000	7.65	10,000	7.652	10,000
JM High Liquidity Fund - Growth - Direct	10	311.02	10,000	311.018	10,000
SBI Magnum Insta Cash Fund - Growth - Direct	1,000	3.84	10,000	3.842	10,000
Tata Liquid Fund - Growth - Direct	1,000	4.489	10,000	4.489	10,000
Edelweiss Liquid Fund - Growth - Direct	10	654.62	10,000	654.62	10,000
Reliance Liquid Fund - Growth - Direct	1,000	5.64	10,000	5.635	10,000
Kotak Liquid Scheme - Growth - Direct	1,000	4.18	10,000	4.1834	10,000
LIC Nomura Liquid Scheme - Growth - Direct	1,000	4.68	10,000	4.675	10,000
IDBI Liquid Fund - Growth - Direct	1,000	7.91	10,000	7.911	10,000
Total			9,25,22,527		28,42,36,537

Particulars	31.03.18		31.03.17	
	Cost	Net Asset Value	Cost	Net Asset Value
Aggregate of Quoted Investments	—	—	—	—
Aggregate of Unquoted Investments	9,25,22,527	9,55,58,428	28,42,36,537	28,80,25,190

Notes to the Accounts

forming part of the Balance Sheet as at March 31, 2018

(Amount in ₹)

Note 14

TRADE RECEIVABLES

Particulars	31.03.18	31.03.17
Unsecured, Considered Good :		
Debts Outstanding for a period exceeding six months	—	—
Others		
Investment Management Fee	7,95,34,071	7,84,09,763
Advisory Fee	46,80,665	99,45,719
Portfolio Management Fee & Reimbursements	2,77,40,354	1,97,79,422
Alternative Investment Funds Management Fee	2,31,99,469	—
Total	13,51,54,559	10,81,34,904

Note 15

CASH AND BANK BALANCES

Particulars	31.03.18	31.03.17
Cash on Hand	93,944	67,857
Balances with Banks in India		
Balance in Current Accounts	1,49,87,664	1,63,11,915
Balances with Banks held abroad		
Balance in Current Accounts	4,05,857	6,22,287
In Deposit Accounts		
With maturity after 12 months	18,60,463	9,69,336
Total	1,73,47,928	1,79,71,395

Note 16

SHORT TERM LOANS AND ADVANCES

Particulars	31.03.18	31.03.17
Unsecured, Considered Good :		
Brokerage Recoverable from Mutual Fund Schemes	24,00,60,899	22,43,22,255
Prepaid Expenses	59,18,82,246	24,92,90,219
GST Input Credit	3,59,57,988	—
AIF Upfront Brokerage	8,87,34,636	—
Security Deposit	28,84,645	1,21,44,498
Others	3,42,52,859	4,97,48,030
Amount receivable from Subsidiary Companies	46,89,775	10726
Total	99,84,63,048	53,55,15,728

Brokerage recoverable from Mutual Fund schemes (under Loans and Advances) represents brokerage paid towards various schemes of mutual fund which are yet to be charged to the respective schemes.

Notes to the Accounts

forming part of the Profit and Loss Statement

(Amount in ₹)

Note 17

REVENUE FROM OPERATIONS

Particulars	2017-18	2016-17
Services Rendered:		
Investment Management Fees - Mutual Fund	272,80,36,241	247,60,93,782
Investment Management Fees - AIF	5,03,68,721	4,06,856
Portfolio Management Service Fees	11,97,70,319	7,43,81,538
Advisory Fees	1,88,05,041	2,17,02,756
Total	291,69,80,322	257,25,84,932

Investment Management fees - AIF Fees is net of Setup fees paid ₹ 82,37,500/- (31.03.17- ₹ 55,25,000/-).

Portfolio Management Services fees is Net of brokerage paid ₹ 16,61,70,111 (31.03.17- ₹ 17,51,60,461/-).

