

# Sundaram Finance Holdings Limited

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27th Annual Report

2020-21



***SUNDARAM FINANCE HOLDINGS***

<b>Board of Directors</b>	T T Srinivasaraghavan R Venkatraman S Prasad Shobhana Ramachandhran Srivats Ram Harsha Viji	Chairman
<b>Audit Committee</b>	R. Venkatraman S Prasad Harsha Viji	Chairman
<b>Stakeholders Relationship Committee</b>	R Venkatraman Srivats Ram T T Srinivasaraghavan	Chairman
<b>Nomination &amp; Remuneration Committee</b>	R Venkatraman S Prasad Harsha Viji	Chairman
<b>Corporate Social Responsibility Committee</b>	S Prasad T T Srinivasaraghavan Harsha Viji	Chairman
<b>Investment Committee</b>	T T Srinivasaraghavan R Venkatraman Harsha Viji Srivats Ram	Chairman
<b>Risk Management Committee</b> (constituted on 24.05.2021)	R Venkatraman Harsha Viji V. Vaasen	Chairman
<b>Chief Executive Officer</b>	S. Ravi	
<b>Chief Financial Officer</b>	V Vaasen	
<b>Secretary &amp; Compliance Officer</b>	P N Srikant	
<b>Registered Office</b>	21 , Patullos Road, Chennai - 600 002 Tel: 044 2852 1181, Fax: 044 2858 6641 Email: investorservices@sundaramholdings.in Website: www.sundaramholdings.in	
<b>CIN</b>	L65100TN1993PLC025996	
<b>Auditors</b>	M/s. R.G.N Price. & Co., Chartered Accountants Simpson's Building, 861 Anna Salai, Chennai – 600002	
<b>Subsidiary</b>	Sundaram Business Services Limited	
<b>Bankers</b>	ICICI Bank Limited State Bank of India	

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**SUNDARAM FINANCE HOLDINGS**

## Board's Report

Your directors have pleasure in presenting the 27th Annual Report together with audited accounts for the year ended 31st March 2021. The summarised financial results of the Company are presented hereunder:

### FINANCIAL RESULTS:

(₹ in cr.)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from Portfolio Companies	14.13	59.48
Operating Revenue	23.56	33.00
Other Income	2.07	1.87
<b>Total Revenue</b>	<b>39.76</b>	<b>94.35</b>
Less: Total Expenses	22.11	29.24
<b>Profit before Tax</b>	<b>17.65</b>	<b>65.12</b>
<b>Profit after Tax</b>	<b>14.55</b>	<b>61.39</b>
<b>Consolidated PAT</b>	<b>73.88</b>	<b>78.13</b>

### DIVIDEND

Your directors are pleased to recommend a dividend of ₹0.50/- per share (10% on the face value of ₹5/-) on the enhanced paid-up capital of ₹111.05 cr., pursuant to the rights issue.

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

### MANAGEMENT DISCUSSION AND ANALYSIS

#### INDIAN ECONOMY

The COVID-19 pandemic has been the defining event of the last year and a half with a devastating human cost both in terms of lives lost, and livelihoods affected. The first wave of COVID-19 infections in India, peaking at almost 100,000 infections a day, spanned the entire fiscal year resulting in a GDP contraction of

almost 8% compared to the previous year.

However, the sizeable stimulus measures in the western economies resulted in a steady money flow into India which stabilised the rupee. Due to the substantial loss of revenue due to COVID-19 related restrictions the Government has targeted a deficit of 9.5% of GDP. However, pickup in tax revenue during the last quarter is likely to bring down this deficit closer to just under 8%. The ongoing second wave will exert pressure on this again. In the midst of this, Indian equity markets witnessed significant momentum largely driven by global developments and the abundance of liquidity in the financial system. The Sensex recorded an annual return of 68%.

#### Automotive Sector

The automotive sector was already witnessing bouts of weakness going into financial year 2020-21. The onset of the COVID-19 pandemic only exacerbated the situation. The commercial vehicles (CV) segment was the worst affected, given its close linkages to the economy's growth momentum. Fresh restrictions on activity in the wake of the second wave have imposed a further strain on the CV segment.

The financial year 2020-21 was, however, a strong year for tractors. Three consecutive years of good crops, increased government spending in rural India, strong agricultural output and elevated farmer sentiment resulted in a 27% growth in tractor volumes over the previous year. The increased need for personal mobility resulted in a lesser impact on passenger vehicle (PV) volumes that contracted by only 2% year on year. Vehicles driven by infrastructure end-use – tippers and material handling and construction equipment – were also relatively less impacted, aided by Government spending on infrastructure projects.

The emergence of the second wave of the pandemic is likely to put a strain on the finances of both the Central and State Governments, which could constrain their budgetary allocations for infrastructure and other developmental projects. As a consequence, a revival in the fortunes of the Commercial vehicle sector appears unlikely in the near term.

## OUTLOOK

Your company generates a significant portion of its income from dividend flows from the portfolio companies that are engaged in the automotive sector.

The worldwide disruption caused by the COVID-19 pandemic and the consequent lockdown imposed almost till end-November 2020 have considerably impacted the business operations of our associate companies, including their subsidiaries, which in turn, have impacted the financial results of the Company. Even as the automotive sector was beginning to show some signs of recovery from the third quarter of financial year 2020-21, the second wave of the pandemic from March 2021, which has been far more severe in India with infection rates in excess of 4,00,000, has forced another phase of lockdowns in various states across the country.

While many countries around the world are witnessing the end of their “third wave” of COVID-19 infections, several others are witnessing rising infections, implying that it would take longer for them to ease COVID-related restrictions. Therefore, uncertainty remains over the global economy as well as the Indian economy, and it is unclear what FY22 holds in store for us. Hence, while we remain positive on the automotive sector in the medium-term, significant uncertainty exists about the sector’s performance in 2021-22.

## EXEMPTED CORE INVESTMENT COMPANY

As at the date of the audited balance sheet relating to the previous year, i.e. 31st March 2020, the overall investments of the Company in Group Companies had fallen below the threshold limit specified in the Core Investment Companies (Reserve Bank) Directions, 2016 (the Directions), i.e. 90% of the net assets, primarily due to a depletion in the valuation of investments computed as per IND AS 113, as a result of which your Company had ceased to be categorised as an exempted Core Investment Company.

Accordingly, during the year, an application was submitted to the Reserve Bank of India (RBI) for registration as a non-deposit taking Non-Banking Finance Company (“NBFC-ND”), since the Company fulfilled the ‘principal business criteria’ applicable to

NBFCs. However, the application was returned by RBI during February 2021, for the reason that the promoter of your Company, i.e., Sundaram Finance Limited is a Type-II-NBFC which also wholly owns another NBFC (HFC), viz., Sundaram Home Finance Limited. In reply, the Company had sought a clarification regarding its status and requested RBI to re-consider its decision, for which RBI’s response is awaited.

Meanwhile, as at the date of the audited balance sheet for the financial year ended 31st March 2021, the Company has fulfilled the requisite criteria and is categorised as an exempted CIC under the Directions.

## OPERATING AND FINANCIAL PERFORMANCE

Your Company earned a revenue of ₹39.76 cr., during the financial year 2020-21, as against ₹94.35 cr. in the previous year. The profit after tax for the year was ₹14.55 cr., as against ₹61.39 cr. in the previous year. The company’s net-worth stood at ₹1425.13 cr. as on 31.03.2021.

The significant changes in key financial ratios of the Company for FY. 2020-21 as compared to FY. 2019-20 are as follows:

Ratios	March 2021	March 2020	Variance	Reason for Change
Current Ratio	25.71	63.82	(58%)	Due to reduction in closing balance of Mutual Fund investments.
Operating Profit Margin (%)	41.39	68.1	(39%)	Due to reduction in Net Profit and Total revenue during FY 2020-21
Net Profit Margin (%)	36.59	65.1	(43%)	
ROCE (%)	1.1	5.1	(78%)	
ROE (%)	1.02	4.9	(79%)	

The consolidated profit after tax and net worth for the year stood at ₹73.88 cr. and ₹2195.02 cr. respectively.

## BPO BUSINESS

The BPO business of the Company comprises the following:

Type of Business	Turnover (₹ in cr.)
Shared services business managed by the Company	18.18
Sundaram Business Services Limited - for managing outsourced business of domestic and overseas clients (Wholly-owned Subsidiary)	30.84
Total	49.02

- ### Shared Services Business

The shared services business of the Company encompasses services provided to Sundaram Finance Limited and its

group and associate companies on an arm's length basis. Such services include transaction processing, accounts payable processing, tele-calling, training, learning and development. The revenue earned from the shared services business during the year was ₹18.18 cr. The business had 283 employees as on 31st March 2021.

- ### Sundaram Business Services Limited

Sundaram Business Services Limited (SBSL) is a global outsourcing company offering a wide range of services to domestic and overseas clients. The service offerings of SBSL include best in class outsourcing to 41 clients in India, Australia, U.S.A and the UK. During the year, SBSL earned a revenue of ₹33.94 cr. and reported a profit after tax of ₹3.75 cr.

## INVESTMENTS MADE / PROPOSED TO BE MADE BY THE COMPANY

During the financial year 2020-21, your Company made portfolio investments and obtained the approval of the Board of Directors for prospective investments in the following entities:

Name of the Entity	Amount of Investment (not exceeding) (₹ in cr.)	% Stake	Remarks
Wheels India Limited	100.00	9.70	Investment by way of an acquisition from the JV Partner, viz., Titan Europe Limited, as part of the Company's strategy to consolidate its holdings.
Mind S.r.l., Italy (Mind)	23.71	40.60	Investment by way of an acquisition from the Italian promoters of Mind, in continuation of the strategy to focus on the automotive space and explore new lines of business therein. We believe that the carbon fiber market, though nascent in India now, will grow in size in the long term, and the technology and expertise from Mind will position us well in the market.
Brakes India Private Limited	350.00	7.71	Approval obtained for investment by way of an acquisition from the JV Partner, viz., ZF International UK Limited, as part of the Company's strategy to consolidate its holdings, subject to all necessary approvals.
Flometallic India Private Limited*	13.00	6.84	Approval obtained for investment by way of an acquisition from the individual promoters of FIPL, as part of the Company's strategy to consolidate its holdings.

\* This investment has since been completed on 30th April 2021

## INVESTMENT PORTFOLIO

The Company holds investments in 19 portfolio companies as at 31.03.2021. The total cost of these investments is ₹286.60 cr. The performance of the key portfolio companies during 2020-21 was as follows:

(₹ in cr.)

S No.	Portfolio Company	Holding Cost	Holding (%)	Networth	Share of Networth	PAT	Share of PAT
1	Turbo Energy Pvt Ltd	1.88	32.00	1541.99	493.44	102.14	32.68
2	India Motor Parts & Accessories Limited	6.36	18.62	935.21	174.14	31.64	5.89
3	Brakes India Pvt Ltd	0.15	6.67	2441.50	162.85	245.74	16.39
4	Wheels India Ltd	141.68	23.28	599.32	139.52	6.75	1.57
5	The Dunes Oman FZC (LLC)	21.56	43.69	213.72	93.37	19.79	8.65
6	Sundaram Clayton Ltd	14.28	11.24	715.88	80.46	75.84	8.52
7	Flometallic India Pvt Ltd	38.00	40.00	184.90	73.96	24.13	9.65
8	Lucas-TVS Ltd	0.27	5.32	1057.63	56.27	147.50	7.85
9	Axles India Ltd	10.16	38.81	135.52	52.59	2.96	1.15
10	Delphi TVS Technologies Limited	0.18	3.19	389.63	12.43	32.68	1.04
11	Mind S.r.l.	23.71	40.60	3.69	1.50	-25.51	-10.36
12	Others	28.36	NA	166.06	33.17	14.35	5.51
	<b>Total</b>	<b>286.60</b>			<b>1373.69</b>		<b>88.55</b>

**Note:** The figures relating to the companies mentioned under Sl. Nos. 3, 8 and 10 are based on the audited financial results for the year ended 31st March 2020. The figures relating to the company mentioned under Sl. No. 2 are based on the unaudited financial results for the nine months ended 31st December 2020, which were subjected to Limited Review. The figures relating to the company mentioned under Sl. no. 11 are based on the unaudited financial results for the year ended 31st March 2021. The figures relating to the companies mentioned under Sl. Nos. 1,4,5,6,7 and 9 are based on the audited financial results for the year ended 31st March 2021.

### Turbo Energy Private Limited

Turbo Energy Private Limited is the leading manufacturer of turbo chargers and turbo charger parts in the country. Your Company holds a 32% stake in Turbo Energy Private Limited and has been categorised as one of the promoters of that company. BorgWarner Turbo Systems (Germany) and Brakes India Private Limited are the other promoters of the company. During the year, the revenue earned by the company stood at ₹1333.64 cr. as against ₹1375.16 cr. in the previous year. The profit after tax for the year was ₹102.14 cr. as against ₹100.76 cr. in the previous year, registering a growth of 1.37%.

### India Motor Parts and Accessories Limited

India Motor Parts and Accessories Limited is the largest distributor of automotive spare parts and equipment in the country. Your Company holds a 18.62% stake in India Motor Parts and Accessories Limited. For the period ended 31st December 2020, the revenue earned by the company stood at ₹373.46 cr., as against ₹417.55 cr. for the corresponding period in the previous year. The profit after tax for the nine months ended 31st December 2020 stood at ₹31.64 cr. as against ₹35.13 cr., for the corresponding period in the previous year. The market capitalisation of the company as on 31st March 2021 was ₹849.64 cr. The value of your Company's holding on that basis, was ₹158.20 cr., as on 31st March 2021.

### Brakes India Private Limited

Brakes India Private Limited is the market leader in the manufacture of braking systems for cars and commercial vehicles in the country. Your Company holds a 6.67% stake in Brakes India Private Limited and has been categorised as one of the promoters of that company. The ZF Group and TVS Group are the other promoters of the company. The revenue earned by the company for the year ended 31st March 2020 stood at ₹3990.10 cr. as against ₹4896.12 cr. The profit after tax for the year ended 31st March 2020 was ₹245.74 cr. as against ₹473.86 cr. in the previous year.

During the year, as part of the Company's strategy to consolidate its holdings in the portfolio companies, the Board of Directors approved the acquisition of an additional 7.71% stake in Brakes India Private Limited from the foreign promoter of that company, viz., ZF International UK Limited, for a total consideration not exceeding ₹350 cr.

In order to meet the funding requirement for the said acquisition, the Board approved the raising of funds by way of a rights issue of up to 7,10,00,000 fully paid-up equity shares of the Company of face value of ₹5/- each, aggregating up to ₹355 cr., for cash, at a price of ₹50/- per rights equity share (including a premium of ₹45/- per rights equity share), in the ratio of 23 rights equity shares for every 49 equity shares held by the eligible equity shareholders on the Record Date, i.e., 27th April 2021, fixed for the said purpose. The rights issue commenced on 6th May 2021 and closed on 4th June 2021. The allotment of the 7,10,00,000 rights equity shares has been approved by the Board at its meeting held on 10th June 2021.

### Dunes Oman LLC (FZC)

Dunes Oman LLC (FZC), operating in Salalah, Sultanate of Oman, is engaged in the manufacture of iron castings for the automotive industry. Your Company holds a 43.69% stake in Dunes Oman LLC (FZC) and has been categorised as one of the promoters of that company. Dunes Oman was co-promoted with Brakes India Private Limited. The company's revenue for the year stood at ₹231.85 cr. as against ₹262.01 cr. in the previous year, while the profit after tax for the year was ₹19.79 cr. as against ₹17 cr. in the previous year.

### Sundaram Clayton Limited

Sundaram Clayton Limited is engaged in the manufacture of precision aluminium cast products for both automotive and non-automotive applications. Your Company holds 11.24% stake in Sundaram Clayton Limited and has been categorised as one of the promoters of that company. The TVS Group is the other promoter of the company. During the year, the revenue earned by the company stood at ₹1288.08 cr. as against ₹1424.14 cr. in the previous year. The profit after tax for the year was ₹75.84 cr. as against ₹68.70 cr. in the previous year, registering a growth of 10.39%. The market capitalisation of the company as on 31st March 2021 was ₹6234.11 cr. The value of your Company's holding on that basis, was ₹700.40 cr. as on 31st March 2021. Your Company received a total dividend of ₹3.41 cr. from Sundaram Clayton Limited during the financial year 2020-21.

### Flometallic India Private Limited

Flometallic India Private Limited is engaged in the manufacture of iron castings for the automotive industry. Your Company holds a 40.00% stake in Flometallic India Private Limited. During the year, the revenue earned by the company stood at ₹274.51 cr. as against ₹304.08 cr. in the previous year. The profit after tax for the year was ₹24.13 cr. as against ₹10.15 cr. in the previous year. Your Company received a total dividend of ₹3.80 cr. from Flometallic India Private Limited during the financial year 2020-21.

During the year, as part of the Company's strategy to consolidate its holdings in the portfolio companies, the Board of Directors approved the acquisition of an additional 6.84% stake in Flometallic India Private Limited from the individual shareholders of that company, for a total consideration not exceeding ₹13 cr., resulting in the stake going up to 46.84%. The said acquisition has since been completed on 30th April 2021, at a total consideration of ₹12.50 cr.

### Wheels India Limited

Wheels India Limited is the leading manufacturer of wheels and air suspension components for cars and commercial vehicles in the country.

During the year, as part of the Company's strategy to consolidate its holdings in the portfolio companies, your Company acquired an additional 9.70% stake in Wheels India Limited from the foreign promoter of that company, viz., Titan Europe Limited, for a total consideration of ₹100 cr. Pursuant to the said acquisition, your Company's stake in Wheels India Limited increased from 13.58% to 23.28%. Your Company has been categorised as one of the promoters of Wheels India Limited. The TVS Group is the other promoter of the company. During the year, the revenue earned by the company stood at ₹2215.55 cr., as against ₹2438.72 cr. in the previous year. The profit after tax for the year was ₹6.75 cr. as against ₹54.11 cr. in the previous year. The market capitalisation of the company as on 31st March 2021 was ₹1088.92 cr. The value of your Company's holding on that basis, was ₹253.45 cr., as on 31st March 2021. Your Company received a total dividend of ₹1.48 cr. from Wheels India Limited during the financial year 2020-21.

#### **Axles India Limited**

Axles India Limited is a leading manufacturer of axle housings for medium and heavy commercial vehicles in the country. Your Company holds a 38.81% stake in Axles India Limited and has been categorised as one of the promoters of that company. Dana Corporation (USA) and Wheels India Limited are the other promoters of the company. During the year, the revenue earned by the company stood at ₹312.02 cr. as against ₹408.62 cr. in the previous year. The profit after tax for the year was ₹2.96 cr. as against ₹12.17 cr. in the previous year. Your Company received a total dividend of ₹1.48 cr. from Axles India Limited during the financial year 2020-21.

#### **Lucas-TVS Limited**

Lucas-TVS Limited is engaged in the manufacture of auto electrical equipment. Your Company holds a 5.32% stake in Lucas-TVS Limited and has been categorised as one of the promoters of that company. The TVS Group is the other promoter of the company. The revenue earned by the company for the year ended 31st March 2020 stood at ₹2124.03 cr. as against ₹2571.71 cr. in the previous year. The profit after tax

for the year ended 31st March 2020 was ₹147.50 cr. as against ₹90.79 cr. in the previous year, registering a growth of 62.47%. Your Company received a total dividend of ₹1.04 cr. from Lucas-TVS Limited during the financial year 2020-21.

#### **Delphi-TVS Technologies Limited**

Delphi-TVS Technologies Limited is engaged in the manufacture of diesel fuel injection equipment for passenger vehicles, commercial vehicles, and tractors. Your Company holds a 3.19% stake in Delphi-TVS Technologies Limited and has been categorised as one of the promoters of that company. Delphi Automotive Systems and the TVS Group are the other promoters of the company. The revenue earned by the company for the year ended 31st March 2020 stood at ₹1101.95 cr. as against ₹1241.56 cr. in the previous year. The profit after tax for the year ended 31st March 2020 was ₹32.68 cr. as against ₹73.28 cr. in the previous year.

#### **CORPORATE GOVERNANCE**

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

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

#### **RELATED PARTY TRANSACTIONS**

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

The transactions entered into by the Company with Sundaram Finance Limited during the financial year 2020-21 were material in nature [as per the definition provided under Regulation 23(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015], for which, approval of the shareholders was obtained vide ordinary resolution dated 18th July 2018. The Company did not enter into any material transaction with other related parties, during the year.

Form AOC-2, as required under Section 134(3)(h) of the Act, read with Rule 8(2) of the Companies (Accounts) Rules 2014, is attached as part of this report, vide Annexure III(i). Further, the Company's policy on Related Party Transactions is attached as part of this report, vide Annexure III(ii), as required under Reg. 23(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As required under Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the details of the related party transactions with Sundaram Finance Limited, Promoter, have been provided under Note 29 – Related Party Transactions, forming part of the notes to the accounts.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Your Company has contributed towards education, as well as social welfare, in consonance with its CSR policy.

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

### **BUSINESS RESPONSIBILITY REPORT**

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

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

The Company has in place a Policy for prevention of Sexual Harassment, in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaints were received during the financial year. None was pending unresolved as on 31st March 2021.

### **SECRETARIAL AUDIT**

In terms of Section 204 of the Companies Act, 2013 and the rules thereunder, the Company has appointed Mr. A. Kalyana

Subramaniam, Practising Company Secretary, as the Secretarial Auditor of the Company. The Secretarial Audit Reports of the Company and the subsidiary, viz., Sundaram Business Services Limited, are annexed to this Report, vide Annexures VI(i) and VI(ii).

### **REMUNERATION TO DIRECTORS / KEY MANAGEMENT PERSONNEL**

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

### **EXTRACT OF ANNUAL RETURN**

As required under Section 92 (3) of the Companies Act, 2013 read with Rule 12 (1) of the Companies (Management and Administration) Rules, 2014, the link for the copy of the annual return is <http://www.sundaramholdings.in/csa/csa.aspx>.

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

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

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

Your Company has no activity relating to conservation of energy or technology absorption. During 2020-21, foreign currency expenditure amounted to ₹23.71 cr. There were no earnings in foreign currency.

### **INTERNAL FINANCIAL CONTROLS**

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

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of the accounting records and (e) timely preparation of reliable financial information.

### **RISK MANAGEMENT**

Your Company has taken effective steps to build a robust risk management framework. Engaged, as it is, in the business of making investments and business process outsourcing services, the Company is required to manage various risks, including investment related risk, business and market risk, operational risk and technology related risk. The Company has established systems and procedures to ensure that these risks are identified, measured, and managed effectively. The Audit Committee reviews these risks on a regular basis.

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

### **INTERNAL AUDIT**

As part of the efforts to evaluate the effectiveness of the internal control systems, your Company has employed the services of the Internal Audit Department (IAD) of Sundaram Finance Limited (SFL) to independently evaluate the adequacy of control measures on a periodic basis and recommend improvements, wherever appropriate. The Internal Audit team plays a vital role in continuously monitoring the effectiveness of the Standard Operating Procedures, as a part of risk mitigation.

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

### **HUMAN RESOURCES**

In an environment that is rapidly becoming technology and digital oriented, your Company believes in investing in long term people development, for organisational excellence. Part of the enduring tradition of the Sundaram Finance Group, over the decades, has been the handing down of wisdom to successive generations of employees, using the conventional methods of listening, observing and on the job training. Your Company proposes to continue the tradition along with appropriate technological support to meet the challenges of growth and scale.

Employee safety has been of prime importance to your Company during the pandemic. With a view to ensuring the safety of its employees alongside business continuity, the Company has put in place all the standard operating procedures notified by the Central and State Governments, and these are implemented in full measure, together with appropriate 'work from home' policies.

### **INFORMATION TECHNOLOGY**

Your Company's operations are supported by a full-fledged Data Centre catering not only to its own needs, but also those of its subsidiary, with over 99.5% uptime. Your company has a well-planned Business Continuity Plan for all critical applications with near real-time data replication.

The delivery centres meet the Information Security Management System and CIA (Confidentiality, Integrity and Availability) Standards. To cater to the ever-changing customer needs, the IT infrastructure is being constantly upgraded with new / enhanced features to facilitate smooth functioning of operations and deliver customer satisfaction.

### **CONSOLIDATED FINANCIAL STATEMENTS**

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

The annual report of the subsidiary, Sundaram Business Services Limited, has been posted on your Company's website –

[www.sundaramholdings.in](http://www.sundaramholdings.in). Detailed information, including the annual accounts of the Subsidiary Company will be available for inspection by the members, at the registered office of the Company and will also be made available to the members upon request.

### BOARD AND AUDIT COMMITTEE

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

### DIRECTORS

Sri T.T. Srinivasaraghavan, Chairman, retires by rotation and being eligible, offers himself for re-election.

### KEY MANAGERIAL PERSONNEL

During the year 2020-21, Sri S. Ravi, Manager under the Companies Act, 2013, was designated as Chief Executive Officer of the Company, for a period of 3 years with effect from 19th May 2020, in the place of Sri Paramesh Krishnaier, who demitted office as Chief Executive Officer of the Company with effect from 18th May 2020. There were no other changes in the key managerial personnel.

### DECLARATION BY INDEPENDENT DIRECTORS

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

### ANNUAL EVALUATION BY THE BOARD

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

### DIRECTORS' RESPONSIBILITY STATEMENT

Your directors confirm that:

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

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

3. Proper and sufficient care has been exercised for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis;
5. Adequate internal financial controls have been put in place and they are operating effectively; and
6. Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### AUDITORS

M/s R.G.N. Price & Co., Chartered Accountants, Chennai, have been appointed as Statutory Auditors of your Company, to hold office for a term of five (5) consecutive years from the conclusion of the 23rd Annual General Meeting until the conclusion of the 28th Annual General Meeting at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors.

### ACKNOWLEDGEMENT

Your directors gratefully acknowledge the support and co-operation extended to your Company by all its customers, shareholders, and bankers.

Your directors also place on record their special appreciation of the employees of the Company for their dedication and commitment in delivering the highest quality of service to every one of our valued customers during these trying times.

For and on behalf of the Board

Chennai 600 002  
10.06.2021

**T.T. Srinivasaraghavan**  
Chairman

## SFHL Policy for Distribution of Dividends

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

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

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

1. The Board of Directors may declare one or more interim dividends after considering various financial and other parameters. The Board may recommend final dividend after approval of the final audited accounts.
2. Dividends shall generally be declared out of the annual standalone Profit After Tax of the Company relating to the current financial year, subject to any other regulatory provisions that may be introduced from time to time.
3. The Board will generally endeavour to maintain a dividend payout ratio (including dividend distribution tax) of 25% – 50% of the annual standalone profit after tax for each financial year.
4. The factors, internal and external, to be considered by the Board, for determining the quantum of dividend, will include the following:
  - (a) Internal Factors
    - Growth in volume of business
    - Performance of portfolio companies
    - Profitability position
    - Stability of earnings
    - Carried forward balance in P & L account
    - Accumulated reserves
  - (b) External Factors
    - Macro-economic environment
    - Performance of the automotive sector
    - Changes in governmental policies
    - Regulatory changes
5. The retained earnings of the Company may be used, inter alia, for one or more of the following purposes:
  - (i) Growth plans;
  - (ii) Capital expenditure;
  - (iii) Working capital requirements;
  - (iv) Capitalisation;
  - (v) Investment in new lines of business and / or additional investment in existing lines of business;
  - (vi) Repayment of debt;
  - (vii) Meeting contingency plans; and
  - (viii) Any other purpose as may be permitted by law.

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

## Report on Corporate Governance

Sundaram Finance Holdings Limited has been following robust governance practices since its inception. The strong edifice of the Company has been built on the foundations of high standards of integrity, dedicated customer service, fair business practices, efficient, safe and trusted financial policies of the Sundaram Finance Group. Your Company would strive to maintain the highest standards of integrity and transparency in operations, excellence in service to all stakeholders and strong Corporate Governance standards.

### I. BOARD OF DIRECTORS

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

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

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

Name of the Director	DIN	Attendance Particulars		Directorships in other public limited companies				Committees in which Chairman/Member of other public limited companies*		Directorship in other listed company	
		Board Meetings	AGM	Chairman		Director		Chairman	Member	Name of the Company	Category of Directorship
				Listed	Unlisted	Listed	Unlisted				
<b>Promoter Directors</b>											
Sri T.T. Srinivasaraghavan Non-executive Chairman	00018247	7	Yes	-	2	1	2	-	2	Sundaram Finance Limited	Executive Director <sup>#</sup>
Sri Srivats Ram, Non-executive Director	00063415	7	Yes	-	1	2	2	-	1	Wheels India Limited	Executive Director
										India Motor Parts & Accessories Limited	Non-Executive Director
Sri Harsha Viji Non-executive Director	00602484	7	Yes	-	-	1	4	1	3	Sundaram Finance Limited	Executive Director
<b>Independent Directors</b>											
Sri R. Venkatraman	07119686	7	Yes	-	-	1	3	3	2	Goodricke Group Limited	Independent Director
Sri S. Prasad	00063667	7	Yes	-	-	3	2	6	1	Sundaram Finance Limited	Independent Director
										Wheels India Limited	
										India Motor Parts & Accessories Limited	
Ms Shobhana Ramachandhran	00273837	7	Yes	-	-	3	2	-	2	TVS Srichakra Limited	Executive Director
										Sundaram Finance Limited	Independent Director
										Sundaram Brake Linings Limited	Non-Executive Director

\* Audit Committee and Stakeholders' Relationship Committee considered

<sup>#</sup> Non-executive Director w.e.f. 1st April 2021

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

Category	Expertise	Skills / Competencies
<b>Non-Executive Non-Independent Directors</b> 1. Sri T.T. Srinivasaraghavan 2. Sri Srivats Ram 3. Sri Harsha Viji	<ul style="list-style-type: none"> <li>• In-depth Industry Knowledge</li> <li>• Wealth Management</li> <li>• Business Policies</li> <li>• Capital Markets</li> <li>• Audit and Financial Management</li> <li>• Legal and Regulatory Framework</li> <li>• Risk Assessment and Management</li> <li>• Strategic Management</li> </ul>	<ul style="list-style-type: none"> <li>• Entrepreneurial</li> <li>• Governance</li> <li>• Leadership</li> <li>• Technical</li> <li>• Analytical</li> <li>• Organisational</li> <li>• Technological</li> <li>• Planning</li> <li>• Resource Management and Utilisation</li> <li>• People Management</li> <li>• Communication</li> <li>• Behavioural</li> </ul>
<b>Independent Directors</b> 1. Sri R. Venkatraman 2. Sri S. Prasad 3. Ms. Shobhana Ramachandhran	<ul style="list-style-type: none"> <li>• In-depth Industry Knowledge</li> <li>• Audit and Financial Management</li> <li>• Legal and Regulatory Framework</li> <li>• Risk Assessment and Management</li> <li>• Business Policies</li> <li>• Capital Markets</li> </ul>	<ul style="list-style-type: none"> <li>• Technical/Professional</li> <li>• Analytical</li> <li>• Technological</li> <li>• Behavioural</li> </ul>

## II. BOARD MEETINGS

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

During the year under review, 7 meetings of the Board of Directors were held.

02.05.2020	02.11.2020
25.05.2020	01.02.2021
16.07.2020	22.03.2021
04.08.2020	

All the Directors and Chief Executive Officer have re-affirmed compliance with the Code of Conduct approved and adopted by the Board of Directors.

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

A Certificate issued by Sri A. Kalyana Subramaniam, Practicing Company Secretary, under Sch. V Para C.10(i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is attached as part of this report vide Annexure II (i).

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

### III. AUDIT COMMITTEE

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

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

Name of the Member		No. of Meetings Attended	Meeting dates
Sri R. Venkatraman	Chairman	6	02.05.2020 25.05.2020
Sri S. Prasad	Member	6	04.08.2020 02.11.2020
Sri Harsha Viji	Member	6	01.02.2021 22.03.2021

The Company Secretary is the Secretary to the Committee.

### IV. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee

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

Composition of the Stakeholders Relationship Committee and attendance of the members at Committee meeting is as follows:

Name of the Member		No. of Meetings attended	Meeting dates
Sri R. Venkatraman	Chairman	1	22.03.2021
Sri Srivats Ram	Member	1	
Sri T.T. Srinivasaraghavan	Member	1	

Besides, the Committee also approved resolutions passed in circulation, on 10 occasions.

Sri P.N. Srikant, Secretary, is the Compliance Officer. Three investor complaints were received during the year. None was pending unresolved as on 31st March 2021.

### V. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility (CSR) Committee has formulated a Corporate Social Responsibility Policy indicating the CSR activities to be undertaken by the company in accordance with Schedule VII to the Companies Act, 2013. The terms of reference of the CSR Committee include recommending to the Board the amount of expenditure to be incurred on the CSR activities and

monitoring the implementation of the CSR Policy from time to time. The CSR Policy of the Company, incorporating the recent changes, as approved and adopted by the Board, has been posted on the website.

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

Name of the Member		No. of Meetings Attended	Meeting dates
Sri S. Prasad	Chairman	2	25.05.2020 22.03.2021
Sri T.T. Srinivasaraghavan	Member	2	
Sri Harsha Viji	Member	2	

The Company Secretary is the Secretary to the Committee.

## VI. NOMINATION & REMUNERATION COMMITTEE

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

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

Composition of the Nomination & Remuneration Committee and attendance of the members at Committee Meetings are as follows:

Name of the Member		No. of Meetings attended	Meeting dates
Sri R. Venkatraman	Chairman	3	02.05.2020 25.05.2020 22.03.2021
Sri S Prasad	Member	3	
Sri Harsha Viji	Member	3	

The Company Secretary is the Secretary to the Committee.

## VII INVESTMENT COMMITTEE

The Investment Committee takes appropriate investment decisions based on the authority delegated by the Board. The Committee also evaluates various investment opportunities from time to time and submits its recommendations to the Board. The terms of reference of the Investment Committee inter alia include:

1. Evaluation of investment opportunities that meet the criteria set by the Committee in various sectors, including, auto ancillaries, financial services, Fintech and such other sectors as deemed appropriate by the Committee and investments in start-up entities.
2. Recommending the Board, various investment proposals which fall outside the investment limits of the Committee, after completing a thorough due-diligence of the same.
3. Reviewing the performance of the portfolio investments on a periodic basis and submitting a performance report to the Board.

Composition of the Investment Committee and attendance of the members at Committee Meetings are as follows:

Name of the Member		No. of Meetings attended	Meeting dates
Sri T.T. Srinivasaraghavan	Chairman	5	02.05.2020
Sri R. Venkatraman	Member	5	03.06.2020
Sri Srivats Ram	Member	5	22.06.2020
Sri Harsha Viji	Member	5	16.07.2020
			22.03.2021

### VIII. RISK MANAGEMENT COMMITTEE

The Risk Management Committee was constituted by the Board of Directors on 24th May 2021. The terms of reference of the Risk Management Committee inter-alia include:

1. Formulation of a detailed risk management policy for identification of internal and external risks, risk mitigation measures and business continuity plan.
2. Ensuring availability of appropriate methodology, processes and systems to monitor and evaluate risks associated with the business of the Company; and
3. Monitoring and overseeing the implementation of the risk management policy, including evaluating the adequacy of risk management systems.

Composition of the Risk Management Committee is as follows:

Sri R. Venkatraman	Chairman
Sri Harsha Viji	Member
Sri V. Vaasen	Member

### IX. SEPARATE MEETING OF INDEPENDENT DIRECTORS

A Separate Meeting of Independent Directors was held on 29th January 2021 without the attendance of non-independent directors and members of management. All the Independent Directors attended the meeting and:

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

### X. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

## XI. REMUNERATION OF DIRECTORS

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

Board	₹25,000/- for each meeting
Audit Committee	
Nomination and Remuneration Committee	
Investment Committee	
Risk Management Committee	
Stakeholders Relationship Committee	₹10,000/- for each meeting
Corporate Social Responsibility Committee	
Separate Meeting of Independent Directors	

The Directors will be remunerated by way of commission for each financial year as decided by the Board of Directors within the ceiling of 1% of the net profits of the Company approved by the shareholders.

The details of remuneration recommended to the Directors and number of shares held by them are as follows:

Name of the Director	Sitting Fee (₹ in lakhs)	Commission (₹ in lakhs)	Number of Shares held individually (as on 31.03.2021)	Relationship with other Directors
Sri T.T. Srinivasaraghavan	—	—	— <sup>(1)#</sup>	—
Sri R. Venkatraman	5.45	5.00	—	—
Sri S. Prasad	4.30	3.00	— <sup>(2)</sup>	—
Ms Shobhana Ramachandran	1.85	3.00	3,44,720	—
Sri Srivats Ram	—	—	17,01,322 <sup>(3)</sup>	—
Sri Harsha Viji	—	—	16,72,358 <sup>(4)</sup>	—

### Note:

- Number of shares held jointly with others: <sup>(1)</sup> 3,26,376, <sup>(2)</sup> 25,200, <sup>(4)</sup> 3156
- Number of shares held as Karta of HUF: <sup>(1)</sup> 1,23,192, <sup>(3)</sup> 77,200
- #1,10,000 shares held as trustee

## XII. GENERAL BODY MEETINGS

Details relating to last three Annual General Meetings:

Year	Date	Time	Location	No. of Special Resolutions Passed
2020	15th July 2020	10.00 A.M	Through video conferencing mode	Nil
2019	15th July 2019	10.00 A.M.	“Kasturi Srinivasan Building” (Mini Hall – The Music Academy), New No.168, Old No.306, TTK Road, Chennai 600 014	One
2018	18th July 2018	10.00 A.M.	“Kasturi Srinivasan Building” (Mini Hall – The Music Academy), New No.168, Old No.306, TTK Road, Chennai 600 014	Nil

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

## XIII. VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

The Whistle Blower Policy is available under the following web link: <http://www.sundaramholdings.in/csa/csa.aspx>

## XIV. DISCLOSURES

- There were no materially significant related party transactions having potential conflict with the interests of the company at large.
- All the mandatory requirements specified in Regulations 17 to 27 and Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been complied with.
- The Company will continue to adopt other non-mandatory requirements as appropriate.
- The Company has a record of unqualified financial statements since inception.

## XV. POLICIES ON MATERIAL SUBSIDIARIES AND RELATED PARTY TRANSACTIONS

The Company’s policies on Material Subsidiaries and Related Party Transactions are available on the website under the following web link: <http://www.sundaramholdings.in/csa/csa.aspx>

## XVI. MEANS OF COMMUNICATION

- The annual audited financial results for the year ended 31st March 2020 were not published in the newspapers in accordance with the exemption granted by the Securities and Exchange Board of India. The unaudited financial results for first three quarters of the financial year 2020-21 and the audited financial results for the year ended 31st March 2021 have been published in "Financial Express" (English) and "Makkal Kural" (Tamil).
- The results have been displayed on the Company’s website at [www.sundaramholdings.in](http://www.sundaramholdings.in).
- Shareholders have been provided with an opportunity to provide their email id for receiving correspondence and annual report in electronic form.
- The Notice of the 27th Annual General Meeting, together with the Annual Report for the financial year 2020-21, has been sent only in electronic form, in accordance with the relaxation granted by the Securities and Exchange Board of India vide Circular dated 15th January 2021, to those shareholders who have registered their email id with the Company/Depositories.

## XVII. GENERAL SHAREHOLDER INFORMATION

### Annual General Meeting

Date	Time	Mode
14th July 2021 (Wednesday)	10.00 AM	Video Conference / Other Audio Visual Means

- Financial Year – 1st April 2020 to 31st March 2021
- Book Closure dates – 1st July 2021 to 14th July 2021 (both days inclusive)
- Dates of payment of dividend

Dividend	On or after 15th July 2021	₹0.50 per share (10%)
----------	----------------------------	-----------------------

- The company's shares are listed on:  
National Stock Exchange of India Limited  
Exchange Plaza, 5th Floor, Plot No. C/1, G Block  
Bandra-Kurla Complex, Bandra (E), Mumbai 400 051
- The Company has paid the listing fees for the financial years 2020-21 & 2021-22 to the above stock exchange.
- NSE Stock Code: SUNDARMHLD
- ISIN : INE202Z01029
- Details of outstanding shares in Sundaram Finance Holdings Unclaimed Suspense Account

Particulars	Aggregate Number of shareholders	Outstanding shares lying in Sundaram Finance Holdings Unclaimed Suspense Account
Opening Balance	82	18646
<b>Less:</b> Requests received for transfer / delivery during 2020-21 and shares transferred / delivered during 2020-21	–	–
Balance as on 31st March 2021	82	18646

- Following dividends are transferable to the Investor Education and Protection Fund (IEPF), as under, in accordance with the provisions of Section 124 (5) of the Companies Act, 2013.