Notes to the Accounts

forming part of the Profit and Loss Statement

(Amount in ₹)

Note: 18

OTHER INCOME

Particulars	2017-18	2016-17
Interest Income	4,75,41,209	3,29,647
Dividend Income	312	115
Profit on Sale of Tangible Assets	—	6,788
Profit on Sale of Current Investment	87,38,109	2,99,18,077
Miscellaneous income	4,40,986	23,15,835
Provision no longer required written back (Refer Note No.23.9)	10,67,13,308	—
Total	16,34,33,924	3,25,70,462

Note 19

EMPLOYEE BENEFIT EXPENSES

Particulars	2017-18	2016-17
Salaries, allowances and bonus	56,00,74,510	46,76,46,305
Company's contribution to Provident Fund, NPS, ESI Scheme	2,45,96,616	2,00,42,966
Provision for Gratuity & Leave Encashment	2,99,91,322	2,58,05,342
Staff welfare expenses	1,43,66,244	2,11,38,434
Total	62,90,28,692	53,46,33,047

1. Defined Contribution Plan:

Company Contribution to	2017-18	2016-17
1. Provident Fund	1,53,63,763	1,31,34,217
2. Pension Fund	44,50,509	40,15,525
3. Employees State Insurance	3,63,082	23,306

2. Defined Benefit Plan:

Gratuity

A. Reconciliation of opening and closing balances of present value of the defined benefit obligation

	2017-18	2016-17
Present Value of obligations at the beginning of the Year	5,22,30,124	3,47,84,971
Interest Cost	43,18,397	27,82,798
Current Service Cost	64,40,131	45,61,084
Benefit Paid	(30,53,077)	(24,40,385)
Actuarial (Gain) / Loss on obligation	17,69,017	1,25,41,656
Liabilities assumed on acquisition/(settled on divestiture)	65,115	—
Present value of obligation at the end of the Year	6,17,69,707	5,22,30,124

B. Reconciliation of opening and closing balances of fair value of the Plan Assets Fund Maintained by LIC

	2017-18	2016-17
Fair Value of Plan asset at the beginning of the Year	4,30,36,985	3,42,82,269
Expected return on plan assets	28,76,002	33,05,884
Contribution	1,58,10,165	78,89,217
Benefit Paid	(30,53,077)	(24,40,385)
Actuarial Gain on obligation	8,65,026	Nil
Fair Value of plan asset at the end of the Year	5,95,35,101	4,30,36,985

Notes to the Accounts

forming part of the Profit and Loss Statement

(Amount in ₹)

C. Amount to be recognised in Balance Sheet

	2017-18	2016-17
Present Value of obligations at end of the Year	6,17,69,707	5,22,30,124
Fair Value of Plan asset at the end of the Year	5,95,35,101	4,30,36,985
Net Liability recognised in the balance sheet	22,34,606	91,93,139
Net Liability is bifurcated as follows:		

Particulars	31.03.2018	31.03.2017
Current	—	—
Non-Current	22,34,606	91,93,139

D. Expenses recognised in the profit and loss account

	2017-18	2016-17
Current Service Cost	64,40,131	45,61,084
Interest Cost	43,18,397	27,82,798
Expected return on plan assets	(28,76,002)	(33,05,884)
Net Actuarial loss recognised in the year	9,03,991	1,25,41,656
Expenses to be recognised in the Profit and Loss Account	87,86,517	1,65,79,654
Actual Return on Plan Assets	37,41,028	33,05,884

E. Actuarial Gain / Loss recognised

	2017-18	2016-17
Actuarial (gain) / loss on obligation	17,69,017	1,25,41,656
Actuarial gain on plan assets	8,65,026	—
Actuarial (gain) / Loss for the year	9,03,991	1,25,41,656

F. Actuarial Assumption

Actuarial Assumption*	31.03.2018	31.03.2017
Discount Rate	7.55%	8.00%
Salary Increment	7.00%	7.00%
Expected Rate of Return	7.50%	8.25%
Attrition Rate	1-3%	1-3%