Nature of Dividend	Transferable to IEPF on
Dividend 2017-18	20th August 2025
Dividend 2018-19	17th August 2026
Interim Dividend 2019-20	7th April 2027
Final Dividend 2019-20	17th August 2027

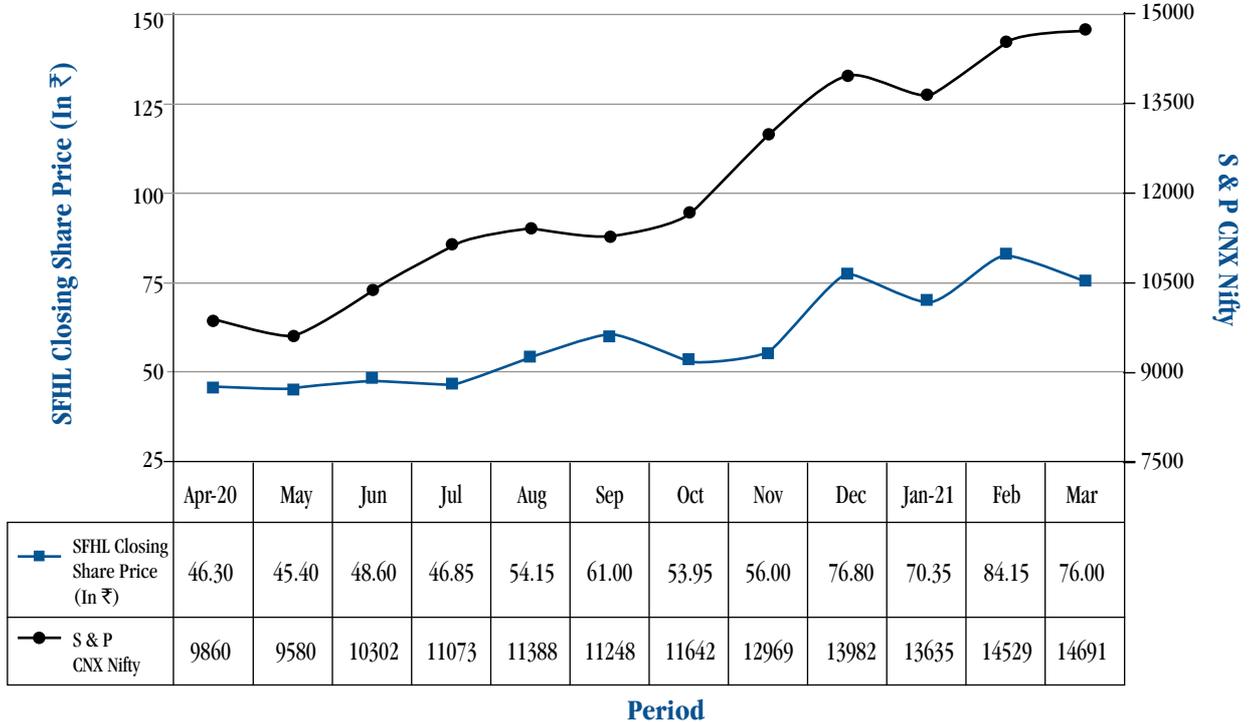
- For the financial year 2020-21, the aggregate amount paid/payable to the Statutory Auditors, M/s. R.G.N. Price & Co., Chartered Accountants, towards fees for all services rendered by them to the Company (excluding taxes and out of pocket expenses) is ₹18.76 lakhs. No fee has been paid by the subsidiary company to M/s. R.G.N. Price & Co.
- Disclosure in relation to Prevention of Sexual Harassment at Workplace forms part of the Board's Report.

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

(In ₹)

Month		Apr 20	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 21	Feb	Mar
NSE	High	49.95	46.10	55.95	57.40	65.70	62.90	62.40	64.80	87.45	80.60	88.50	91.50
	Low	39.25	42.00	45.60	46.80	46.10	53.00	53.85	51.65	55.20	69.10	69.90	73.55

**SHARE PRICE PERFORMANCE**



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

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

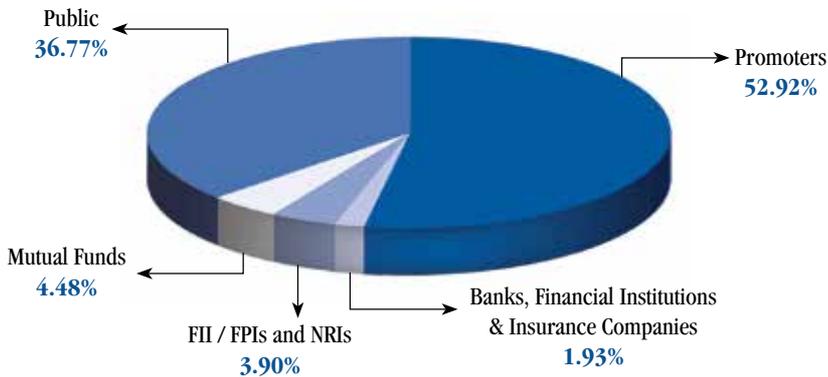
## DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2021

No. of Equity Shares Held	Total Shareholders	Total Shares	Total % to Capital
Upto 250	17,405	11,40,455	0.75
251 to 500	3,299	13,04,012	0.86
501 to 1000	2,439	19,48,440	1.29
1001 to 5000	3,145	76,01,260	5.03
5001 to 10000	585	44,15,297	2.92
10001 to 50000	557	1,24,81,825	8.26
50001 to 100000	122	87,83,763	5.82
100001 and above	177	11,34,28,808	75.07
<b>Total</b>	<b>27,729</b>	<b>15,11,03,860</b>	<b>100.00</b>

Total shares held in dematerialised form            97.99%

Public shareholding in dematerialised form        95.74%

## SHAREHOLDING PATTERN AS ON 31.03.2021



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

**Sri P.N. Srikant**

Secretary & Compliance Officer

Sundaram Finance Holdings Limited

21 Patullos Road, Chennai 600 002

Phone : 044-2888 1311

Fax : 044-2855 0290

E mail : [investorservices@sundaramholdings.in](mailto:investorservices@sundaramholdings.in)

**Sri S. Ravi**  
Chief Executive Officer

**Annexure - II (i)**
**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

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

To,  
The Members of  
Sundaram Finance Holdings Limited  
CIN-L65100TN1993PLC025996  
21, Patullos Road, Chennai – 600002.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Sundaram Finance Holdings Limited having CIN L65100TN1993PLC025996 and having registered office at 21 Patullos Road, Chennai - 600 002 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Thiruvallur Thattai Srinivasaraghavan	00018247	16/02/2017
2	Ramachandran Venkatraman	07119686	16/02/2017
3	Sreenivasan Prasad	00063667	16/02/2017
4	Shobhana Ramachandhran	00273837	16/02/2017
5	Srivats Ram	00063415	27/08/2018
6	Harsha Viji	00602484	25/01/2017

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

Place: Chennai  
Date : 24th May 2021

Name : A Kalyana Subramaniam  
Membership No : 11142  
CP No : 16345  
UDIN : F011142C000364440

**CRITERIA FOR EVALUATION**

(as amended on 29th March 2019)

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

- 1. Composition of the Board and availability of multi-disciplinary skills.**  
Whether the Board comprises of Directors with sufficient qualifications and experience in diverse fields to make SFHL a versatile institution.
- 2. Commitment to good Corporate Governance Practices**
  - a) Whether the company practises high ethical and moral standards.
  - b) Whether the company is fair and transparent in all its dealings with the stake holders.
- 3. Adherence to Regulatory Compliance**  
Whether the company adheres to the various Government regulations.....Local, State and Central, in time.
- 4. Track record of financial performance**  
Whether the Company has been consistently recording satisfactory and profitable financial performance year on year adding to shareholder value.  
Whether the Company is transparent in all its disclosures on financial data.
- 5. Grievance redressal mechanism**  
Whether a proper system is in place to attend to the complaints / grievances from the shareholders, depositors, customers, employees and others quickly and fairly.
- 6. Existence of integrated Risk Management System**  
Whether the Company has an integrated risk management system to cover the business risks.
- 7. Use of Modern technology**  
Whether the Company has an Integrated IT strategy and whether there is any system for periodical technology upgradation covering both hardware and software.
- 8. Commitment to CSR**  
Whether the Company is committed to social causes and CSR and whether there is a system to identify, finance and monitor such social activities.  
Criteria for evaluation of Chairman at separate meeting of Independent Directors:
  1. Leadership qualities
  2. Standard of Integrity
  3. Understanding of Macro economic trends and Micro industry trends.
  4. Public Relations
  5. Future Vision and Innovation
 Criteria for evaluation of Independent Directors by the entire Board:
  1. Qualifications & Experience
  2. Standard of Integrity
  3. Attendance in Board Meetings/AGM
  4. Understanding of Company's business
  5. Value addition in Board Meetings
  6. Fulfillment of Independence Criteria
 Criteria for evaluation of Committees by the Board with reference to the respective terms of reference:
  1. Qualification & Experience of members
  2. Depth of review of various matters, including financial performance
  3. Review of regulatory compliance

**SUNDARAM FINANCE HOLDINGS LIMITED**  
**REMUNERATION POLICY**  
(as amended on 29th March 2019)

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

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

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

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

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

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

## **I Definitions**

- a) "Remuneration" means any monetary benefit or its equivalent extended to any person for services rendered by him/her and includes perquisites as defined under the Income-tax Act, 1961.
- b) "Key Managerial Personnel" means,
  - i) Managing Director, Chief Executive Officer or Manager;
  - ii) Whole-time Director;
  - iii) Chief Financial Officer;
  - iv) Company Secretary.
- c) "Senior Management" means all executives one level below the Chief Executive Officer, and shall include the Chief Financial Officer and Company Secretary.
- d) "Employee" will mean an employee who has been appointed on the rolls of Sundaram Finance Holdings Limited (hereinafter referred to as 'the Company') and has been issued an appointment order by the Company.

## **II Board Diversity**

It will be the endeavour of the Company to attract people to be on the Board of our Company as Directors from variety of backgrounds which are appropriate to the business interests of the Company. To this end, our Directors over the past decades

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have come from backgrounds as varied as automobile and allied industry, banking and other financial services including insurance and accounting.

### **III Remuneration Pattern**

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

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

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

The remuneration payable to Key Managerial Personnel, Senior Management and other employees of the company shall consist of salary, allowances, perquisites and variable components reflecting the short and long term performance objectives appropriate to the working of the Company, which are aligned to industry standards.

### **IV Implementation of the Remuneration Policy**

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

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

The implementation of the Remuneration Policy of the Company, in respect of all other employees shall be the responsibility of the Chief Executive Officer.

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

## Auditor's Certificate on Corporate Governance

The Members of SUNDARAM FINANCE HOLDINGS LIMITED, Chennai.

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

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

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

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

Place: Chennai

Date: 24th May 2021

A Kalyana Subramaniam

Practising Company Secretary

FCS No. 11142

CP No. 16345

UDIN: F011142C000364451

## 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 on an arm's length basis with Sundaram Finance Limited, company having significant influence, aggregating to ₹13.63 cr., were material in nature in accordance with the definition as provided under Regulation 23(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Approval of the shareholders was obtained for the said transactions vide ordinary resolution dated 18th July 2018.

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

Chennai  
24.05.2021

**T.T. Srinivasaraghavan**  
Chairman

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## Annexure - III (ii)

### **SFHL Policy on Related Party Transactions**

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

(as amended on 22nd March 2021)

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

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

However, transaction(s) involving payment(s) made to a related party with respect to brand usage or royalty, shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% of the annual consolidated turnover of the company as per the last audited financial statements of the company.

## Annual Report on CSR Activities for The Financial Year 2020-21

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

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

<http://www.sundaramholdings.in/csa/csa.aspx>

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

Sl. No.	Name of Director	Designation /Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Sri S. Prasad	Chairperson	2	2
2	Sri T.T. Srinivasaraghavan	Member	2	2
3	Sri Harsha Viji	Member	2	2

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

<http://www.sundaramholdings.in/csa/csa.aspx>

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

Not applicable

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

Not applicable

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

₹2751.21 lakhs

### 7.

a.	Two percent of average net profit of the company as per section 135(5)	₹55.02 lakhs
b.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years.	-
c.	Amount required to be set off for the financial year, if any	-
	Total CSR obligation for the financial year (7a+7b+7c).	₹55.02 lakhs

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

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
₹56.80 lakhs	-	-	-	-	-

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

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

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

1	2	3	4	5		6	7	8		
Sl No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the Project		Amount spent for the project (₹ in lakhs)	Mode of implementation Direct (Yes/No)	Mode of Implementation – Through Implementing Agency		
				State	District			Name	CSR Registration number	
1.	Promoting Education by providing financial assistance to deserving and meritorious students, and also educational institutions which work for this cause (3 Institutions)	Promoting Education	Yes	Tamil Nadu	Chennai	25.00	No	Laxmi Charities	CSR00005940	
2.			Yes	Tamil Nadu	Chennai	10.00	No	The Kuppuswami Sastri Research Institute	CSR00008155	
3.			Yes	Tamil Nadu	Chennai	16.50	No	Valluvar Gurukulam	CSR00005631	
4.	Social Welfare (1 Institution)	Social Welfare	Yes	Tamil Nadu	Erode	5.00	No	Public Welfare and Development Society	Applied for	
<b>Total</b>						56.50				

(d) Amount spent in Administrative Overheads : ₹0.30 lakhs

(e) Amount spent in Impact Assessment, if applicable: Not applicable

(f) Total amount spent for the financial year (8b+8c+8d+8e): ₹56.80 lakhs

(g) Excess amount for set off, if any

Sl. No.	Particulars	Amount (₹ in lakhs)
(i)	Two percent of average net profit of the company as per section 135(5)	55.02 lakhs
(ii)	Total amount spent for the Financial Year (excluding administrative overheads)	56.50 lakhs
(iii)	Excess amount spent for the financial year [(ii)-(i)]	1.48 lakhs
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	1.48 lakhs

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

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

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

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

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

Not applicable

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

Not applicable

**Sri S. Ravi**  
Chief Executive Officer

**Sri S. Prasad**  
Chairman - CSR Committee

Date : 24.05.2021

Place : Chennai

## Business Responsibility Report for the Financial Year 2020-21

### Section A: General Information about the Company

1. Corporate Identity Number (CIN) : L65100TN1993PLC025996
2. Name of the Company : Sundaram Finance Holdings Limited
3. Registered address : 21, Patullos Road, Chennai 600 002
4. Website : [www.sundaramholdings.in](http://www.sundaramholdings.in)
5. E-mail id : [investorservices@sundaramholdings.in](mailto:investorservices@sundaramholdings.in)
6. Financial Year reported : 2020-21
7. Sector(s) that the Company is engaged in (industrial activity code-wise)

As per National Industrial Classification – 2008:

Section K - Financial Service Activities, except Insurance and Pension Funding

Division 64 – Other Financial Activities.

8. List three key products / services that the Company manufactures / provides (as in balance sheet)
  1. BPO Services
  2. Training Services
9. Total number of locations where business activity is undertaken by the Company
  - i. Number of International Locations (Provide details of major 5)
 

Nil
  - ii. Number of National Locations
 

3 locations
10. Markets served by the Company – Local / State / National / International
 

National

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

1. Paid up Capital (INR) : ₹75.55 cr.
2. Total Turnover (INR) : ₹37.69 cr.
3. Total profit after taxes (INR) : ₹14.55 cr.
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)

The Company's total spending on CSR is 2.05% of the average profit after taxes in the previous three financial years.

5. List of activities in which expenditure in 4 above has been incurred:-

Education and Social Welfare

### Section C: Other Details

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

Yes.

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

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

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

No.

### Section D: BR Information

#### 1. Details of Director / Directors responsible for BR

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

DIN Number	00018247
Name	Sri T.T. Srinivasaraghavan
Designation	Chairman

- b) Details of the BR head

S. No.	Particulars	Details
1.	DIN Number (if applicable)	–
2.	Name	Sri P.N. Srikant
3.	Designation	Secretary & Compliance Officer
4.	Telephone Number	044 2888 1311
5.	Email id	srikantpn@sundaramholdings.in

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

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

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

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

Sr. No.	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason (please specify)	-	#	-	#	-	#	#	-	-

\* <http://www.sundaramholdings.in/csa/csa.aspx>

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

### 3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

Annually.

- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes. <http://www.sundaramholdings.in/csa/csa.aspx>

Annually

## Section E: Principle-wise performance

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

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

Yes. The Policy covers the company and group.

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

From	Received and Resolved during the year 2020-21
Shareholders	3

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

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Not Applicable

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

- i. Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?
- ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Not Applicable

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

- i. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Not Applicable

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes, wherever possible.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Yes, wherever possible.

### Principle 3: Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees.

304

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

24

3. Please indicate the Number of permanent women employees.  
85
4. Please indicate the Number of permanent employees with disabilities  
The Company does not specifically track the number of disabled employees. The Company gives equal opportunities and treats all employees at par. Based on the income-tax declarations which enable claiming income-tax deduction for self-disability, the Company has 3 employees.
5. Do you have an employee association that is recognized by management  
No.
6. What percentage of your permanent employees is members of this recognized employee association?  
Nil
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.  
Nil

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

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
  - A. Permanent Employees
  - B. Permanent Women Employees
  - C. Casual / Temporary / Contractual Employees
  - D. Employees with Disabilities

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

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

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

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

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

1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

This is covered under our Policies on Business Responsibility Report.

Refer: <http://www.sundaramholdings.in/csa/csa.aspx>

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

Refer Serial no.2 of Principle 1.

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

1. Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others.

Not Applicable

2. Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Not Applicable

3. Does the company identify and assess potential environmental risks? Y / N

Not Applicable

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

No.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y / N. If yes, please give hyperlink for web page etc.

No.

6. Are the Emissions / Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported?

Not Applicable.

7. Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Not Applicable.

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

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

No.

2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Yes. Representations had been submitted to the Government and regulatory authorities on various matters for the improvement of public good.

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

1. Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.

Not Applicable.

2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?

Not Applicable.

3. Have you done any impact assessment of your initiative?

Not Applicable.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

Amount spent ₹56.50 lakhs. Please refer to Annual Report on CSR Activities for details.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Please refer to Annual Report on CSR Activities.

#### **Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

1. What percentage of customer complaints / consumer cases are pending as on the end of financial year.

Nil.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)

Not Applicable.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No.

4. Did your company carry out any consumer survey / consumer satisfaction trends?

No.

**Form No. MR-3****Secretarial Audit Report For the Financial Year Ended 31.03.2021**

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

To,

The Members

**Sundaram Finance Holdings Limited**

CIN-L65100TN1993PLC025996

21, Patullos Road, Chennai – 600002.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Sundaram Finance Holdings 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. I have conducted online verification & examination of records, as facilitated by the Company, due to Covid 19 and subsequent lockdown situation for the purpose of issuing this Report.

Based on my verification of M/s. Sundaram Finance Holdings 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 31.03.2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Sundaram Finance Holdings Limited for the period ended on 31.03.2021 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the Rules made thereunder and the Applicable provisions of the Companies Act, 1956;
- II. The Companies (Amendment) Act, 2017;
- III. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- IV. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- V. 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;
- VI. 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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
- VII. The Memorandum and Articles of Association of the company.

**2. I have also examined compliance with the applicable clauses of the following:**

- i. Listing Agreements entered into by the Company with the National Stock Exchange of India Limited as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended till date; and
- ii. 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.

**3. I further report that:**

- i. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- ii. 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.
- iii. While majority decision is carried out, there are no dissenting directors / members' views as part of the minutes.
- iv. The Company has obtained all necessary approvals under the various provisions of the Act; and
- v. 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, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
- vi. The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;
- vii. During February 2018, pursuant to the sanctioning of the Composite Scheme of Arrangement and Amalgamation, the Company had allotted 26,564 equity shares to IEPFA. However the Company has not been able to submit the break-up of this allotment in Form IEPF 4, due to non-availability of the relevant option in the E-form IEPF 4 on the MCA portal. As a result, the Company has not been in a position to verify the claims filed by shareholders. The Company has been making representations in this regard with the relevant authorities and a suitable solution is awaited.

**4. The Company has complied with the provisions of the FEMA, 1999 and the Rules and Regulations made under that Act to the extent applicable.**

I further report that:

- a. the Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
- b. the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;

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.

Place: Chennai  
Date: 24th May 2021

A Kalyana Subramaniam  
(FCS No.11142)  
(C.P No. 16345)  
UDIN: F011142C000364431

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**ANNEXURE TO SECRETARIAL AUDIT REPORT ISSUED BY COMPANY SECRETARY IN PRACTICE  
(QUALIFIED/NON-QUALIFIED)**

To,  
The Members  
**Sundaram Finance Holdings Limited**  
CIN-L65100TN1993PLC025996  
21, Patullos Road,  
Chennai – 600002.

My report of even date is to be read along with this letter.

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

Place: Chennai  
Date: 24th May 2021

A Kalyana Subramaniam  
Practising Company Secretary  
Membership Number : 11142  
Certificate of Practice Number: 16345  
UDIN: F011142C000364431

**Form No. MR-3****Secretarial Audit Report For the Financial Year Ended 31.03.2021**

[Pursuant to Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

The Members

**Sundaram Business Services Limited**

CIN-U74140TN2005PLC057179

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 Business Services Limited (hereinafter called the Company) with CIN-U74140TN2005PLC057179. 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. I have conducted online verification & examination of records, as facilitated by the Company, due to Covid 19 and subsequent lockdown situation for the purpose of issuing this Report.