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

Particulars	31.03.2018	31-03-2017	31-03-2016	31-03-2015	31-03-2014
Defined Benefit Obligation	6,17,69,707	5,22,30,124	3,47,84,971	3,13,29,992	2,84,67,546
Plan Asset	5,95,35,101	4,30,36,985	3,42,82,269	2,85,38,940	2,67,57,282
Surplus /(Deficit)	(22,34,606)	91,93,140	(5,02,702)	27,91,051	17,10,264
Expenses Adjustment on Plan Liabilities	(9,49,036)	(1,25,41,656)	(12,36,156)	(78,055)	(30,63,271)
Expenses Adjustment on Plan Asset	8,65,026	Nil	Nil	Nil	Nil

Leave Encashment

The results of actuarial valuation are as under:

Particulars	31.03.2018	31.03.2017
Defined Benefit obligation	5,41,72,413	3,30,62,921
Fair Value of Plan Assets	(4,44,24,529)	(3,10,49,127)
Net Liability	97,47,884	20,13,794

Net Liability is bifurcated as follows:

Notes to the Accounts

forming part of the Profit and Loss Statement

(Amount in ₹)

Particulars	31.03.2018	31.03.2017
Current	—	—
Non-Current	97,47,884	20,13,794
Actuarial Assumptions		Per Annum
Actuarial Assumption*	31.03.2018	31.03.2017
Discount Rate	7.55%	8.00%
Salary Increment	7.00%	7.00%
Expected Rate of Return	7.50%	7.50%

Note 20

ADMINISTRATIVE AND OTHER EXPENSES

Particulars	2017-18	2016-17
Rent	5,93,19,754	5,22,60,323
Outsourcing Cost	5,11,29,674	4,51,26,660
Subscription	3,84,90,661	3,62,40,498
Fund Accounting Charges	6,36,30,552	5,09,36,545
Electricity Charges	87,57,631	85,21,761
Communication Expenses	2,10,33,441	2,14,11,848
Professional and Consultancy Fees	2,54,29,427	2,09,44,923
Travelling and Conveyance	4,32,77,321	3,91,48,999
Database and Networking Expenses	2,38,83,259	2,18,11,192
Business Development Expenses	3,91,92,388	2,60,64,629
Repairs and Maintenance		
- Building	54,39,200	62,10,204
- Others	1,34,92,250	1,39,93,188
Printing & Stationery	90,76,716	74,75,925
Insurance	50,21,573	31,30,094
Rates and Taxes	82,16,148	24,55,796
Director's Sitting Fees and Commission	17,90,000	15,30,000
Corporate Social Responsibility	70,00,000	51,00,000
Loss on Sale of Asset	6,856	-
Loss on exchange fluctuation	3,72,358	1,93,503
Investment Advisory Fees	1,58,66,909	1,63,10,935
Miscellaneous expenses	3,06,91,812	4,26,59,874
Total	47,11,17,930	42,15,26,897

Note 21

BROKERAGE AND MARKETING EXPENSES

Particulars	2017-18	2016-17
Registrar and Transfer Agent Fees	22,30,86,585	18,74,17,394
Upfront Brokerage - Mutual Fund	71,07,49,582	30,94,75,612
Trail Brokerage	28,04,22,938	52,57,75,842
Marketing & Other Expenses	16,06,40,644	13,33,96,216
Total	137,48,99,749	115,60,65,064

Note 22

FINANCE COST

Particulars	2017-18	2016-17
Interest Expense	2,45,25,353	50,96,422
Total	2,45,25,353	50,96,422

Note: 23**GENERAL:**

23.1 The Company has identified Asset Management, Investment Advisory Service and Portfolio Management Service as the only business segment.

23.2 Disclosures in respect of operating lease contracts as per AS 19 – “Leases”

The future minimum lease payments payable under non-cancellable operating lease are as follows:

(In ₹)

Particulars	31.03.2018	31.03.2017
Not later than one year	30,09,280	19,29,965
Later than one year and not later than five years	37,24,542	35,49,955
Later than five years	Nil	Nil

The leases can be renewed on expiry of the primary lease period, after mutually discussing the renewal terms with the lessor.

23.3 Miscellaneous expenses in Note 20 includes Remuneration to Auditors:-

(In ₹)

Particulars	2017-18	2016-17
Statutory Audit	8,50,000	8,50,000
Tax Audit	3,40,000	3,40,000
Certification Fees	3,80,000	3,80,000
Total	15,70,000	15,70,000

23.4 Related Parties**Holding Company:**

Sundaram Finance Limited

Subsidiary Companies:

Sundaram Asset Management Singapore Pte Limited

Sundaram Alternate Assets Limited

Fellow Subsidiaries/Associates:

Sundaram BNP Paribas Home Finance Limited

Sundaram Trustee Company Limited

LGF Services Limited.

Sundaram BNP Paribas Fund Services Limited

Sundaram BPO India Limited

Royal Sundaram General Insurance Company Limited

Sundaram Finance Holdings Ltd. (formerly known as -

Sundaram Finance Investment Limited)

Associates

Sundaram Mutual Fund

Sundaram Alternative Investment Trust-Cat. III

Sundaram Alternative Investment Trust-Cat.II

Key Management Personnel

Mr Harsha Viji – Managing Director

Mr Sunil Subramaniam-Chief Executive Officer

Mr.P.Sundararajan – Company Secretary

Mr.T.S.Sritharan – Chief Financial Officer

Details of Related Parties Transactions for the year ended 31.03.2018

(Amount in ₹)

Particulars	Holding Company		Fellow / Subsidiaries / Associates		Key Management Personnel	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Income						
Investment Management and Advisory Fees						
Sundaram Mutual Fund			2,72,80,36,241	2,47,60,93,782		
Sundaram Alternative Investment Funds - Cat II			98,79,134			
Sundaram Alternative Investment Funds - Cat III			9,02,91,120	10,36,308		
Sundaram Asset Management Singapore Pte. Ltd (Grouped under Note 17 – Revenue from Operations)			9,61,232	9,56,661		
Service Income			18,00,000	18,00,000		
Sundaram Trustee Company Limited (Grouped under Note 19 – Employee Benefits)						
Total			2,83,09,67,727	2,47,98,86,751		
Expenses						
Rent and Office Maintenance						
Sundaram Finance Ltd	2,19,38,861	2,13,00,812				
Reimbursement of Rent Expense (Grouped under Note 20 - Administrative Expenses - Rent)						
PMS Brokerage#	61,91,843	1,25,57,381				
(Grouped under Note 17 - Portfolio Management Service Fees - Net)						
Additional Incentive	4,96,69,166	2,47,44,969				
Mutual Fund Brokerage*	9,85,14,925	4,20,39,913				
(Grouped under Note 21 - Brokerage & Marketing Expenses)						
Vehicle Lease Rental	32,15,001	35,81,715		32,59,700	44,699	
Sundaram Finance Ltd (Grouped under Note 19 - Employee Benefits Expense - Salaries, Allowances & Bonus)						
Insurance						
Royal Sundaram General Insurance Co. Ltd (Grouped under Note 20 - Administrative Expenses – Insurance)	3,41,012	29,70,448				