Based on my verification of M/s. Sundaram Business Services 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 our opinion, the Company has, during the audit period ended on 31.03.2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

**2. I have examined:**

The books, papers, minute books, forms and returns filed and other records maintained by M/s. Sundaram Business Services Limited for the period ended on 31.03.2021 according to the provisions (to the extent applicable to the Company) of:

- I. The Companies Act, 2013 (the Act) and the Rules made thereunder and the applicable provisions of the Companies Act, 1956;
- 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 (Prohibition of Insider Trading) Regulations, 2015;
  - b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, and
  - c. The Memorandum and Articles of Association.

**I have also examined compliance with the applicable clauses of the following:**

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.

**3. I further report that:**

- a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no changes in the composition of the Board of Directors during the period under review.
- b. 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.
- c. Majority decision is carried through and there are no dissenting directors / members view as part of the minutes.
- d. The Company has obtained all necessary approvals under the various provisions of the Act; and
- e. 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, , Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
- f. The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;

**4. The Company has complied with the provisions of the FEMA, 1999 and the Rules and Regulations made under that Act to the extent applicable.**

I further report that:

- a. the Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
- b. the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;

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.

Place: Chennai

Date: 5th May 2021

A Kalyana Subramaniam

(ACS No.11400)

(C.P No. 16345)

UDIN No: A011400C000248395

**ANNEXURE TO SECRETARIAL AUDIT REPORT ISSUED BY COMPANY SECRETARY IN PRACTICE  
(QUALIFIED/NON-QUALIFIED)**

To,

The Members

**Sundaram Business Services Limited**

CIN-U74140TN2005PLC057179

21, Patullos Road,

Chennai – 600002.

My report of even date is to be read along with this letter.

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

A Kalyana Subramaniam

Practising Company Secretary

Membership Number : 11400

Certificate of Practice Number: 16345

UDIN: A011400C000248395

Date: 5th May 2021

Place: Chennai

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

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

Names of the Directors	Ratio to Median Remuneration (times)	Inc/Dec in Remuneration
T.T. Srinivasaraghavan, Chairman	NA	NA
R. Venkatraman	5.02	-8.73%
S. Prasad	3.50	-2.01%
Shobhana Ramachandhran	2.33	-13.39%
Srivats Ram	NA	NA
Harsha Viji	NA	NA
S. Ravi, Chief Executive Officer	31.48	NA
V. Vaasen, Chief Financial Officer	17.64	10.74%
P.N. Srikant, Secretary & Compliance Officer	15.25	4.67%

The percentage increase in the median remuneration of employees in the financial year: 12.23%

The number of permanent employees on the rolls of the Company: 304

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

The average increase in salaries of employees other than managerial personnel in 2020-21 was 5.50%. Percentage increase in the managerial remuneration for the year was 19.15%.

Affirmation that the remuneration is as per the remuneration policy of the company.

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

The Company does not have any employee who has been in receipt of annual remuneration of not less than ₹ 1.02 cr. for the year or monthly remuneration of ₹ 8.50 lakhs. The top ten employees in terms of remuneration drawn were appointed by the Company/transferred from the demerged company during the year. The details are as follows.

Sl. No.	Name of the Employee	Designation	Remuneration (₹ in lakhs)	Nature of Employment	Qualification and Experience	Date of Commencement of Employment	Age	Last employment	Relative of any director
1	Sri S. Ravi	Chief Executive Officer	65.71	Contractual	B.Com Has over 3 decades of experience in the field of financial services, business process outsourcing and related areas.	01-04-2020	59	Sundaram Fund Services Limited	–
2	Sri V. Narasimhan	General Manager & Head - Learning & Development	50.28	Others	B.A. (Eco) & Msc (Physics) Has over 3 decades experience in marketing and learning & development.	18-01-2018	60	Sundaram Finance Limited	–
3	Sri V. Vaasen	Chief Financial Officer	36.81	Others	B.Com, FCA, PGDFM Has over 2 decades of post-qualification experience in finance, accounts, business process outsourcing and related areas.	22-11-2018	52	Matrimony. com Ltd	–
4	Sri P.N. Srikant	Secretary & Compliance Officer	31.84	Others	B.Com(H), ACS, PGDFM Has over 2 decades of experience in financial services industry.	01-08-2017	49	Sundaram Finance Limited	–
5	Ms. Anita M Rathnani	Sr. Assistant General Manager - Learning & Development	23.52	Others	BA (Corpt. Acc. & Co. Law), MDPM Has over a decade experience in Customer Relationship Management / HR, Training & Process Management	01-08-2019	49	Sundaram Fund Services Limited	–
6	Sri S. Rajkumar	Sr. Assistant General Manager - Learning & Development	23.20	Others	B.Sc. (Maths), PGDM and MBA Has over 2 decades of experience in financial services industry.	18-01-2018	49	Sundaram Finance Limited	–
7	Sri Seshanarayanan S	Assistant General Manager - Projects	20.80	Others	B.Sc.(Maths), M.Sc. (IT) Has over a decade experience in delivery & management of IT Services	01-07-2019	44	Sundaram Infotech Solutions Limited	–
8	Sri T R Ramakrishnan	Assistant General Manager - Operations	17.84	Others	B.Sc. (Botany) Has over 3 decades of experience in financial services industry	18-01-2018	56	Sundaram Finance Limited	–
9	Sri J Ganesh	Senior Manager - Operations	13.44	Others	B.Com Has nearly 3 decades of experience in financial services industry.	18-01-2018	50	Sundaram Finance Limited	–
10	Sri S Venkateswaran	Senior Manager - Operations	13.34	Others	B.Com Has over 3 decades of experience in financial services industry.	18-01-2018	55	Sundaram Finance Limited	–

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## R.G.N. PRICE & CO.

CHARTERED ACCOUNTANTS

Phone : 28413633 /28583494

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E-Mail : price@rgnprice.com

Offices at : Mumbai Ernakulam, Quilon, Bangalore and New Delhi

Simpson's Buildings,

861, Anna Salai

CHENNAI - 600 002.

24th May 2021

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## INDEPENDENT AUDITOR'S REPORT

### Report on the Audit of the Standalone Financial Statements

To the Members of Sundaram Finance Holdings Limited

#### Opinion

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

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

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those standards are further described

in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder; and we have fulfilled our ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

#### Emphasis of matter

We draw your attention to Note 31i of the standalone financial statements wherein the Company has disclosed impact assessment due to COVID-19 pandemic. As stated in the said note, the adverse impact on the business operations of the company's associates, including their subsidiaries had consequently affected the financial results of the Company for the year ended 31st March 2021. The management has further stated that the second wave of the pandemic from March 2021, in India and consequent impact of the same on the Company's future income flow and results, would depend on ongoing as well as future developments, which are currently highly uncertain. The management has also disclosed that it would continue

to closely monitor the situation and any material changes to future economic conditions from time to time in order to take appropriate risk mitigation measures. Considering the uncertainties prevailing in the economic conditions in India, such impact assessment by the Management of the Company is highly dependent on the circumstances as they evolve in subsequent periods.

Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matter to be communicated in our report.

Key Audit Matter	Our audit procedures with regards to key audit matter
<p>Refer Note 2.2 “Fair value measurement” and Note 2.4 “Financial Assets” for relevant accounting policies and significant accounting estimates used by the Company.</p> <p>The investment portfolio is valued at ₹1,518.47 crores which represents almost 99% of the total assets, where unquoted equity investments fair valued through OCI amounts to ₹443.41 crores (“Investment”) covering about 29% of investment value as at 31st March’21.</p> <p>As the above investment are not traded in the active market, fair value of these investments involved significant management judgments and estimate and were valued based on valuation recommendation provided by a Valuation Expert in the Group</p> <p>Determination of Fair Value includes the market approach according to which the earnings and book value-based market multiples of listed peer companies in the same sector have been considered after adjusting for illiquidity discount, if any. This also includes determination of Fair value based on agreements to buy/ sell an asset between the market participants.</p> <p>The above valuations are categorized as Level 2 or Level 3 type of valuation, as the case may be, in accordance of Ind AS 113 Fair Value Measurement based on the available observable/unobservable inputs. Accordingly, the valuation of unquoted investment was considered to be a Key Audit Matter, due to significant judgments associated with determining the fair value of investment and its materiality in the financial statements.</p>	<ul style="list-style-type: none"> <li>(i) Reviewed the Accounting Policies used by the Company for accounting and disclosing Investments for compliance with the accounting framework.</li> <li>(ii) Evaluating valuation methodology recommended by Valuation Expert.</li> <li>(iii) Verified the correctness of market inputs used and mathematical accuracy of the valuation analysis.</li> <li>(iv) Assessed the adequacy of internal controls, evaluated the design and tested the operating effectiveness of such controls for initial recognition, subsequent measurement and disclosure of investments as on the reporting date as per applicable regulations.</li> <li>(v) Our team was supported by our in-house valuation specialist, especially in determining whether such valuation methodology is consistent with the market practice.</li> <li>(vi) We also assessed whether the disclosures in relation to investments are compliant with the relevant Indian accounting requirements and appropriately present the sensitivities in the valuations based on alternative outcome.</li> </ul>

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in Management Discussion and Analysis; Board's Report including Annexure and Corporate Governance Report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

## **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. Their responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that

are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate

to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the

audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub section (11) of Section 143 of the Companies Act 2013, we give in the ANNEXURE "A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - i) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - iii) The Balance Sheet, the Statement of Profit and Loss Account (including Other Comprehensive Income),

Statement of Changes in Equity and the Statement of Cash Flow dealt with in this report are in agreement with the books of account.

- iv) In our opinion, the financial statements comply with the Ind AS specified under section 133 of the Act.
- v) On the basis of the written representations received from the directors as on 1st April 2021 taken on records by the Board of Directors, none of the directors is disqualified from being appointed as a director under sub-section (2) of section 164 of the Act.
- vi) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our Separate report in ANNEXURE "B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- vii) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with provisions of Section 197 of the Act.

- viii) With respect to other matters to be included in the auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule, 2014, in our opinion and to the best of our information and according to the explanations gives to us
  - i. The Company has disclosed the pending litigations which would impact its financial position Refer Note 31(c)(ii) ;
  - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **R.G.N. Price & Co.**  
Chartered Accountants  
FR No. 002785S

**K. Venkatakrishnan**  
Partner

Place: Chennai  
Date: 24th May 2021

Membership No.208591  
UDIN:21208591AAAADX5116

**Annexure – “A” referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ section of our audit report of even date to the members of Sundaram Finance Holdings Limited (“the Company”) on the financial statements of the Company for the year ended 31st March, 2021**

I	a.	The Company has maintained proper records for its property plant and equipment showing full particulars including quantitative details and situation of those assets.				
	b.	The Company has conducted physical verification of property plant and equipment during the year and no material discrepancies were observed during such verification.				
	c.	The title deeds of immovable properties are held in the name of the Company.				
II	Considering the nature of business of the Company, Clause 3(ii) of the Order relating to inventories is not applicable.					
III	According to information and explanations given to us, the Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Act.					
IV	The Company has complied with the provisions of Sections 185 and 186 of the Act in respect of investments made during the year. According to information and explanations given to us, the Company has not granted any loans or guarantees or securities during the year as envisaged under Section 185 and 186 of the Act.					
V	The Company has not accepted any deposits; Hence the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under are not applicable to the Company.					
VI	The Central Government has not prescribed maintenance of cost records under Section 148(1) of the Act.					
VII	a.	According to the information and explanations given to us, and records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income Tax, Goods and Service Tax, Cess and any other statutory dues applicable to it with appropriate authorities. There are no arrears of undisputed statutory dues outstanding as at 31st March 2021 for a period of more than six months from the date they became payable.				
	b.	According to the information and explanations given to us, and records of the Company examined by us, in our opinion, there are no dues of Income Tax, Service Tax, Goods and Service Tax or Cess pending on account of any dispute as at 31st March 2021 except the following:				
		Name of the Statute	Nature of Dues	Amount (₹ in Lakhs)	Financial Year	Forum where the dispute is pending
		Income Tax Act, 1961	Income Tax	557.33	2016-17	Commissioner of Income-tax (Appeals)
		Income Tax Act, 1961	Income Tax	418.90	2017-18	Commissioner of Income-tax (Appeals)
VIII	The Company has not obtained any loans or borrowings from financial institutions, banks, Government nor has issued any debentures during the year. Accordingly, Clause 3(viii) of the Order is not applicable.					
IX	The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans during the year.					
X	During the course of our examination of books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither observed any instances of fraud by the Company or any fraud on the Company, by its officers or employees, nor have we been informed of such case by the Management during the year.					

XI	The managerial remuneration has been paid 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 and hence Clause 3(xii) of the Order is not applicable.
XIII	In our opinion and according to information and explanations given to us, all transactions with related parties are in compliance with Sections 177 and 188 of the Act and the details have been disclosed in the Standalone Financial Statements as required by the applicable Accounting Standards.
XIV	The Company has not made any preferential allotment or private placement of shares or fully convertible or partly convertible debentures during the year under review.
XV	According to the information and explanations given to us and based on our examination of records, the Company has not entered into any non- cash transactions with the directors or persons connected with them contravening Section 192 of the Act.
XVI	During the year, Company had applied to RBI for Non Banking Financial Companies (NBFC) Registration which we were informed that the RBI has not accepted stating that the Group already has NBFCs. Therefore, as represented to us, the Company is in the process of getting more clarification from RBI on their status, based on which Company may take steps to register, if applicable, under Section 45 – IA of the Reserve Bank of India Act, 1934.

For **R.G.N. Price & Co.**  
Chartered Accountants  
FR No. 002785S  
**K. Venkatakrishnan**  
Partner  
Membership No.208591  
UDIN:21208591AAAADX5116

Place: Chennai  
Date: 24th May 2021

**Annexure – “B” referred to in paragraph 2 Clause (vi) under ‘Report on Other Legal and Regulatory Requirements’ section of our audit report of even date to the members of Sundaram Finance Holdings Limited (“the Company”) on the financial statements of the Company for the year ended 31st March, 2021**

We have audited the internal financial controls over the financial reporting of Sundaram Finance Holdings Limited (“the Company”) as on March 31, 2021 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 Companies Act, 2013

**Auditor’s 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 and the Standards on Auditing prescribed under sections 143(10) of the Act to the extent applicable to an audit of internal financial controls. The Guidance Note and those standards 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 whether material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

### **Meaning of Internal Financial Controls over Financial Reporting**

A Company's internal financial controls 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 authorizations of management and Directors of the Company; and

3. Provide reasonable assurance regarding prevention or timely detection of unauthorized 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, to the best of our information and according to the explanations given to us, 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 31,2021 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 ICAI.

**For R.G.N. Price & Co.**  
Chartered Accountants

FR No. 002785S

**K. Venkatakrishnan**  
Partner

Place: Chennai

Date: 24th May 2021

Membership No.208591

UDIN:21208591AAAADX5116

# Balance Sheet

as at 31st March, 2021

(₹ in lakhs)

Particulars	Notes	March 31, 2021	March 31, 2020
<b>ASSETS</b>			
<b>(1) Financial Assets</b>			
(a) Cash and cash equivalents	1	55.65	1,66.29
(b) Receivables	2	1,83.23	2,75.84
(c) Loans	3	30.10	36.15
(d) Investments	4	1518,46.97	1289,31.27
(e) Other financial assets	5	17.50	24.89
<b>(2) Non-Financial Assets</b>			
(a) Current tax assets (Net)	6	1,34.99	1,47.08
(b) Investment property	7	2,07.18	1,71.26
(c) Property, plant and equipment	8	1,58.71	1,83.77
(d) Other intangible assets	8	0.21	5.14
(e) Right of Use asset	24	1,12.75	2,02.12
(f) Other non-financial assets	9	1,08.93	63.92
<b>Total Assets</b>		<b><u>1528,56.22</u></b>	<b><u>1302,07.72</u></b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>(1) Financial Liabilities</b>			
(a) Payables	10		
Trade Payables			
(i) Total outstanding dues of micro enterprises and small enterprises		0.31	0.67
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		20.05	38.86
(b) Other financial liabilities	11	55.32	50.43
(c) Lease liability	24	1,26.68	2,13.68
<b>(2) Non-Financial Liabilities</b>			
(a) Provisions	12	1,70.12	1,90.54
(b) Deferred tax liabilities (Net)	13	99,16.78	55,80.06
(c) Other non-financial liabilities	14	53.94	77.63
<b>(3) Equity</b>			
(a) Equity share capital	15	75,55.19	75,55.19
(b) Other equity	16	1349,57.83	1165,00.67
<b>Total Liabilities and Equity</b>		<b><u>1528,56.22</u></b>	<b><u>1302,07.72</u></b>

This is the Balance sheet referred to in our report of even date attached.

For and on behalf of the Board of Directors of  
Sundaram Finance Holdings Limited

For **R.G.N. Price & Co.**

Chartered Accountants

ER No: 002785S

**K. Venkatakrishnan**

Partner

M.No : 208591

Date : 24-05-2021

Place : Chennai

**T.T. Srinivasaraghavan**

Chairman

**S.Ravi**

Chief Executive Officer

**Harsha Viji**

Director

**V. Vaasen**

Chief Financial Officer

**R. Venkatraman**

Director

**P.N. Srikant**

Secretary & Compliance Officer

# Statement of Profit and Loss

for the Year Ended 31st March, 2021

(₹ in lakhs)

Particulars	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Revenue from operations</b>			
Interest Income	17	1.74	2,51.34
Dividend Income		14,12.91	59,48.18
Net gain on fair value changes	18	5,36.22	4,84.99
Sale of services	28	18,17.59	25,63.44
<b>Total Revenue from operations</b>		<b>37,68.46</b>	<b>92,47.95</b>
Other Income	19	2,07.48	1,87.33
<b>Total Income</b>		<b>39,75.94</b>	<b>94,35.28</b>
<b>Expenses</b>			
Finance cost	20	13.80	27.52
Employee benefit expenses	21	15,64.73	20,82.56
Depreciation and Amortisation		74.42	70.84
Administrative and Other Expenses	22	5,58.04	7,42.60
<b>Total expenses</b>		<b>22,10.99</b>	<b>29,23.52</b>
Profit before exceptional items and tax		17,64.95	65,11.76
Exceptional items		—	—
<b>Profit before tax</b>		<b>17,64.95</b>	<b>65,11.76</b>
Tax expense	23		
1. Current tax		3,09.25	2,72.65
2. Deferred tax		0.91	1,00.24
<b>Total tax</b>		<b>3,10.16</b>	<b>3,72.89</b>
<b>Profit for the period</b>		<b>14,54.79</b>	<b>61,38.88</b>
<b>Other Comprehensive Income</b>			
<b>A. Items that will not be reclassified to profit or loss</b>			
Remeasurements of the defined benefit plans	30	7.01	(4.89)
Income tax on above		2.04	(1.42)
Remeasurements of the defined benefit plans (Net of Income tax)		4.97	(3.47)
Change in Fair value of equity instruments		220,88.75	(572,19.43)
Income tax on above		43,35.80	(27,01.40)
Change in Fair value of equity instruments (Net of tax)		177,52.95	(545,18.03)
<b>Other Comprehensive Income/(loss) Net of Tax</b>		<b>177,57.92</b>	<b>(545,21.49)</b>
<b>Total Comprehensive Income/(loss) for the period</b>		<b>192,12.71</b>	<b>(483,82.61)</b>
<b>Basic and Diluted Earnings per Equity Share of ₹5/- each</b>	31a	0.96	4.06

This is the Balance sheet referred to in our report of even date attached.

For and on behalf of the Board of Directors of  
Sundaram Finance Holdings Limited

For **R.G.N. Price & Co.**

Chartered Accountants

ER No: 002785S

**K. Venkatakrisnan**

Partner

M.No : 208591

Date : 24-05-2021

Place : Chennai

**T.T. Srinivasaraghavan**

Chairman

**S.Ravi**

Chief Executive Officer

**Harsha Viji**

Director

**V. Vaasen**

Chief Financial Officer

**R. Venkatraman**

Director

**P.N. Srikant**

Secretary & Compliance Officer

# Cash Flow Statement

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	17,64.95	65,11.76
<b>Adjustments to reconcile profit before tax to net cash used in operating activities</b>		
Depreciation and Amortisation	74.42	70.84
Fair value change in financial instruments	(5,35.89)	(4,84.99)
Interest income	(1.74)	(1.74)
Income from Commercial Paper	-	(2,49.60)
(Gain)/loss on sale of property, plant and equipment	0.32	0.03
Finance costs	13.80	27.52
Gain on lease modification	(5.74)	-
Net Actuarial gain/(loss) on defined benefit plan	7.01	(4.89)
	<b>13,17.13</b>	<b>58,68.93</b>
<b>Working capital adjustments</b>		
(Increase)/ Decrease in trade and other receivables	92.61	76.20
(Increase)/ Decrease in Loans	6.05	(6.45)
(Increase)/ Decrease in Other financial assets	7.40	(4.92)
(Increase)/ Decrease in Other non-financial assets	(45.00)	(0.89)
Increase/ (Decrease) in trade and other payables	(19.17)	26.76
Increase/(Decrease) in financial liabilities	4.88	17.90
Increase/(Decrease) in other non-financial liabilities and provisions	(44.11)	56.31
	<b>13,19.80</b>	<b>60,33.84</b>
Income Tax paid	(2,99.22)	(4,93.32)
<b>Net cash flows from operating activities</b>	<b>10,20.58</b>	<b>55,40.52</b>
<b>Cash flow from investing activities</b>		
Purchase or construction of property, plant and equipment	(64.15)	(1,16.63)
(Purchase)/Sale of Mutual funds (net)	129,77.89	5.10
(Purchase)/Sale of Other Investments (net)	(132,68.96)	(6,82.31)
Proceeds from sale of property, plant and equipment	11.90	0.06
Interest received	1.74	1.74
<b>Net cash flows from investing activities</b>	<b>(3,41.58)</b>	<b>(7,92.05)</b>
<b>Cash flow from financing activities</b>		
Dividend Paid (including Dividend distribution tax)	(7,55.55)	(45,54.17)
Lease Liability Principal	(20.29)	(21.44)
Lease Liability Interest	(13.80)	(17.71)
Finance costs	-	(9.81)
<b>Net cash flows from financing activities</b>	<b>(7,89.64)</b>	<b>(46,03.13)</b>
Net increase / (decrease) in cash and cash equivalents	(1,10.64)	1,45.35
Cash and cash equivalents at the beginning of the year	1,66.29	20.94
<b>Cash and cash equivalents at the end of the year (Refer Note 1)</b>	<b>55.65</b>	<b>1,66.29</b>

This is the Balance sheet referred to in our report of even date attached.

For and on behalf of the Board of Directors of  
Sundaram Finance Holdings Limited

For **R.G.N. Price & Co.**

Chartered Accountants

ER No: 002785S

**K. Venkatakrishnan**

Partner

M.No : 208591

Date : 24-05-2021

Place : Chennai

**T.T. Srinivasaraghavan**

Chairman

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Director

**V. Vaasen**

Chief Financial Officer

**R. Venkatraman**

Director

**P.N. Srikant**

Secretary & Compliance Officer

SUNDARAM FINANCE HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY**
**(a) Equity Share Capital**

(₹ in lakhs)

Particulars	Amount
As at April 1, 2019	75,55.19
Changes in equity share capital	–
As at March 31, 2020	75,55.19
Changes in equity share capital	–
As at March 31, 2021	75,55.19

**(b) Other equity**

(₹ in lakhs)

Particulars	Reserves and Surplus			Gains / (losses) from equity investments through OCI	Total
	Capital Reserve	General Reserve	Retained Earnings		
<b>Balance as at 01 April, 2019</b>	<b>18,74.68</b>	<b>131,08.02</b>	<b>158,76.85</b>	<b>1385,77.94</b>	<b>1694,37.45</b>
Add: Profit or (loss) for the period			61,38.88		61,38.88
Add: Other comprehensive income /(loss)			(3.47)	(545,18.03)	(545,21.49)
Less: Final Dividend for FY 2018-19 paid			(26,44.35)		(26,44.35)
Less: Dividend Tax			(5,43.55)		(5,43.55)
Less: Interim Dividend for FY 2019-20 paid			(11,33.31)		(11,33.31)
Less: Dividend Tax			(2,32.95)		(2,32.95)
<b>Balance as at 31 March 2020</b>	<b>18,74.68</b>	<b>131,08.02</b>	<b>174,58.09</b>	<b>840,59.91</b>	<b>1165,00.67</b>
Add: Profit or (loss) for the period			14,54.79		14,54.79
Add: Other comprehensive income /(loss)			4.97	177,52.95	177,57.92
Less: Final Dividend for FY 2019-20 paid			(7,55.55)		(7,55.55)
<b>Balance as at 31 March 2021</b>	<b>18,74.68</b>	<b>131,08.02</b>	<b>181,62.30</b>	<b>1018,12.86</b>	<b>1349,57.83</b>

This is the Balance sheet referred to in our report of even date attached.

 For and on behalf of the Board of Directors of  
Sundaram Finance Holdings Limited

 For **R.G.N. Price & Co.**

Chartered Accountants

ER No: 002785S

**K. Venkatakrishnan**

Partner

M.No : 208591

Date : 24-05-2021

Place : Chennai

**T.T. Srinivasaraghavan**

Chairman

**S.Ravi**

Chief Executive Officer

**Harsha Viji**

Director

**V. Vaasen**

Chief Financial Officer

**R. Venkatraman**

Director

**P.N. Srikant**

Secretary &amp; Compliance Officer

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# NOTES TO THE FINANCIAL STATEMENTS

## 1. COMPANY OVERVIEW

Sundaram Finance Holdings Limited ('the Company') is a Public Limited Company incorporated in India with its registered office located at No.21, Patullos Road, Chennai – 600002. The Company ceased to be exempted Core Investment Company as on 31st March 2020 and during the year, Company had applied to RBI for Non Banking Financial Companies (NBFC) Registration which RBI has not accepted stating that the Group already has NBFCs. Therefore, the Company is in the process of getting more clarification from RBI on its status, based on which Company may take steps to register, if applicable, under Section 45 – IA of the Reserve Bank of India Act, 1934. The Company is primarily engaged in the business of Investments, business processing and support services.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation

- The financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act”
- The Financial Statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period. Company's financial statements are prepared in Indian Rupees (₹), which is also its functional currency.

### 2.2 Measurement of fair values

The Company's accounting policies and disclosures require the measurement of financial assets and liabilities at fair values. The Company has established policies and procedures with respect to measurement of fair values.

The Company classifies the fair value of its financial instruments in the following hierarchy, based on the inputs used in their valuation:

**Level 1** - The fair value of financial instruments traded in active markets is based on quoted (unadjusted) market prices at the end of the reporting period.

**Level 2** - The fair valuation of instruments not traded in active markets is determined based on observable market data and by using valuation techniques.

**Level 3** - Where one or more of the significant inputs are not from observable market data. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. An adjustment to a Level 2 input that is significant to the entire measurement results in a fair value measurement categorised within Level 3 of the fair value hierarchy if the adjustment uses significant unobservable inputs.

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### 2.3 Revenue Recognition:

Revenue is recognised when control of services are transferred to the customer at an amount that reflects the consideration to which the Company is entitled in exchange for those services, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

Revenue from rendering of services is recognised with reference to the stage of completion determined based on estimate of work performed, and when the outcome of the transaction can be estimated reliably.

#### **Dividends:**

Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of dividend can be measured reliably. This is generally when the shareholder approve the dividend.

#### **Interest Income:**

For all debt instruments measured at amortised cost, interest income is recognised on time proportion basis, taking into account the amount outstanding and effective interest rate.

#### **Rental Income:**

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in Other income in the statement of profit and loss.

### 2.4. Financial Assets

#### **Initial Recognition**

All financial assets are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

#### **Subsequent Measurement**

##### **Financial Asset measured at Amortised Cost (AC)**

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

##### **Financial assets at fair value through other comprehensive income: (FVTOCI)**

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## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Financial assets are subsequently measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and the interest on the principal outstanding.

### **Financial assets at Fair Value Through Profit or Loss: (FVTPL)**

Any financial asset not subsequently measured at amortized cost or at fair value through other comprehensive income, is subsequently measured at fair value through profit or loss. Financial assets falling in this category are measured at fair value and all changes are recognized in the Statement of Profit and Loss.

### **Investments in Subsidiary and Associates**

The Company has accounted for its investments in Subsidiary and Associate Companies at cost.

All other equity instruments are measured at fair value, with value changes on these instruments, excluding dividends, are recognized in the Other Comprehensive Income (OCI). There is no recycling of the amounts from OCI to profit and loss on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

## **2.5. Financial Liabilities**

### **Initial Recognition**

All financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

### **Subsequent Measurement**

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

### **De-Recognition**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset.

A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

### **Impairment of Financial Assets**

The Company applies the Expected Credit Loss (ECL) model for recognizing impairment losses if any on financial assets. 12 months ECL represents the expected default events on the financial asset that are possible within 12 months after the reporting date.

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

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

### **Offsetting of Financial Instruments**

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

### **2.6. Leases**

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

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

For a lease modification that is not accounted for as a separate lease, the remeasurement of the lease liability is accounted by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease and any gain or loss relating to the partial or full termination of the lease is recognised in statement of profit or loss.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### **2.7. Employee Benefits**

#### **Short Term Employee Benefits**

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## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As per the employment policy of the Company, short term employee benefits for services rendered by employees are recognized during the period when the services are rendered.

### **Post Employment Benefits**

#### **a. Defined Contribution Plans**

##### **i. Superannuation**

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

##### **ii. Provident Fund**

The Provident Fund contributions are made to the government administered Provident Fund and Employees' Pension Scheme under the Employees Provident Fund Act and to Employees' State Insurance Schemes on behalf of its employees. The contributions are charged to Statement of Profit and Loss.

#### **b. Defined Benefit Plans**

##### **i. Gratuity**

The Company provides a lump sum payment to eligible employees, at retirement or resignation of employment based on the last drawn salary and years of employment with the Company as per the provisions of the Payment of Gratuity Act, 1972. The Company makes contributions to a gratuity fund administered by trustees and managed by LIC of India.

The liability or asset recognized in the Balance Sheet in respect of a defined gratuity plan is the present value of defined benefit obligation at the end of the reporting period less the fair value of plan assets. Gratuity liability is a defined benefit obligation and is recorded based on actuarial valuation using the projected unit credit method made at the end of the year.

The present value of defined benefit obligation is determined by discounting the estimated future cash out flows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The gratuity liability and net periodic gratuity cost is actuarially determined after considering discount rates, expected long term return on plan assets and increase in compensation levels. Re-measurement gains or losses arising from Experience Adjustments and changes in actuarial assumptions are recognized in the period they occur, directly in the Other Comprehensive Income. They are included in the statement of changes in equity and in the Balance Sheet. Re-measurements comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to Statement of Profit or Loss in subsequent periods.

Changes in present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the Statement of Profit and Loss.

#### **c. Other Long Term Employee Benefits**

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

- i) The estimated liability in respect of other long term benefits like Employee Assured Bonus Scheme has been provided on the basis of actuarial valuation.
- ii) Leave Encashment

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

### 2.8 Income Taxes

Income-tax expense comprises current tax (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 temporary differences between tax bases of assets and liabilities and their carrying amounts in the financial statements). Taxes are recognized in the Statement of Profit and Loss except to the extent it relates to items directly recognized in equity or in the Other Comprehensive Income.

#### Current Tax

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

Current tax assets and liabilities are offset only if, the Company:

- a) has a legally enforceable right to set off the recognized amounts; and
- b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

#### Deferred Tax

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

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

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences can be utilized.

Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

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

- a) has a legally enforceable right to set off current tax assets against current tax liabilities; and

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

### **Current and Deferred Tax for the year - OCI**

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

### **2.9. Property, Plant and Equipment**

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

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

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

Freehold land is not depreciated.

An item is recognised as property plant and equipment if and only if it is probable that future economic benefits associated with the item will flow to the Company and its costs can be measured reliably

Subsequent expenditure is added to the carrying amount or recognised as separate asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Depreciation commences when the assets are ready for their intended use. Where the property plant and equipment is not ready for its intended use as on the balance sheet date it is disclosed as capital work in progress

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

Estimated useful lives of the assets, based on technical assessment, which are different in certain cases from those prescribed in Schedule II to the Act, are as follows:

<b>Assets (Own)</b>	<b>(in years)</b>
Office equipment	8
Computer (included in Plant & Equipment)	
End user services	7
Servers and network	10
Vehicles	5

The property plant and equipment with definite life are reviewed for impairment whenever the events or changes indicate

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

that their carrying value may not be recoverable.

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

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

### 2.10 Investment Property

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

It is measured initially at cost of acquisition including transaction costs, borrowing cost and other directly attributable cost in bringing the asset to its working condition for its intended use.

Subsequent expenditure is capitalized to the asset carrying amount only when it is probable that the future economic benefit associated with the expenditure will flow to the company.

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

Though the Company measures investment property using cost-based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined by property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

### 2.11. Intangible Assets

Intangible assets are identified non-monetary assets without physical existence. Intangible assets represent Computer software whose cost is amortised over their expected useful life on a straight-line basis.

Intangible assets with finite useful lives that are acquired separately are capitalised and carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful life of the asset.

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

The cost of the intangible asset shall include the purchase price, including non-refundable duties and taxes, all the directly

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## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

attributable costs to bring the intangible to the present location, working condition and intended use.

### **2.12. Impairment of Assets**

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

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

### **2.13. Foreign Currency Transactions**

Transactions in foreign currency are accounted at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets, are capitalized as cost of assets.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using the exchange rates at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit and Loss are also recognised in OCI or Statement of Profit and Loss, respectively).

### **2.14. Dividend**

The final Dividend on shares is recorded as a liability on the date of approval by the Shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

### **2.15. Cash Flow Statement**

Statement of cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

### **2.16. Provisions and Contingent Liabilities**

Provisions are recognized when the Company, as a result of a past event, has a present obligation and it is probable that the Company will be required to settle the obligation for which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when

- (i) there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company (or)
- (ii) there is a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

### 2.17 Earnings Per Share

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

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

## 3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in accordance with Ind AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the balance sheet and statement of profit and loss. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The actual results may differ from these estimates. The Company's management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Any revision to the accounting estimates is recognised prospectively in the current and future periods.

### Useful lives of Property Plant and Equipment / Intangible Assets

Property, Plant and Equipment / Intangible Assets are depreciated / amortised over their estimated useful lives, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation / amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation / amortisation for future periods is revised if there are significant changes from previous estimates.

### Impairment of Financial Assets

The impairment provisions for Financial Assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

## NOTES TO THE ACCOUNTS

### Note 1: Cash and cash equivalents

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Cash on hand	0.06	0.09
Balances with Banks in Current Accounts	35.38	1,45.75
Earmarked balances with banks (For Unpaid dividend)	20.21	20.45
	<u>55.65</u>	<u>1,66.29</u>

### Note 2: Receivables

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Trade receivables		
- Considered good-Secured	–	–
- Considered good-Unsecured *	1,83.23	2,75.84
- Receivables having significant increase in credit risk	–	–
- Credit Impaired	–	–
Less : Allowance for impairment loss	–	–
Debts due by Directors and others	–	–
* Refer Note 29 for related party transactions		
	<u>1,83.23</u>	<u>2,75.84</u>

### Note 3: Loans

(₹ in lakhs)

Loans	31st March 2021				31st March 2020			
	Amortised cost	At Fair value		Total	Amortised cost	At Fair value		Total
		Through other comprehensive income	Through profit or loss			Through other comprehensive income	Through profit or loss	
<b>Loans (Unsecured)</b>								
Staff advance	30.10	–	–	30.10	36.15	–	–	36.15
<b>Gross Loans</b>	<b>30.10</b>	<b>–</b>	<b>–</b>	<b>30.10</b>	<b>36.15</b>	<b>–</b>	<b>–</b>	<b>36.15</b>
<b>Less: Impairment Loss allowance</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Net Loans</b>	<b>30.10</b>	<b>–</b>	<b>–</b>	<b>30.10</b>	<b>36.15</b>	<b>–</b>	<b>–</b>	<b>36.15</b>

**NOTES TO THE ACCOUNTS (Contd.)**
**Note 4: Investments**

(₹ in lakhs)

Particulars	Face Value (₹)	As at 31.03.2021		As at 31.03.2020	
		Holding (Number)	Carrying Amount	Holding (Number)	Carrying Amount
<b>At Cost:</b>					
<b>Equity Instruments</b>					
<i><b>Subsidiary</b></i>					
- Sundaram Business Services Limited	10	2,23,67,291	29,12.79	2,23,67,291	29,12.79
			<b>29,12.79</b>		<b>29,12.79</b>
<i><b>Associates</b></i>					
- Flometallic India Private Limited	1,00,000	3,800	38,00.00	3,800	32,50.00
- The Dunes Oman LLC (FZC)	1*	22,93,725	21,55.89	22,93,725	21,55.89
- Sundaram Hydraulics Limited	10	1,12,50,000	1,05.77	1,12,50,000	1,05.77
- Axles India Limited	10	98,91,754	10,15.70	98,91,754	10,15.70
- Turbo Energy Private Limited	10	25,60,000	1,88.41	25,60,000	1,88.41
- Transenergy Limited	100	1,20,000	1,87.50	1,20,000	1,87.50
- Sundaram Dynacast Private Limited	10	11,70,000	1,17.00	11,70,000	1,17.00
- Wheels India Limited	10	56,01,117	141,68.38	–	–
- Mind S.r.l.	1#	3,05,838	23,71.35	–	–
			<b>241,10.00</b>		<b>70,20.27</b>
<b>Total - A</b>			<b>270,22.79</b>		<b>99,33.06</b>
<b>At Fair Value Through Other Comprehensive Income:</b>					
<b>Equity Instruments</b>					
- Wheels India Limited	10	–	–	32,69,096	188,14.52
- Brakes India Private Limited	100	1,59,460	302,70.87	1,59,460	121,69.89
- India Motor Parts & Accessories Limited	10	23,20,005	137,49.79	23,20,005	134,95.32
- Sundaram Clayton Limited	5	22,73,081	585,40.93	22,73,081	457,03.24
- TVS Investments Private Limited	5	22,73,085	33,00.00	22,73,085	21,88.55
- Lucas-TVS Limited	100	63,224	73,12.50	63,224	29,23.22
- Delphi TVS Technologies Limited	10	2,52,896	12,44.13	2,52,896	11,96.02
- Techtran Polylenes Limited	10	250,000	–	2,50,000	–
- Vishnu Forge Industries Limited	10	2,97,110	1,25.20	2,97,110	1,14.68
- D2C Consulting Services Private Limited	10	100	1.75	100	1.75
- Fettle tone LLP			20,87.00		20,87.00
<b>Total - B</b>			<b>1166,32.17</b>		<b>986,94.19</b>

\* Face value in Omani Riyal

# Face value in Euro

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Particulars	Face Value (₹)	As at 31.03.2021		As at 31.03.2020	
		Holding (Number)	Carrying Amount	Holding (Number)	Carrying Amount
<b>At Fair Value Through Profit and Loss:</b>					
<b>Mutual Funds</b>					
- Sundaram Money Fund		5,15,346	2,23.65	85,53,868	35,81.47
- Sundaram Ultra Short Term Fund		1,50,34,552	16,64.01	6,83,97,132	72,15.35
- Sundaram Banking & PSU Debt Fund		–	–	10,501,895	33,65.52
- Sundaram Money Market Fund		–	–	3,76,78,370	42,20.81
- JM Financial Yield Enhancer (Distressed Opportunity) Fund I - Series I		430	4,30.00	100	1,00.00
- HDFC Short Term Debt Fund		20,79,495	5,18.77	–	–
- ICICI Prudential Short Term Fund		10,70,399	5,20.42	–	–
- HDFC Corporate Bond Fund		39,91,402	10,05.17	–	–
- IDFC Banking & PSU Debt Fund		51,50,664	10,06.46	–	–
- IDFC Corporate Bond Fund		65,67,126	10,02.65	–	–
<b>Preference Shares</b>					
- D2C Consulting Services Private Limited-0.1% Cumulative Convertible Preference Shares	100	17,014	2,98.26	17,014	2,98.26
<b>Total - C</b>			<b>66,69.39</b>		<b>187,81.40</b>
<b>At Amortised Cost:</b>					
<b>Preference Shares</b>					
- Sundaram Asset Management Company -6.75% Redeemable Cumulative Non-Convertible Preference Shares	100	15,00,000	15,00.00	15,00,000	15,00.00
<b>Government Securities</b>					
- IRFC Tax Free Bonds	1,000	2,175	22.62	2,175	22.62
<b>Total - D</b>			<b>15,22.62</b>		<b>15,22.62</b>
<b>Total Investments A+B+C+D</b>			<b>1518,46.97</b>		<b>1289,31.27</b>
Less: Allowance for Impairment loss			–		–
<b>Total Investments</b>			<b>1518,46.97</b>		<b>1289,31.27</b>

(₹ in lakhs)

Investment outside India	45,27.24	21,55.89
Investment in India	1473,19.73	1267,75.39

**NOTES TO THE ACCOUNTS (Contd.)**
**Investments - Categorywise**

(₹ in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Aggregate amount of Quoted Investments	864,81.72	780,35.71
Aggregate amount of Unquoted Investments (Net of allowance for Impairment loss)	653,65.25	508,95.56
<b>Total</b>	<b>1518,46.97</b>	<b>1289,31.27</b>

**Dividends recognised during the period from Investments in equity instruments designated at Fair Value Through OCI**

(₹ in lakhs)

- Investments held during/at the end of reporting period	2020-21	2019-20
- Brakes India Private Limited	–	6,98.43
- Lucas TVS Limited	1,04.32	1,20.13
- Delphi TVS Technologies Limited	–	53.11
- Sundaram Clayton Limited	3,40.96	7,04.66
- Wheels India Limited	–	2,24.78
- India Motor Parts & Accessories Limited	–	5,08.46
- Vishnu Forge Industries Limited	2.38	2.08
<b>Total Dividend</b>	<b>4,47.66</b>	<b>23,11.64</b>

NOTES TO THE ACCOUNTS (Contd.)