Particulars	Holding Company		Fellow Subsidiaries / Associates		Key Management Personnel	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Remuneration Key Personnel of the Company					4,20,28,400	3,51,07,278
Payroll processing and AMC Accounting Charges Sundaram BPO India Ltd Sundaram Finance Holdings Ltd (Grouped under Note 20 - Administrative Expenses – Miscellaneous Expenses)			23,55,388 8,64,281	19,05,360		
Fund Accounting, Registrar and Transfer fees and Call Centre Charges Sundaram BNP Paribas Fund Services Ltd (Grouped under Note 20 - Administrative Expenses)			33,68,84,228	24,15,69,228		
Collection Centre Charges & Training Centre Charges Sundaram Finance Ltd (Grouped under Note 20 - Administrative Expenses – Repairs and Maintenance Cost)						
System Services Cost Sundaram Finance Ltd (Grouped under Note 20 - Administrative Expenses – Repairs and Maintenance Cost)	14,90,638	15,64,861				
Internal, Concurrent and Audit Fees Sundaram Finance Ltd (Grouped under Note 20 - Administrative Expenses – Miscellaneous Expenses)	12,00,000	5,00,000				
Investment Advisory Fees Sundaram Asset Management Singapore Pte. Ltd (Grouped under Note 20 - Administrative Expenses)			1,54,62,400	1,59,16,800		
Total	18,25,61,446	10,92,60,099	35,55,66,297	26,26,51,088	4,20,73,099	3,51,07,278
Assets						
Receivable from Sundaram Trustee Co. Ltd			2,16,313	2,33,533		
Receivable from Sundaram Asset Management Singapore Pte. Ltd			2,47,903	2,29,699		
Receivable from Sundaram Alternate Assets Limited (Grouped under Note 16 – Short Term Loans and Advances- Others)			46,89,775			
Investment in Trust Securities at the end of the year Sundaram Mutual Fund (Grouped under Note 13 – Non Current Investment and Note 11 - Current Investments)			9,50,79,460	28,98,18,370		
Investment in Trust Securities at the end of the year Sundaram Alternative Investment Funds - Cat III (Grouped under Note 11 – Non Current Investment)			2,01,67,000	15,00,000		
Investment in Subsidiary Company Sundaram Asset Management Singapore Pte. Ltd Sundaram Alternate Assets Limited (Grouped under Note 11 – Non Current Investment)			27,81,03,020 3,00,00,000	27,81,03,020		
Total			42,85,03,471	56,98,84,622		
Liabilities						
Other Liabilities Sundaram Finance Ltd (Grouped under Note 7 – Trade Payables)	1,03,42,192	81,67,533				
Sundaram Finance Holdings Limited Sundaram BPO India Ltd Sundaram BNP Paribas Fund Services Ltd (Grouped under Note 7 – Trade Payables)			3,73,464 35,55,000	1,92,000 2,52,92,754		
Final Dividend	7,00,00,000					
Redeemable Cumulative Non-Convertible Preference Shares Allotted						
Sundaram Finance Holdings Limited			15,00,00,000			
Total	8,03,42,192	81,67,533	39,28,464	2,54,84,754		

* Amount partly paid by the company and the mutual fund. The amount debited to the P&L of the company is based on the amortization policy adopted by the company.
The amount debited to the P&L of the company is based on the amortization policy adopted by the company.

- 23.5 a) The Managing Director Mr. Harsha Viji has been nominated by M/s. Sundaram Finance Limited the Holding company and no remuneration is borne by this company.
- b) During the year, Sundaram Finance Ltd the holding company has incurred ₹27,89,800/- towards employee stock option scheme issued under M/s Sundaram Finance Stock Option Scheme, 2008 to employees of the company.
- 23.10 There are no amounts due to Small Scale Industries in terms of "The Micro, Small and Medium Enterprises Development Act, 2006".
- 23.11 Expenditure in foreign Currency on payments towards Salary, Rent, Travelling etc. - ₹11,30,68,100 (31.03.17 - ₹ 8,04,95,358/-)
- 23.12 Earnings in Foreign Currency – Advisory fees earned ₹1,64,11,005 (31.03.17 – ₹ 1,54,09,026/-)

23.6 Earnings per Share (Basic and diluted)

Sl. No	Particulars		2017-18	2016-17
1.	Profit after tax ₹	(A)	38,24,15,919	30,73,05,694
2.	Number of shares (nominal value of ₹10/- each)	(B)	2,00,00,000	2,00,00,000
3.	Earnings per share (Basic)-₹	(A)/(B)	19.08	15.37
4.	Earnings per share (Diluted) -₹		19.08	15.37
5.	Dividend proposed to be distributed-₹		8,00,00,000	7,00,00,000
6.	Dividend per share-₹		4.00	3.50

- 23.7 The Pending Litigation as of 31.03.2018 have been compiled by the company and reviewed by the Statutory Auditors. The effect of the current position of the litigation have been evaluated and appropriately considered and disclosed in the financial statement.

23.8 Contingent Liabilities: (In ₹)

Claims against the Company not acknowledged as debts	31.03.2018	31.03.2017
Income tax Matters	₹33,25,720/-	Nil
Service Tax matters	₹18,28,55,516/-	₹18,19,26,430/-

- 23.9 During the year, the company has written back the provision for diminution in value of investments of ₹10,67,13,308/- created in earlier years towards investment in Sundaram Asset Management Singapore Pte Limited on the basis that the company has started earning profits.