**Note 5 : Other Financial assets (Unsecured)**

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Security Deposits	17.10	21.15
Other Assets	0.40	3.74
	<u>17.50</u>	<u>24.89</u>

**Note 6 : Current Tax Assets**

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Advance Income Tax and Tax Deducted at source (Net)	1,34.99	1,47.08
	<u>1,34.99</u>	<u>1,47.08</u>

**Note 7 : Investment Property**

(₹ in lakhs)

Particulars	Land	Building
<b>As at 01-04-2020</b>	1,28.75	54.28
Additions	-	44.95
Sub-total	1,28.75	99.23
(-) Sales / deletion	-	-
<b>Total</b>	<u>1,28.75</u>	<u>99.23</u>
<b>Depreciation</b>		
Upto 01-04-2020	-	11.77
For the year	-	9.03
Sub-total	-	20.80
(-) Withdrawn on assets sold / deleted	-	-
<b>Total</b>	<u>-</u>	<u>20.80</u>
<b>Net Carrying amount as at 31-03-2021</b>	<u>1,28.75</u>	<u>78.43</u>

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

(₹ in lakhs)

Particulars	Land	Building
<b>As at 01-04-2019</b>	1,28.75	43.19
Additions	-	11.09
Sub-total	1,28.75	54.28
(-) Sales / deletion	-	-
<b>Total</b>	<b><u>1,28.75</u></b>	<b><u>54.28</u></b>
<b>Depreciation</b>		
Upto 01-04-2019	-	7.69
For the year	-	4.08
Sub-total	-	11.77
(-) Withdrawn on assets sold / deleted	-	-
<b>Total</b>	<b><u>-</u></b>	<b><u>11.77</u></b>
<b>Net Carrying amount as at 31-03-2020</b>	<b><u>1,28.75</u></b>	<b><u>42.51</u></b>

(₹ in lakhs)

Net Block	Land	Building
As on 31 March 2021	1,28.75	78.43
As on 31 March 2020	1,28.75	42.51

(₹ in lakhs)

Fair Value	Land	Building
At 31 March 2021	445,83.81	2,93.10
At 31 March 2020	445,83.81	2,93.10

**Measurement of Fair Value**
**Fair Value Hierarchy**

The fair value of investment property has been determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The fair value measurement for all of the investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

**Valuation Techniques**

"The Company follows discounted cash flows technique. The valuation model considers the present value of net cash flows to be generated from the property, taking into account the expected rental growth rate, vacant periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms. Investment property comprises a number of commercial properties that are leased to third parties. No contingent rents are charged.

NOTES TO THE ACCOUNTS (Contd.)

Information regarding income and expenditure of Investment property

(₹ in lakhs)

Particulars	31.03.2021	31.03.2020
Rental Income derived from Investment Properties	1,82.17	1,74.89
Direct Operating Expenses (including repairs and maintenance)	(20.59)	(18.09)
<b>Profit arising from Investment Properties before Depreciation and Indirect Expenses</b>	<b>1,61.58</b>	<b>1,56.80</b>
Depreciation	(9.03)	(4.08)
<b>Profit arising from Investment Properties before Indirect Expenses</b>	<b>1,52.55</b>	<b>1,52.72</b>

Note 8 : Property, Plant & Equipment And Intangible Assets

(₹ in lakhs)

Description	Property, Plant & Equipment							Intangible	Total (tangible and intangible)
	Free hold land	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Total	Software-Bought out	
<b>Cost of assets</b>									
As at 01-04-2020	31.86	3.08	1,36.05	33.89	17.15	14.13	2,36.15	35.52	2,71.67
Additions	–	0.53	4.69	12.08	1.90	–	19.20	–	19.20
Sub-total	31.86	3.61	1,40.74	45.97	19.05	14.13	2,55.35	35.52	2,90.87
(-) Sales / deletion	–	–	11.12	5.78	2.80	13.46	33.16	–	33.16
<b>Total</b>	<b>31.86</b>	<b>3.61</b>	<b>1,29.62</b>	<b>40.19</b>	<b>16.25</b>	<b>0.67</b>	<b>2,22.20</b>	<b>35.52</b>	<b>2,57.71</b>
<b>Depreciation</b>									
Upto 31-03-2020	–	–	23.63	15.55	7.52	5.68	52.39	30.38	82.77
For the year	–	0.02	24.28	4.70	2.42	0.63	32.05	4.93	36.98
Sub-total	–	0.02	47.91	20.25	9.94	6.31	84.44	35.31	1,19.75
(-) Withdrawn on assets sold / deleted	–	–	10.21	2.63	2.16	5.94	20.94	–	20.94
<b>Total</b>	<b>–</b>	<b>0.02</b>	<b>37.70</b>	<b>17.62</b>	<b>7.78</b>	<b>0.37</b>	<b>63.50</b>	<b>35.31</b>	<b>98.81</b>
<b>Net Carrying Amount as at 31-03-2021</b>	<b>31.86</b>	<b>3.59</b>	<b>91.92</b>	<b>22.57</b>	<b>8.47</b>	<b>0.30</b>	<b>1,58.71</b>	<b>0.21</b>	<b>1,58.91</b>

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

(₹ in lakhs)

Description	Property, Plant & Equipment							Intangible	Total (tangible and intangible)
	Free hold land	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Total	Software-Bought out	
<b>Cost of assets</b>									
As at 01-04-2019	31.86	3.08	37.77	27.54	16.38	14.13	1,30.76	35.52	1,66.28
Additions	–	–	98.27	6.35	0.92	–	1,05.54	–	1,05.54
Sub-total	31.86	3.08	1,36.05	33.89	17.30	14.13	2,36.30	35.52	2,71.82
(-) Sales / deletion	–	–	–	–	0.15	–	0.15	–	0.15
<b>Total</b>	<b>31.86</b>	<b>3.08</b>	<b>1,36.05</b>	<b>33.89</b>	<b>17.15</b>	<b>14.13</b>	<b>2,36.15</b>	<b>35.52</b>	<b>2,71.67</b>
<b>Depreciation</b>									
Upto 31-03-2019	–	–	12.46	10.56	4.55	2.73	30.31	18.76	49.07
For the year	–	–	11.17	5.00	3.03	2.95	22.15	11.62	33.77
Sub-total	–	–	23.63	15.55	7.59	5.69	52.46	30.38	82.84
(-) Withdrawn on assets sold / deleted	–	–	–	–	0.06	–	0.06	–	0.06
<b>Total</b>	<b>–</b>	<b>–</b>	<b>23.63</b>	<b>15.55</b>	<b>7.52</b>	<b>5.69</b>	<b>52.39</b>	<b>30.38</b>	<b>82.78</b>
<b>Net Carrying Amount as at 31-03-2020</b>	<b>31.86</b>	<b>3.08</b>	<b>1,12.42</b>	<b>18.34</b>	<b>9.63</b>	<b>8.44</b>	<b>1,83.77</b>	<b>5.14</b>	<b>1,88.90</b>

**Note 9 : Other Non-Financial Assets**

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Prepaid expenses	18.24	31.08
Other advances	86.75	18.45
GST Input Credit	3.94	14.39
	<b>1,08.93</b>	<b>63.92</b>

## NOTES TO THE ACCOUNTS (Contd.)

### Note 10 : Trade payables

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
(i) Total outstanding due to micro and small enterprises (Refer Note 31f)	0.31	0.67
(ii) Total outstanding due of creditors other than micro and small enterprises		
- For Expenses *	20.05	38.86
- For Others	—	—
* Refer Note 29 for related party transactions		
	<u>20.36</u>	<u>39.53</u>

### Note 11 : Other Financial Liabilities

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Accrued expenses	27.16	21.78
Other Liabilities	28.16	28.65
	<u>55.32</u>	<u>50.43</u>

### Note 12 : Provisions

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Provision for Employee Benefits	1,55.64	1,62.92
Provision for expenses	14.48	27.62
	<u>1,70.12</u>	<u>1,90.54</u>

### Note 13 : Deferred tax liabilities (net)

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
<b>Deferred tax liabilities</b>		
On Investments	102,19.69	60,19.84
<b>Deferred tax assets</b>		
On Investments	(1,32.72)	(1,32.72)
On Employee Benefits	(14.50)	(16.96)
On Property, Plant & Equipment	(10.18)	(8.37)
On Security Deposits	(0.48)	(0.58)
Minimum Alternate Tax (MAT) credit	(145.03)	(2,81.16)
<b>Net Deferred tax liabilities</b>	<u>99,16.78</u>	<u>55,80.06</u>

**NOTES TO THE ACCOUNTS (Contd.)**
**Note 14 : Other non-financial liabilities**

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Statutory Liabilities	53.94	77.63
	<u>53.94</u>	<u>77.63</u>

**Note 15: Equity Share Capital**

(₹ in lakhs)

Particulars	31.03.2021	31.03.2020
<b>Authorised:</b>		
32,00,00,000 Equity shares of face value of ₹5/- each (16,00,00,000 for FY 19-20)	160,00.00	80,00.00
	<u>160,00.00</u>	<u>80,00.00</u>
<b>Issued, Subscribed and fully paid up:</b>		
15,11,03,860 Equity shares of face value of ₹5/- each	75,55.19	75,55.19
	<u>75,55.19</u>	<u>75,55.19</u>

**(a) Reconciliation of Equity Share Capital**

	As at 31st March 2021		As at 31st March 2020	
	No. of Shares	₹ in lakhs	No. of Shares	₹ in lakhs
<b>Balance at the beginning of the year</b>	<b>15,11,03,860</b>	<b>75,55.19</b>	<b>15,11,03,860</b>	<b>75,55.19</b>
Changes in equity share capital during the year				
Issued during the year	–	–	–	–
<b>Balance at the end of the year</b>	<b>15,11,03,860</b>	<b>75,55.19</b>	<b>15,11,03,860</b>	<b>75,55.19</b>

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

Name	Status	No. of Shares	% held as at 31.03.2021	No. of Shares	% held as at 31.03.2020
Sundaram Finance Limited	Promoter	3,26,50,000	21.61%	3,26,50,000	21.61%

## NOTES TO THE ACCOUNTS (Contd.)

### Note 16: Other equity

(₹ in lakhs)

Particulars	Reserves and Surplus			Gains / (losses) from equity investments through OCI *	Total
	Capital Reserve	General Reserve #	Retained Earnings		
<b>Balance as at 01 April 2020</b>	<b>18,74.68</b>	<b>131,08.02</b>	<b>174,58.09</b>	<b>840,59.91</b>	<b>1165,00.67</b>
Add: Profit or (loss) for the period			14,54.79		14,54.79
Add: Other comprehensive income /(loss)			4.97	177,52.95	177,57.92
Less: Final Dividend for FY 2019-20 paid			(7,55.55)		(755.55)
<b>Balance as at 31 March 2021</b>	<b>18,74.68</b>	<b>131,08.02</b>	<b>181,62.30</b>	<b>1018,12.86</b>	<b>1349,57.83</b>

\* **FVOCI** – The Company has elected to recognise changes in the FV of certain equity instruments in the OCI. These changes are accumulated within FVOCI Reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity instruments are derecognised.

# **General Reserve** - General Reserve is a part of retained earnings. This is available for distribution to shareholders as dividend and capitalisation.

## Profit & Loss Account

### Note 17: Interest Income

(₹ in lakhs)

Particulars	For the year ended 31 March 2021			For the year ended 31st March 2020		
	On financial assets measured at FVTOCI	On financial assets measured at amortised cost	On financial assets classified at FVTPL	On financial assets measured at FVTOCI	On financial assets measured at amortised cost	On financial assets classified at FVTPL
Interest income from investments	–	1.74	–	–	2,51.34	–
<b>Total</b>	<b>–</b>	<b>1.74</b>	<b>–</b>	<b>–</b>	<b>2,51.34</b>	<b>–</b>

**NOTES TO THE ACCOUNTS (Contd.)**
**Note 18 : Net gain/(loss) on Fair Value Changes**

(₹ in lakhs)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Net gain/(Loss) on financial instruments at FVTPL		
- Investments	5,36.22	4,84.99
Fair Value changes:		
- Realised	4,67.92	2,00.79
- Unrealised	68.30	2,84.20
<b>Total Net gain/(loss) on Fair Value Changes</b>	<b><u>5,36.22</u></b>	<b><u>4,84.99</u></b>

**Note 19 : Other Income**

(₹ in lakhs)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Interest Receipts	1.50	8.43
Rent Receipts	1,82.17	1,78.84
Other Non-Operating Income	23.81	0.07
	<b><u>2,07.48</u></b>	<b><u>1,87.33</u></b>

**Note 20 : Finance Costs**

(₹ in lakhs)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Interest on Income Tax	-	9.81
Interest-others	13.80	17.71
	<b><u>13.80</u></b>	<b><u>27.52</u></b>

**Note 21 : Employee Benefit Expense**

(₹ in lakhs)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Salaries, bonus and commission	14,16.37	18,73.72
Contribution to Provident and Other Funds (Refer Note 30)	1,09.89	1,44.75
Staff welfare expenses	36.57	55.69
Staff Recruitment and Training Expenses	1.90	8.42
	<b><u>15,64.73</u></b>	<b><u>20,82.56</u></b>

## NOTES TO THE ACCOUNTS (Contd.)

### Note 22 : Administrative and Other Expenses

(₹ in lakhs)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Rent (Refer Note 24)	45.61	1,01.14
Rates and taxes	9.21	16.73
Electricity expenses	17.50	36.35
Communication expenses	33.96	51.58
Outsourcing cost	94.77	1,50.23
Audit Fees (Refer Note 31g)	18.50	18.50
Repairs and Maintenance	58.77	61.83
Professional fees	72.65	79.66
Commission to KMP and Directors	11.00	21.00
Director sitting fees	11.60	13.50
Filing Fees	0.13	0.18
CSR Expenditure (Refer Note 31e)	56.50	63.00
Miscellaneous expenses	1,27.84	1,28.91
	<b>5,58.04</b>	<b>7,42.60</b>

### Note 23 : Income Tax

#### A. Reconciliation of Effective Tax Rate

The reconciliation between the provision for income tax of the Company and amounts computed by applying the Indian statutory income tax rates to profit before taxes is as follows:

(₹ in lakhs)

Particulars	31 March 2021	31 March 2020
Income tax expenses pertaining to current year	4,45.38	2,77.64
Previous year reversal	–	(4.99)
MAT credit utilisation	(1,36.13)	–
<b>Income tax expenses recognized in the Statement of Profit and Loss</b>	<b>3,09.25</b>	<b>2,72.65</b>

(₹ in lakhs)

Particulars	31 March 2021	31 March 2020
<b>Profit Before Tax</b>	17,64.95	65,11.76
Enacted income tax rate in India	29.12%	29.12%
Tax using the Company's domestic tax rate :	513.95	18,96.23
<b>Effect of:</b>		
Exempted / Non taxable income	(0.51)	(14,59.88)
Tax on overseas income	–	(1,17.90)
Expenses disallowed	50.56	63.89
Additional allowance / adjustments	(1,18.62)	(1,04.69)
<b>Income tax expenses recognized in the Statement of Profit and Loss</b>	<b>4,45.38</b>	<b>2,77.64</b>

**NOTES TO THE ACCOUNTS (Contd.)**
**B. Recognised Deferred Tax Assets and Liabilities**

Deferred Tax Assets / Liabilities as at 31st March 2021:

(₹ in lakhs)

Particulars	As at 1st April 2020	Recognized in Statement of Profit or Loss	Recognized in Other Comprehensive Income *	As at 31st March 2021
<b>Deferred Tax Assets</b>				
Property, plant and Equipment	8.37	1.81	–	10.18
Investments at fair value through profit or loss	1,32.72	–	–	1,32.72
Minimum Alternate Tax (MAT) Credit	2,81.16	(1,36.13)	–	1,45.03
Provisions - employee benefits	16.96	(2.46)	–	14.50
Other items	0.58	(0.10)	–	0.48
	<u>4,39.79</u>	<u>(1,36.88)</u>	<u>–</u>	<u>3,02.90</u>
<b>Deferred Tax Liabilities</b>				
Investments at fair value through profit or loss	1,55.84	(1,35.97)	–	19.88
Investments at fair value through OCI	58,64.00	–	43,35.80	101,99.80
	<u>60,19.84</u>	<u>(1,35.97)</u>	<u>43,35.80</u>	<u>102,19.68</u>
<b>Net Deferred Tax (Assets) / Liabilities</b>	<b>55,80.06</b>	<b>0.91</b>	<b>43,35.80</b>	<b>99,16.78</b>

\* Excludes impact of income tax on remeasurement of employee benefit

**Deferred tax assets / liabilities as at 31st March 2020:**

(₹ in lakhs)

Particulars	As at 1 April 2019	Recognized in Statement of Profit or Loss*	Recognized in Other Comprehensive Income	As at 31st March 2020
<b>Deferred tax Assets</b>				
Property, plant and Equipment	3.86	4.51	–	8.37
Investments at fair value through profit or loss	1,54.18	(21.46)	–	1,32.72
Minimum Alternate Tax (MAT) Credit	2,38.22	42.94	–	2,81.16
Provisions - employee benefits	16.17	(0.63)	1.42	16.96
Other items	0.46	0.12	–	0.58
	<u>4,12.89</u>	<u>25.47</u>	<u>1.42</u>	<u>4,39.79</u>
<b>Deferred tax Liabilities</b>				
Investments at fair value through profit or loss	73.09	82.75	–	1,55.84
Investments at fair value through OCI	85,65.40	–	(27,01.40)	58,64.00
	<u>86,38.49</u>	<u>82.75</u>	<u>(27,01.40)</u>	<u>60,19.84</u>
<b>Net deferred tax (Assets) / Liabilities</b>	<b>82,25.60</b>	<b>57.28</b>	<b>(27,02.82)</b>	<b>55,80.06</b>

\* Includes MAT movement

## NOTES TO THE ACCOUNTS (Contd.)

### Note 24: Leases

#### (i) Company as Lessee

Details regarding the contractual maturities of lease liabilities as at March 31, 2021 on an undiscounted basis.

#### Future Minimum Lease Payable

(₹ in Lakhs)

Particulars	31st March 2021	31st March 2020
Not later than 1 year	26.40	39.60
Later than 1 year and not later than 5 years	1,24.93	1,75.48
Later than 5 years	4.36	58.06

#### Movement of Right of Use Asset

(₹ in Lakhs)

Particulars	31st March 2021	31st March 2020
Right of Use asset accounted as per IND AS 116	202.12	235.12
Less: Modifications	(60.95)	–
Less: Depreciation on Right of Use Assets	(28.42)	(33.00)
Closing balance	1,12.75	2,02.12

#### Movement of Lease Liability

(₹ in Lakhs)

Particulars	31st March 2021	31st March 2020
Lease liability accounted as per IND AS 116	2,13.68	2,35.12
Less : Modifications	(66.70)	–
Add : Finance cost	13.80	17.71
Less : Repayments	(34.10)	(39.15)
Closing balance	1,26.68	2,13.68

#### Other Rental expenses categorised as Short Term and Low Value

(₹ in Lakhs)

Particulars	31st March 2021	31st March 2020
Equipment Rent (Low value)	16.51	45.73
Immovable Property Rent ( Short term)	31.17	53.46

#### (ii) Company as Lessor

Undiscounted lease payments to be received on annual basis for first 5 years – ₹1,83.84 lakhs (Previous year – ₹1,78.84 Lakhs)

## NOTES TO THE ACCOUNTS (Contd.)

### Note 25 : Capital Management

The primary objective of the Company's Capital Management is to maximise shareholders value. The Company manages its capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through the optimisation of the debt and equity balance. The Company's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence to sustain future development of the business. For the purpose of the Company's capital management, capital includes issued capital and other equity reserves.

### Note 26 : Financial Instruments – Fair Values and Risk Management

#### A. Accounting Classification and Fair Values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

(₹ in Lakhs)

As at 31 March 2021	Carrying amount	Level 1	Level 2	Level 3
<b>Financial Assets Measured at Amortized Cost</b>				
Preference Securities	15,00.00	–	15,00.00	–
Bonds	22.62	–	22.62	–
Trade Receivables	1,83.23	–	–	–
Cash and Cash Equivalents	55.65	–	–	–
Other Financial Assets	17.50	–	17.50	–
Loans	30.10	–	30.10	–
<b>FVTPL</b>				
Mutual Fund	63,71.13	59,41.13	–	4,30.00
Preference Securities	2,98.26	–	–	2,98.26
<b>FVTOCI</b>				
Equity Instruments*	1166,32.17	722,90.72	335,70.87	107,70.58
<b>Financial Liabilities Measured at Amortized Cost</b>				
Trade and Other Payables	20.36	–	–	–
Lease Liability	1,26.68	–	1,26.68	–
Other Financial Liabilities	55.32	–	–	–

\* Excluding Investment in Subsidiary and Associates as given in Note 4

## NOTES TO THE ACCOUNTS (Contd.)

(₹ in Lakhs)

As at 31 March 2020	Carrying amount	Level 1	Level 2	Level 3
<b>Financial Assets Measured at Amortized Cost</b>				
Preference Securities	15,00.00	–	15,00.00	–
Bonds	22.62	–	22.62	–
Trade Receivables	2,75.84	–	–	–
Cash and Cash Equivalents	1,66.29	–	–	–
Other Financial Assets	24.89	–	24.89	–
Loans	36.15	–	36.15	–
<b>FVTPL</b>				
Mutual Fund	184,83.15	183,83.15	–	1,00.00
Preference Securities	2,98.26	–	–	2,98.26
<b>FVTOCI</b>				
Equity Instruments*	986,94.19	780,13.09	–	206,81.10
<b>Financial Liabilities Measured at Amortized Cost</b>				
Trade and Other Payables	39.53	–	–	–
Lease Liability	2,13.68	–	2,13.68	–
Other Financial Liabilities	50.43	–	–	–

\* Excluding Investment in Subsidiary and Associates as given in Note 4

### Fair Value Hierarchy

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

**Level 1 Hierarchy** - Includes Financial Instruments measured using quoted prices in the active market.

**Level 2 Hierarchy** - The Fair value of Financial Instruments that are not traded in an active market, is determined using valuation techniques which maximize the use of observable market data.

**Level 3 Hierarchy** - Inputs are not based on observable market data. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. An adjustment to a Level 2 input that is significant to the entire measurement results in a fair value measurement categorised within Level 3 of the fair value hierarchy if the adjustment uses significant unobservable inputs.

### B. Measurement of Fair Values

Financial instruments fair valued under Level 3 hierarchy are measured using Market multiples method.

The carrying amount of trade receivables, cash and cash equivalents, other financial assets, trade payables and other financial liabilities are considered to be the fair value due to short term nature.

## NOTES TO THE ACCOUNTS (Contd.)

### Note 27 : Financial Risk Management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### (a) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company regularly monitors the rolling forecasts and the actual cash flows to service the financial liabilities on a day-to-day basis through cash generation from business.

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance sheet date.

(₹ in Lakhs)

Particulars	31 March 2021	31 March 2020
Trade Payables	20.36	39.53
Other Financial Liabilities	55.32	50.43

#### (b) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans and advances.

##### (i) Trade Receivables:

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the geography in which it operates. Concentration of credit risk with respect to trade receivables are limited as the customers are reviewed, assessed and monitored regularly on a monthly basis with pre-determined credit limits assessed based on their payment capacity. Our historical experience of collecting receivables demonstrates that credit risk is low.

The following table sets out the information about the credit quality of financial assets measured at amortised cost.

(₹ in Lakhs)

Particulars	31 March 2021	31 March 2020
Trade Receivables	1,83.23	2,75.84
Loss Allowance	—	—
Carrying Amount	1,83.23	2,75.84

**(ii) Other Financial Assets:**

The Company has exposure in Cash and cash equivalents, employee loans and investment carried at amortised cost. The Company's maximum exposure to credit risk as at 31st March, 2021 is the carrying value of each class of financial assets as on that date.

**Cash and Cash Equivalents**

The Company held cash and cash equivalents of INR 55.65 lakhs as on March 31, 2021 (March 31, 2020 : INR 166.29 lakhs). The cash and cash equivalents are held in hand and with bank. (Refer Note 1).

**(c) Market Risk**

Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices in case of equity investments and Net Asset Value (NAV) in case of mutual fund investments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Company is having certain investments in unlisted companies in automobile sector where the valuation takes place based on certain market multiples of similar listed automobile companies after duly adjusted for discounts to the same.

**Sensitivity Analysis**

(₹ in Lakhs)

Sensitivity analysis	Change in assumption		Impact on carrying value of investments			
			Increase in assumption		Decrease in assumption	
Details	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Quoted Equity investments	1%	1%	7,22.91	7,80.13	(7,22.91)	(7,80.13)
Unquoted Equity investments	1%	1%	73.12	1,50.83	(73.12)	(1,50.93)
Mutual Fund investments	1%	1%	59.41	1,83.83	(59.41)	(1,83.83)

**Risk Management Structure**

Risk is an inherent and integral part of the business of investments and business process outsourcing. The Company aims to achieve an appropriate balance between risk and returns by establishing an efficient risk mitigation system. In order to mitigate risks, the Company has instituted a risk management framework, wherein, the Audit Committee under the supervision of the Board is tasked with regular assessment and laying down of policies for management of risks. In respect of certain investments, the Company has established systems to conduct due diligence of proposals received and to ensure that investments are in line with the overall objectives of the Company.

## NOTES TO THE ACCOUNTS (Contd.)

### Note 28: Revenue Recognition

#### Sale of Services:

The Company derives revenue from providing support services to our captive clients, which primarily include providing back office administration, data management, contact centre management and training. The Company recognizes revenue when the significant terms of the arrangement are enforceable, services are being delivered and the collect ability is reasonably assured. The Company recognizes revenue on an accrual basis when services are performed.

When the terms of the agreement specify service level parameters that must be met, the Company monitors such service level parameters and determine if there are any service credits or penalties that needs to be accounted for. The Company's revenue is significantly only from group companies, hence it is believed that there is no significant credit risk.

The Company invoices its clients depending on the terms of the arrangement, which include billing based on a per employee basis, a per transaction basis, a fixed price basis, an outcome-based basis or other pricing arrangements including cost-plus arrangements.

The Company's revenue is exclusive of taxes and includes reimbursements of communication costs, incentives, etc as defined in the terms of agreement.

#### Contracts with Customers:

There are no other revenue under Contract with Customers other than those which are accounted in Profit and Loss Account as revenue which comprises of Service income and Learning income. Refer Note 28.a for the details of income earned from contracts with customers.

#### Contract Balances:

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue. Refer Note 28.a for the Trade Receivable balances.

Revenue from sale of services and the trade receivable for the year ended March 31, 2021 and March 31, 2020 is as follows:

### Note 28a

(₹ in Lakhs)

Particulars	31st March 2021	31st March 2020
Sale of Services		
- Support Services	16,65.29	23,72.15
- Learning Income	1,52.30	1,91.29
Trade Receivables	1,83.23	2,75.84

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## NOTES TO THE ACCOUNTS (Contd.)

### Note 29: Related Party Transactions

Related party disclosures, as per Ind AS 24 - Related Party Disclosures, details of related parties and the transactions with related parties are given below:

#### Related Parties:

##### Holding Company

Sundaram Finance Limited

##### Subsidiary

Sundaram Business Services Limited

##### Fellow Subsidiaries

Sundaram Asset Management Company Ltd

LGF Services Limited

Sundaram Alternate Assets Limited

Sundaram Trustee Company Limited

Sundaram Asset Management Singapore Pte Ltd.

Sundaram Fund Services Ltd

Sundaram Home Finance Ltd

##### Joint venture of Holding Company

Royal Sundaram General Insurance Co. Ltd

##### Associate Companies

Flometallic India Private Limited

Dunes Oman LLC (FZC)

Sundaram Hydraulics Limited

Axles India Limited

Turbo Energy Private Limited

Transenergy Limited

Sundaram Dynacast Private Limited

Wheels India Limited - w.e.f June '20

Mind S.r.l - w.ef Oct '20

##### Key Management Personnel (KMP):

Sri. T.T.Srinivasaraghavan - Chairman

Sri. Harsha Viji - Director

Sri. Paramesh Krishnaier - Chief Executive Officer (Till 18th May 2020)

Sri. S.Ravi-Chief Executive Officer (With effect from 19th May 2020)

Sri V. Vaasen - Chief Financial Officer

##### Others

Sundaram Finance Holdings Gratuity Trust #

**NOTES TO THE ACCOUNTS (Contd.)**
**Related Party Transactions:**

The nature and volume of transactions of the company during the year, with the above related parties are as follows:

(₹ in lakhs)

Nature of Transactions	Holding Company	Subsidiary	Associates	Fellow Subsidiaries	Joint Venture of Holding Company	KMP	2020-21	2019-20
<b>Income</b>								
<b>Dividend Income</b>								
Sundaram Dynacast Private Limited	–	–	1,87.00	–	–	–	1,87.00	2,57.00
Turbo Energy Private Limited	–	–	–	–	–	–	–	15,36.00
Dunes Oman LLC (FZC)	–	–	–	–	–	–	–	10,12.22
Axles India Limited	–	–	1,48.38	–	–	–	1,48.38	3,95.67
Transenergy Limited	–	–	–	–	–	–	–	9.00
Flometallic India Private Limited	–	–	3,80.00	–	–	–	3,80.00	3,25.00
Sundaram Asset Management Company Ltd	–	–	–	1,01.25	–	–	1,01.25	1,01.25
Wheels India Limited	–	–	1,48.43	–	–	–	1,48.43	
<b>Income from Services</b>								
Sundaram Finance Limited	12,30.09	–	–	–	–	–	12,30.09	12,45.76
Sundaram Asset Management Company Ltd	–	–	–	23.88	–	–	23.88	2,37.79
Sundaram Fund Services Ltd	–	–	–	0.19	–	–	0.19	12.23
Sundaram Home Finance Ltd	–	–	–	41.97	–	–	41.97	48.84
Royal Sundaram General Insurance Co. Ltd	–	–	–	–	4,90.23	–	4,90.23	9,08.13
Sundaram Alternate Assets Limited	–	–	–	2.88	–	–	2.88	2.88
Turbo Energy Private Limited	–	–	–	–	–	–	–	0.50
Wheels India Limited	–	–	7.66	–	–	–	7.66	
Sundaram Business Services Ltd	–	–	–	–	–	–	–	0.75
Transenergy Limited	–	–	–	–	–	–	–	0.11

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Nature of Transactions	Holding Company	Subsidiary	Associates	Fellow Subsidiaries	Joint Venture of Holding Company	KMP	2020-21	2019-20
<b>Other Income</b>								
<b>Rental Income</b>								
Sundaram Finance Limited	94.39	–	–	–	–	–	94.39	94.39
Turbo Energy Private Limited	–	–	34.40	–	–	–	34.40	34.40
<b>Solar Power Income</b>								
Sundaram Finance Limited	2.37	–	–	–	–	–	2.37	–
Turbo Energy Private Limited	–	–	0.09	–	–	–	0.09	–
<b>Sale of Assets</b>								
Sundaram Finance Limited	0.42	–	–	–	–	–	0.42	–
Royal Sundaram General Insurance Co. Ltd	–	–	–	–	3.64	–	3.64	–
<b>Expenses</b>								
<b>Sundaram Finance Limited</b>								
Rent & other Amenities	31.17	–	–	–	–	–	31.17	53.46
Internal Audit fees	4.00	–	–	–	–	–	4.00	4.00
Employee Benefit Transfers	0.43	–	–	–	–	–	0.43	–
<b>Sundaram Business Services Limited</b>								
Outsourcing Cost	–	76.18	–	–	–	–	76.18	1,29.62
Amenities Reimbursement	–	15.88	–	–	–	–	15.88	–
<b>Royal Sundaram General Insurance Co. Limited</b>								
Insurance	–	–	–	–	3.00	–	3.00	3.63
<b>Turbo Energy Private Limited</b>								
Procurement of Solar Panel	–	–	–	–	–	–	–	29.50
Remuneration paid to KMP*	–	–	–	–	–	1,07.55	1,07.55	85.35

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

(₹ in lakhs)

Nature of Transactions	Holding Company	Subsidiary	Associates	Fellow Subsidiaries	Joint Venture of Holding Company	KMP	2020-21	2019-20
<b>Other Transactions-Investments</b>								
Purchase of Equity Shares - Wheels India Limited	–	–	99,99.94	–	–	–	99,99.94	
Purchase of Equity Shares - Mind S.r.l.	–	–	23,71.35	–	–	–	23,71.35	–
Payment of Call money- Flometallic India Private Limited	–	–	5,50.00	–	–	–	5,50.00	–
<b>Closing Balance of Investment in Equity Shares</b>								
Sundaram Business Services Limited		29,12.79	–	–	–	–	29,12.79	29,12.79
Flometallic India Private Limited	–	–	38,00.00	–	–	–	38,00.00	32,50.00
Dunes Oman LLC (FZC)	–	–	21,55.89	–	–	–	21,55.89	21,55.89
Sundaram Hydraulics Limited	–	–	1,05.77	–	–	–	1,05.77	1,05.77
Axles India Limited	–	–	10,15.70	–	–	–	10,15.70	10,15.70
Turbo Energy Private Limited	–	–	1,88.41	–	–	–	1,88.41	1,88.41
Transenergy Limited	–	–	1,87.50	–	–	–	1,87.50	1,87.50
Sundaram Dynacast Private Limited	–	–	1,17.00	–	–	–	1,17.00	1,17.00
Wheels India Limited	–	–	141,68.39	–	–	–	141,68.39	
Mind S.r.l.	–	–	23,71.35	–	–	–	23,71.35	–
<b>Closing Balance of Investment in Preference Shares</b>								
Sundaram Asset Management Company Ltd	–	–	–	15,00.00			15,00.00	15,00.00
<b>Closing balance of other advances</b>								
<b>Sundaram Finance Ltd</b>								
Procurement of software	–	–	–	–	–	–	–	7.50

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Nature of Transactions	Holding Company	Subsidiary	Associates	Fellow Subsidiaries	Joint Venture of Holding Company	KMP	2020-21	2019-20
<b>Insurance Deposit</b>								
Royal Sundaram General Insurance Co. Ltd	–	–	–	–	0.43	–	0.43	0.01
<b>Receivables:</b>								
Sundaram Finance Limited	1,10.17	–	–	–	–	–	1,10.17	1,78.28
Sundaram Asset Management Company Ltd	–	–	–	2.60	–	–	2.60	7.54
Sundaram Fund Services Ltd	–	–	–	–	–	–	–	0.34
Sundaram Home Finance Ltd	–	–	–	0.06	–	–	0.06	–
Royal Sundaram General Insurance Co. Ltd	–	–	–	–	6.80	–	6.80	85.22
Sundaram Alternate Assets Limited	–	–	–	0.28	–	–	0.28	0.28
Turbo Energy Private Limited	–	–	0.11	–	–	–	0.11	0.59
Wheels India Limited	–	–	0.91	–	–	–	0.91	–
<b>Payables:</b>								
Sundaram Business Services Ltd	–	2.98	–	–	–	–	2.98	11.88
Sundaram Finance Limited	1.92	–	–	–	–	–	1.92	–

# Transactions with respect to contribution to the gratuity trust is mentioned in Note 30b.

\* Remuneration to KMP

(₹ in Lakhs)

Particulars	2020-21	2019-20
Short term Employee benefits	1,07.55	75.35
Post Employment benefits	–	–
Other long term employee benefits	–	–
Termination benefits	–	–
Others (Commission)	–	10.00
<b>TOTAL</b>	<b>1,07.55</b>	<b>85.35</b>

**NOTES TO THE ACCOUNTS (Contd.)**
**Note 30 : Employee Benefits: Defined Contribution Plan**

The Company makes contributions to a gratuity fund administered by trustees and managed by LIC of India. During the year, the Company has recognized the following amounts in the Profit and Loss Statement, which are included in Employee Benefits:

**Note 30a : Contribution to PF & Other Funds**

(₹ in lakhs)

Particulars	2020-21	2019-20
Contribution to Provident Fund	73.85	102.92
Contribution to Superannuation Fund	4.06	5.42

**Note 30b : Employee Benefits: Defined Benefit Plan - Gratuity**
**(i) A. Reconciliation of opening and closing balances of the present value of the defined benefit obligation**

(₹ in lakhs)

Particulars	31st March 2021	31st March 2020
Present Value of Defined Benefit Obligation at the beginning of the Period	1,86.01	1,54.96
Service Cost		
a. Current Service Cost	31.71	35.97
b. Past Service Cost	–	–
c. (Gain)/Loss on Curtailments	–	–
d. (Gain)/Loss on Settlements	–	–
Interest Expense	11.33	11.70
Remeasurements		
a. Effect of Changes in Demographic Assumptions	–	–
b. Effect of Changes in Financial Assumptions	1.44	(1.33)
c. Effect of Experience Adjustments	(9.57)	5.27
Cashflows		
a. Benefit Payments		
(i) From the Plan	(41.65)	(20.55)
(ii) Directly from the Employer	–	–
b. Settlement Payments from the Plan	–	–
c. Participant Contributions	–	–
Effect of Business Combinations / Disposals	–	–
<b>Present Value of Defined Benefit Obligation at the end of the Period</b>	<b>1,79.26</b>	<b>1,86.01</b>

## NOTES TO THE ACCOUNTS (Contd.)

### B. Reconciliation of opening and closing balances of the Fair Value of Plan Assets

(₹ in lakhs)

Particulars	31st March 2021	31st March 2020
Fair Value of Plan Assets as at the beginning of the period	1,81.42	1,47.95
Interest Income on Plan Assets	11.11	11.39
Cash Flows		
a. Benefit Payments		
(i) From the Plan	(41.65)	(20.55)
(ii) Directly from the Employer	–	–
b. Settlement Payments from the Plan	–	–
c. Participant Contributions	–	–
d. Total Employer Contributions		
(i) Employer Contributions	35.41	43.59
(ii) Employer Direct Benefit Payments	–	–
Remeasurements		
a. Actual Return on Plan Assets	(1.12)	(0.96)
Effect of Business Combinations / Disposals	–	–
Effect of Changes in Foreign Exchange Rates	–	–
<b>Fair Value of Plan Assets as at the end of the period *</b>	<b>1,85.17</b>	<b>1,81.42</b>

\*All the plan assets are funded with LIC

### C. The amounts to be recognized in the Balance Sheet and related analysis

(₹ in lakhs)

Particulars	31st March 2021	31st March 2020
Present Value of Defined Benefit Obligation	1,79.26	1,86.01
Fair value of plan assets	1,85.17	1,81.42
Net Assets (Liability) recognized in the Balance Sheet	5.91	(4.59)
Effect of Asset Ceiling	–	–
<b>Net Assets (Liability)</b>	<b>5.91</b>	<b>(4.59)</b>

**NOTES TO THE ACCOUNTS (Contd.)**
**D. The amounts to be recognized in the Profit and Loss statement**

(₹ in lakhs)

Particulars	31st March 2021	31st March 2020
<b>Service Cost</b>		
a. Current Service Cost	31.71	35.97
b. Past Service Cost	–	–
c. (Gain)/Loss on Curtailments	–	–
d. (Gain)/Loss on Settlements	–	–
e. Total Service Cost	31.71	35.97
<b>Net Interest Expense</b>		
a. Interest Expense on DBO	11.33	11.70
b. Interest Income on Plan Assets	(11.11)	(11.39)
c. Interest Income on Reimbursement Rights	–	–
d. Interest Income on Asset Ceiling	–	–
e. Total Net Interest Cost	0.22	0.31
<b>Remeasurements</b>		
a. Effect of Changes in Demographic Assumptions	–	–
b. Effect of Changes in Financial Assumptions	1.44	(1.33)
c. Effect of Experience Adjustments	(9.57)	5.27
d. Actual Return on Plan Assets	1.12	0.96
e. Actual Return on Reimbursement Rights	–	–
f. Actual Change in Asset Ceiling	–	–
g. Total Remeasurements	(7.01)	4.89
Defined Benefit Cost included in Profit & Loss Account	31.92	36.28
Defined Benefit Cost included in Other Comprehensive Income	(7.01)	4.89

**E. Principal Actuarial Assumptions (Expressed as weighted averages)**

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors like supply and demand in employment market. Amount for the current and previous four years are as follows:

Particulars	31st March 2021	31st March 2020
Discount Rate	6.34%	6.47%
Salary Escalation	5.00%	5.00%
Attrition	10.00%	10.00%

## NOTES TO THE ACCOUNTS (Contd.)

### (ii) Sensitivity Analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(₹ in lakhs)

Gratuity	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	31st March 2021	31st March 2020	31st March 2021	31st March 2020	31st March 2021	31st March 2020
Discount rate	0.50%	0.50%	(4.32)	(4.59)	4.54	4.85
Salary growth rate	0.50%	0.50%	4.58	4.89	(4.39)	(4.67)
Attrition rate	5.00%	5.00%	0.22	0.17	(0.24)	(0.19)
Mortality rate	5.00%	5.00%	0.01	0.02	(0.01)	(0.02)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit liability recognised in the balance sheet.