- 23.13 During the year, the Company has changed its accounting policy in respect of amortisation of Brokerage paid on Alternative Investment Funds (AIF). The AIF Brokerage is amortized in proportion to Fees charged on AUM or Fees Charged on commitment amount as the case may be as against the earlier policy of amortisation over the tenor of the scheme which was followed up to Financial Year 2016-17. The effect of such change on financial statements for the year is not material.

- 23.14 During the year, the company has decided to hive off the Alternative Investment Funds (AIF) and Portfolio Management Services (PMS) divisions with a view to bring these operations under a separate entity, Sundaram Alternate Assets Limited. The approval for demerger is pending before the National Company Law Tribunal (NCLT) and is expected to take effect from 1st April 2018.

23.15 Proposed Dividend:

Board of Directors of the Company at their meeting held on 11th May 2018 have recommended a dividend of ₹ 4 per share to the equity shareholders of the company and a dividend at the rate of 6.75% to the preference shareholders of the company, subject to the approval of Members at the ensuing Annual General Meeting.

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

For **SURI & CO.**
Chartered Accountants
Firm Regn No. 004283S

S. GANESAN
Partner
Membership No. 018525

Chennai
11th May 2018

Pratip Chaudhuri
Chairman

Sunil Subramaniam
Chief Executive Officer

P. Sundararajan
Company Secretary

Harsha Viji
Managing Director

Lakshmi H
Chief Financial Officer

Cash Flow Statement

For the Year ended 31.03.2018

(Amount in ₹)

Particulars	2017-18	2016-17
A Cash Flow from Operating Activities :		
Profit/(Loss) after tax	38,24,15,919	30,73,05,694
Add: Profit on sale of tangible assets	—	(6,788)
Financial Cost	2,45,25,353	50,96,422
Profit on sale of Non Current Investments	(87,38,109)	(2,99,18,077)
Loss on Sale of tangible Assets	6,856	—
Depreciation	2,48,10,160	1,64,52,948
Income Tax	9,58,91,820	12,70,00,000
Deferred Tax	15,30,61,665	3,70,75,322
Interest Income	(4,75,41,209)	(3,29,647)
Effect of foreign exchange rates on cash and cash equivalents	5,500	1,93,503
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>62,44,37,955</u>	<u>46,28,69,377</u>
(Increase) / Decrease in Current Assets	—	—
(Increase) / Decrease in Long Term Loan and Advances	(42,09,61,806)	2,51,37,192
(Increase) / Decrease in Short Term Loan and Advances	(61,21,88,405)	(11,60,54,220)
(Increase) / Decrease in Trade Receivables	(2,70,25,156)	(75,19,318)
Increase / (Decrease) in Current Liabilities (Trade Payables)	4,88,89,659	(5,98,63,006)
Increase / (Decrease) in Other Long Term Liabilities	23,06,62,483	(30,00,000)
Increase / (Decrease) in Current Liabilities (Other current liabilities)	19,60,73,802	(8,10,94,300)
Increase / (Decrease) in Current Liabilities (Short Term Provisions)	1,47,36,841	84,93,864
	(56,98,12,581)	(23,38,99,787)
Cash generated from Operations	<u>5,46,25,374</u>	<u>22,89,69,590</u>
Financial Cost	(2,45,25,353)	(50,96,422)
Direct Taxes Paid	(14,42,47,170)	(11,53,30,632)
NET CASH FROM OPERATING ACTIVITIES	<u>(11,41,47,149)</u>	<u>10,85,42,536</u>

Cash Flow Statement

For the Year ended 31.03.2018

(Amount in ₹)

Particulars	2017-18	2016-17
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase / Sale of Current Investments	19,17,14,010	(8,62,49,519)
Purchase / Sale of Non Current Investments	(15,32,46,535)	2,06,80,250
Purchase of Fixed Assets - Tangible	(4,61,26,105)	(1,62,66,957)
Purchase of Fixed Assets - Intangible	(20,38,500)	(82,44,489)
Sale of Fixed Assets - Tangible	3,00,720	12,342
Profit on Sale of Non-Current Investments	87,38,109	2,99,18,077
Interest Income	4,75,41,209	3,29,647
NET CASH FROM INVESTING ACTIVITIES	4,68,82,908	(5,98,20,649)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Preference Capital	15,00,00,000	
Dividend paid (including corporate dividend tax)	(8,42,50,352)	(4,33,28,753)
Net Cash From Financing Activities	6,57,49,648	(4,33,28,753)
Net Increase / (Decrease) In Cash & Cash Equivalents - (A) + (B) + (C)	(15,14,594)	53,93,134
Cash and Cash Equivalents at the Beginning of the year	1,70,02,059	1,16,08,925
Cash and Cash Equivalents at The End of the year	1,54,87,465	1,70,02,059
<i>Note : Cash & Cash Equivalents comprise the following :</i>		
a. Cash on hand	93,944	67,857
b. Balances with Banks in Current accounts	1,53,93,521	1,69,34,202
c. Fixed Deposits	—	—
Total	1,54,87,465	1,70,02,059

For **SURI & CO.**
Chartered Accountants
Firm Regn No. 0042835

S. GANESAN
Partner
Membership No. 018525

Chennai
11th May 2018

Pratip Chaudhuri
Chairman

Sunil Subramaniam
Chief Executive Officer

P. Sundararajan
Company Secretary

Harsha Viji
Managing Director

Lakshmi H
Chief Financial Officer

FORM AOC - 1

[Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014]

Statement containing salient features of the financial statement of subsidiaries / associate companies/ joint ventures

PART "A" : Subsidiaries

Amount in ₹

1.	Sl. No	1	2
2.	Name of the Subsidiary	M/s Sundaram Asset Management Singapore Pte Ltd.	M/s Sundaram Alternate Assets Ltd.
3.	The date since when subsidiary was acquired	N.A	N.A
4.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	N.A	N.A
5.	Reporting Currency and Exchange Rate as of the last date of the relevant Financial Year in the case of foreign subsidiaries	SGD	INR
6.	Share Capital	58,55,001	3,00,00,000
7.	Reserves & Surplus	-36,66,686	13,983
8.	Total Assets	30,62,532	3,00,57,303
9.	Total Liabilities	30,62,532	3,00,57,303
10.	Investments	2,55,970	2,95,00,000
11.	Turnover	34,41,208	2,58,077
12.	Profit before Taxation	9,40,918	18,833
13.	Provision for Taxation	—	—
14.	Profit after Taxation	9,40,918	18,833
15.	Proposed Dividend	—	—
16.	% of Shareholding	100%	100%

PART "B" : Associates & Joint Ventures

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

Name of Associates / Joint Ventures	
1. Latest Audited Balance Sheet Date	Not Applicable
2. Date on which the Associate or Joint Venture was associated or acquired	
3. Share of Associate / Joint Ventures held by the company on the year end	
Number	
Amount of Investment in Associates / Joint Ventures	
Extend of Holding %	
4. Description of how there is significant influence	
5. Reason why the associate/joint venture is not consolidated	
6. Networth attributable to share holding as per latest audited balance sheet	
7. Profit / Loss for the year	
i. Considered in Consolidation.	
ii. Not Considered in Consolidation	

Pratip Chaudhuri
Chairman

Harsha Viji
Managing Director

Sunil Subramaniam
Chief Executive Officer

P. Sundararajan
Company Secretary

Lakshmi H
Chief Financial Officer

Chennai
11th May 2018

Branches

Ahmedabad	Kolkatta - 2
Allahabad	Lucknow
Aurangabad	Ludhiana
Bangalore	Madurai
Baroda	Mangalore
Bhilai	Mumbai - 4
Bhopal	Mysore
Bhubaneshwar	Nagpur
Calicut	Nasik
Chandigarh	Patna
Chennai	Pondy
Cochin	Pune
Coimbatore	Raipur
Dehradun	Rajkot
Delhi - 2	Ranchi
Durgapur	Salem
Goa	Surat
Guwahati	Thrissur
Hyderabad	Trichy
Indore	Trivandrum
Jaipur	Varanasi
Jamshedpur	Vijayawada
Jodhpur	Vizag
Kanpur	

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