### (iii) Maturity Profile of Defined Benefit Obligation

(₹ in lakhs)

Particulars	FUNDED	
	Gratuity	
	31.03.2021	31.03.2020
Year 1	36.78	46.65
Year 2	17.97	18.93
Year 3	30.39	16.07
Year 4	21.05	26.34
Year 5	17.13	19.21
Next 5 years	72.60	68.10

### (iv) Risk Exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

**Asset Volatility:** The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The Company has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The Company intends to maintain the above investment mix in the continuing years.

**Changes in Bond Yield:** A decrease in bond yields will increase plan liabilities, although this will be partially offset by an yields increase in the value of the plans' bond holdings.

## NOTES TO THE ACCOUNTS (Contd.)

**Inflation Risks:** In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

**Life Expectancy:** The pension plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

(v) The expected contribution to the plan for the next year amounts to ₹27.50 lakhs

### Note 30c : Other Employee Benefits

The Company's liability towards other long - term benefits are provided based on actuarial valuation as at 31st March 2021. The details are given below:

Particulars	(₹ in lakhs)	
	2020-21	2019-20
Leave encashment	55.73	35.22
Employee Assured Bonus Scheme	36.30	38.25

### Note 31

#### 31a : Earnings Per Share

##### Basic and Diluted Earnings Per Share

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic earnings per share calculation are as follows:

##### i. Profit/(Loss) attributable to Equity Shareholders (Basic and Diluted)

(₹ in lakhs)

Particulars	Year ended	
	March 31, 2021	March 31, 2020
Profit/ (Loss) for the year, attributable to the equity holders	14,54.79	61,38.88

##### ii. Weighted average number of Equity Shares (Basic and Diluted)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	15,11,03,860	15,11,03,860
Effect of fresh issue of shares for cash	-	-
Effect of share options exercised	-	-
Weighted average number of equity shares for the year	15,11,03,860	15,11,03,860

Earnings Per Share	March 31, 2021	March 31, 2020
Basic Earnings Per Share (in ₹)	0.96	4.06
Diluted Earnings Per Share (in ₹)	0.96	4.06

There have been no transactions involving ordinary shares or potential ordinary shares between reporting date and date of completing financial statements which would require restatement of EPS.

## NOTES TO THE ACCOUNTS (Contd.)

### 31b: Dividend

Dividend of ₹0.50/- per share has been recommended by the Board for the year ended 31st March 2021.

### 31c: Contingent Liabilities and Commitments

- (i) Estimated amount of investment to be made in JM Financial Yield Enhancer (Distressed Opportunity) Fund I - Series I for Capital Commitment ₹5,70 Lakhs.
- (ii) The Company has received demand notice for AY 2018-19 to make a payment of ₹4,18.90 lakhs and an appeal has been filed against the Assessment Order with the Commissioner of Income-tax (Appeals).

### 31d: Earnings in Foreign Currency

The company has not received any dividend from foreign Associate companies. (Previous Year ₹10,12.21 lakhs)

### 31e: Details of Corporate Social Responsibility (CSR)

- (a) Gross amount required to be spent by the Company during the year : ₹56.5 Lakhs
- (b) Amount spent during the year on:

(₹ in lakhs)

Particulars	Amount Spent	Amount to be Spent	Total
i) Construction / Acquisition of any asset	–	–	–
ii) On purpose other than i) above	56.50	–	56.50

### 31f : Disclosure under the MSME Act 2006, (As per the intimation received from the vendor)

(₹ in lakhs)

Particulars	31.03.2021	31.03.2020
Principal amount remaining unpaid	0.31	0.67
Interest amount remaining unpaid	–	–
Interest and principal amount paid beyond appointed date	–	–
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointment day during the year) but without adding the interest specified under this Act	–	–
Interest accrued and remaining unpaid	–	–
Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	–	–

## NOTES TO THE ACCOUNTS (Contd.)

### 31g : Audit Fees

(₹ in lakhs)

Particulars	31.03.2021	31.03.2020
As Statutory auditors	14.50	14.50
Taxation matters	2.75	2.75
Certification matters	1.25	1.25
<b>Total</b>	<b>18.50</b>	<b>18.50</b>

### 31h : Post Balance Sheet Events

The “Company is proposing to undertake a rights issue of up to 7,10,00,000 equity shares of face value of ₹5 each (“Rights Equity Shares”) at a premium of ₹45 per share aggregating up to ₹355,00 lakhs through the fast track mode in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), 2018, as amended, and various applicable circulars that have been issued by the Securities and Exchange Board of India (“SEBI”) from time to time. In connection with the Issue, the letter of offer dated April 21, 2021 has been filed with NSE and SEBI.

### 31i : COVID - 19

The worldwide disruption caused by the COVID-19 pandemic and the consequent lockdown imposed almost till end-November 2020 have considerably impacted the business operations of our associate companies, including their subsidiaries, which in turn, have impacted the financial results of the Company. Even as the automotive sector was beginning to show some signs of recovery from the third quarter of financial year 2020-21, the second wave of the pandemic from March 2021, which has been far more severe in India, has forced another phase of lockdowns in various states across the country.

The impact of the second wave of the pandemic on the Company's future income flow and results, will depend on ongoing as well as future developments, which are highly uncertain.

The company will however continue to closely monitor any material changes to future economic conditions from time to time and take appropriate risk mitigation measures.

### 31j : Adoption of Financial Statements

The Board has adopted the financial statements at its meeting held on 24th May 2021.

This is the Balance sheet referred to in our report of even date attached.

For and on behalf of the Board of Directors of  
Sundaram Finance Holdings Limited

For **R.G.N. Price & Co.**

Chartered Accountants

ER No: 002785S

**K. Venkatakrishnan**

Partner

M.No : 208591

Date : 24-05-2021

Place : Chennai

**T.T. Srinivasaraghavan**

Chairman

**S.Ravi**

Chief Executive Officer

**Harsha Viji**

Director

**V. Vaasen**

Chief Financial Officer

**R. Venkatraman**

Director

**P.N. Srikant**

Secretary & Compliance Officer

*Consolidated Financial  
Statements  
2020-21*

**R.G.N. PRICE & CO.**

CHARTERED ACCOUNTANTS

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CHENNAI - 600 002.

24th May 2021

**INDEPENDENT AUDITOR'S REPORT**

**Report on the Audit of the Consolidated Financial Statements**

To the Members of Sundaram Finance Holdings Limited

**Opinion**

We have audited the accompanying consolidated financial statements of Sundaram Finance Holdings Limited (hereinafter referred to as the 'Holding Company') and its subsidiary (Holding Company and its subsidiary together referred to as "the Group") and its associates, which comprise the consolidated Balance Sheet as at March 31, 2021, the consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flows Statement for the year then ended, and notes to the Consolidated Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act (Ind AS) and the other accounting principles generally accepted in India, of their consolidated state of affairs of the Group and its associates as at March 31, 2021, of Consolidated Profit and total comprehensive income, Consolidated Changes in Equity and its Consolidated Cash Flows for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by Institute of Chartered Accountant (ICAI) and we have fulfilled our other ethical responsibilities in accordance with provision of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

**Emphasis of matter**

We draw your attention to Note 33i of the consolidated financial statements wherein the Holding Company has disclosed impact assessment due to COVID-19 pandemic. As stated in the said note, the adverse impact on the business operations of the Holding company's associates, including their subsidiaries had consequently affected the financial results of the Holding Company for the year ended 31st March 2021. The management has further stated that the second wave of the pandemic from March 2021, in India and consequent impact of the same on the Holding Company's future income flow and results, would depend on ongoing as well as future developments, which are

currently highly uncertain. The management has also disclosed that it would continue to closely monitor the situation and any material changes to future economic conditions from time to time in order to take appropriate risk mitigation measures. Considering the uncertainties prevailing in the economic conditions in India, such impact assessment by the Management of the Holding Company is highly dependent on the circumstances as they evolve in subsequent periods.

Our opinion is not modified in respect of this matter.

### Key Audit Matters

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

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Our audit procedures with regards to key audit matter
<p><b><i>Valuation of Unquoted investments fair valued through OCI</i></b></p> <p>Refer Note 2.2 “Fair value measurement” and Note 2.4 “Financial Assets” for relevant accounting policies and significant accounting estimates used by the Group.</p> <p>The investment portfolio is valued at ₹2,269.23 crores which represents almost 98% of the total assets, where unquoted equity investments fair valued through OCI amounts to ₹443.41 crores (“Investment”) covering about 29% of investment value as at 31st March’21</p> <p>As the above investment are not traded in the active market, fair value of these investments involved significant management judgments and estimate and were valued based on valuation recommendation provided by a Valuation Expert in the Group.</p> <p>Determination of Fair Value includes the market approach according to which the earnings and book value-based market multiples of listed peer companies in the same sector have been considered after adjusting for illiquidity discount, if any. This also includes determination of Fair value based on agreements to buy/ sell an asset between the market participants.</p> <p>The above valuations are categorized as Level 2 or Level 3 type of valuation, as the case may be, in accordance of Ind AS 113 Fair Value Measurement based on the available observable/unobservable inputs. Accordingly, the valuation of unquoted investment was considered to be a Key Audit Matter, due to significant judgments associated with determining the fair value of investment and its materiality in the financial statements.</p>	<ul style="list-style-type: none"> <li>(i) Reviewed the Accounting Policies used by the Holding Company for accounting and disclosing Investments for compliance with the accounting framework.</li> <li>(ii) Evaluating valuation methodology recommended by Valuation Expert in the Group.</li> <li>(iii) Verified the correctness of market inputs used and mathematical accuracy of the valuation analysis.</li> <li>(iv) Assessed the adequacy of internal controls, evaluated the design and tested the operating effectiveness of such controls for initial recognition, subsequent measurement and disclosure of investments as on the reporting date as per applicable regulations.</li> <li>(v) Our team was supported by our in-house valuation specialist, especially in determining whether such valuation methodology is consistent with the market practice.</li> <li>(vi) We also assessed whether the disclosures in relation to investments are compliant with the relevant Indian accounting requirements and appropriately present the sensitivities in the valuations based on alternative outcome.</li> </ul>

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

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in Management Discussion and Analysis; Board's Report including Annexure and Corporate Governance Report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group, including its Associates, in accordance with Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in

accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates is also responsible for overseeing the financial reporting process of the Group and of its associates.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- (i) Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Group and its associates which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.

- (v) Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (vi) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates to express an opinion on the consolidated financial statements. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

**Other Matters**

- a) We did not audit the financial statements of the subsidiary, whose financial statements and financial information reflect total assets of ₹3,799.51 Lakhs as at 31st March, 2021, total revenues of ₹3,112.80 Lakhs, total comprehensive income/(loss) of ₹ (-) 225.18 lakhs and net cash inflows amounting to ₹246.37 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹6,755.70 Lakhs and total comprehensive income of ₹6,628.19 lakhs for the year ended 31st March, 2021, as considered in the consolidated financial statements, in respect of eight associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary and associates, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and associates, is based solely on the reports of the other auditors.
- b) The accompanying Consolidated Financial Statements also includes Group's share of net profit of ₹ (-)333.87 Lakhs and total comprehensive income/(loss) of ₹ (-)343.96 for the year ended 31st March, 2021 in respect of one overseas associate whose financial statement has not been audited. The unaudited financial statements and other unaudited financial information in respect of the aforesaid associate have been furnished to us by the management of the Holding Company. Our opinion, in so far as it relates amounts and disclosures included in respect this associate, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

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

**Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 1st April, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary and associate companies, none of the directors of the Group companies, and associate companies incorporated in India are disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Group's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its Directors during the year is in accordance with the provisions of Section 197 of the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Group has disclosed the impact of pending litigations on the consolidated financial position of the Group and its associates in Note 33c.

ii. The Group and its associates entities did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. There has been no delays in transferring amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary and associates companies incorporated in India.

For **R.G.N. Price & Co.**  
Chartered Accountants  
FR No. 002785S

**K. Venkatakishnan**  
Partner

Place: Chennai  
Date: 24th May 2021

Membership No.208591  
UDIN:21208591AAAADY1917

**Annexure – “A” referred to in Clause (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our audit report of even date to the members of Sundaram Finance Holdings Limited (“the Holding Company”) on the Consolidated Financial Statements of the Company for the year ended 31st March, 2021**

In conjunction with our audit of the Consolidated Financial Statements of the Holding Company as of and for the year ended 31st March 2021, we have audited the internal financial controls over the financial reporting of Sundaram Finance Holdings Limited (“the Holding Company”) and its subsidiary and associate companies, which are companies incorporated in India as of that date.

**Management’s Responsibility for Internal Financial Controls**

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

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding

company, its subsidiary and associate companies, which are incorporated in India based on our audit.

We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under sections 143(10) of the Act to the extent applicable to an audit of internal financial controls. The Guidance Note and those standards 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 controls 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 and the audit evidence obtained by other auditors in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of aforesaid entities.

## Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial controls 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 authorizations of management and directors of the Company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized 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, to the best of our information and according to the explanations given to us the Holding company, its subsidiary and associate companies, which are incorporated in India, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021 based on, the internal control over financial reporting criteria established by these entities considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial reporting issued by the ICAI.

## Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to its subsidiary and associates, which are incorporated in India, is based on the reports of the auditors of such companies.

For **R.G.N. Price & Co.**  
Chartered Accountants  
FR No. 002785S

**K. Venkatakrishnan**  
Partner

Place: Chennai  
Date: 24th May 2021

Membership No.208591  
UDIN:21208591AAAADY1917

# Consolidated Balance Sheet

as at 31st March, 2021

(₹ in lakhs)

Particulars	Notes	March 31, 2021	March 31, 2020
<b>ASSETS</b>			
<b>(1) Financial Assets</b>			
(a) Cash and cash equivalents	1	11,34.33	9,98.60
(b) Derivative financial instruments	2	–	5,75.74
(c) Receivables	3	5,36.78	7,74.10
(d) Loans	4	33.55	44.47
(e) Investments	5	2269,22.55	1878,65.49
(f) Other financial assets	6	1,84.50	1,62.19
<b>(2) Non-Financial Assets</b>			
(a) Current tax assets (Net)	7	4,57.31	4,67.66
(b) Investment property	8	2,07.18	1,71.26
(c) Property, plant and equipment	9	2,75.29	3,31.92
(d) Other intangible assets	9	31.31	24.20
(e) Goodwill		1,56.08	1,56.08
(f) Right of Use asset	26	3,45.16	2,02.12
(g) Other non-financial assets	10	3,27.81	4,35.07
<b>Total Assets</b>		<b><u>2306,11.85</u></b>	<b><u>1922,08.90</u></b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>(1) Financial Liabilities</b>			
(a) Payables	11		
<b>Trade Payables</b>			
(i) Total outstanding dues of micro enterprises and small enterprises		2.36	0.67
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		67.80	86.26
(b) Other financial liabilities	12	1,12.18	1,27.90
(c) Derivative financial instruments	13	3,44.12	–
(d) Lease Liability	26	3,60.00	2,13.68
<b>(2) Non-Financial Liabilities</b>			
(a) Provisions	14	3,49.72	3,11.12
(b) Deferred tax liabilities (Net)	15	97,81.63	56,16.13
(c) Other non-financial liabilities	16	91.08	1,26.87
<b>(3) Equity</b>			
(a) Equity share capital	17	75,55.19	75,55.19
(b) Other equity	18	2119,47.77	1781,71.08
<b>Total Liabilities and Equity</b>		<b><u>2306,11.85</u></b>	<b><u>1922,08.90</u></b>

This is the Balance sheet referred to in our report of even date attached.

For and on behalf of the Board of Directors of  
Sundaram Finance Holdings LimitedFor **R.G.N. Price & Co.**

Chartered Accountants

ER No: 002785S

**K. Venkatakrishnan**

Partner

M.No : 208591

Date : 24-05-2021

Place : Chennai

**T.T. Srinivasaraghavan**

Chairman

**S.Ravi**

Chief Executive Officer

**Harsha Viji**

Director

**V. Vaasen**

Chief Financial Officer

**R. Venkatraman**

Director

**P.N. Srikant**

Secretary &amp; Compliance Officer

# Consolidated Statement of Profit and Loss (₹ in lakhs)

Particulars	Note	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Revenue from Operations</b>			
Interest Income	19	1.74	2,51.34
Dividend Income		5,48.91	24,12.90
Net gain on fair value changes	20	5,64.68	5,08.56
Sale of services	30	48,25.76	60,82.81
<b>Total Revenue from Operations</b>		<b>59,41.09</b>	<b>92,55.61</b>
Other Income	21	4,88.31	5,91.25
<b>Total Income</b>		<b>64,29.40</b>	<b>98,46.85</b>
<b>Expenses</b>			
Finance cost	22	15.35	27.52
Employee benefit expenses	23	34,38.55	42,36.58
Depreciation and Amortisation		1,49.54	1,33.04
Administrative and other Expenses	24	14,03.19	19,72.28
<b>Total Expenses</b>		<b>50,06.63</b>	<b>63,69.42</b>
Profit before exceptional items and tax		14,22.77	34,77.44
Exceptional items		-	-
<b>Profit Before Tax</b>		<b>14,22.77</b>	<b>34,77.44</b>
Tax expense	25		
1. Current tax		4,44.65	4,12.11
2. Deferred tax		12.07	1,36.07
<b>Total tax</b>		<b>4,56.72</b>	<b>5,48.18</b>
<b>Profit for the period</b>		<b>9,66.05</b>	<b>29,29.25</b>
Share of net profits from associates		64,21.83	48,84.24
<b>Profit After Tax</b>		<b>73,87.88</b>	<b>78,13.49</b>
<b>Other Comprehensive Income</b>			
<b>A. Items that will not be reclassified to profit or loss</b>			
Remeasurements of the defined benefit plans	32	15.33	18.43
Income tax on above		4.35	5.07
Remeasurements of the defined benefit plans (Net of Income tax)		10.98	13.36
Change in Fair value of equity instruments		220,88.75	(572,19.43)
Income tax on above		43,35.80	(27,01.41)
Change in Fair value of equity instruments (Net of tax)		177,52.95	(545,18.02)
Share of other comprehensive income from associates using equity method (Net of tax)		1,70.30	(63.78)
<b>B. Items that will be reclassified to profit or loss</b>			
Change in fair value of derivative instrument		(8,40.19)	3,12.99
Income tax on above		(2,33.74)	49.27
Change in fair value of derivative instrument (Net of tax)		(6,06.45)	2,63.72
Share of other comprehensive income from associates using equity method (Net of tax)		(60.50)	(5,20.09)
Foreign currency Translation Reserve		(2,47.40)	7,29.97
<b>Other Comprehensive Income/(Loss) Net of Tax</b>		<b>170,19.88</b>	<b>(540,94.83)</b>
<b>Total Comprehensive Income/(Loss) for the period</b>		<b>244,07.76</b>	<b>(462,81.33)</b>
<b>Basic and Diluted Earnings per Equity Share of ₹5/- each</b>	<b>33a</b>	<b>4.89</b>	<b>5.17</b>

This is the Balance sheet referred to in our report of even date attached.

For and on behalf of the Board of Directors of  
Sundaram Finance Holdings Limited

For **R.G.N. Price & Co.**

Chartered Accountants

ER No: 002785S

**K. Venkatakrishnan**

Partner

M.No : 208591

Date : 24-05-2021

Place : Chennai

**T.T. Srinivasaraghavan**

Chairman

**S.Ravi**

Chief Executive Officer

**Harsha Viji**

Director

**V. Vaasen**

Chief Financial Officer

**R. Venkatraman**

Director

**P.N. Srikant**

Secretary & Compliance Officer

**Consolidated Cash Flow Statement**

for the year ended 31st March, 2021

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>14,22.77</b>	<b>34,77.44</b>
<i>Adjustments to reconcile profit before tax to net cash used in operating activities</i>		
Depreciation and Amortisation	1,49.54	1,33.04
Fair value change in financial instruments	(5,64.35)	(5,08.56)
Interest income	(1.74)	(1.74)
Income from Commercial Paper	–	(2,49.60)
(Gain)/loss on sale of property, plant and equipment	1.54	0.04
Finance costs	15.35	27.52
Gain on lease modification	(5.74)	–
Net Actuarial gain/(loss) on defined benefit plan	15.33	18.43
Add: Dividend received from associates	8,64.01	35,35.28
	<b>18,96.71</b>	<b>64,31.85</b>
<b>Working capital adjustments</b>		
(Increase)/ Decrease in trade and other receivables	2,37.32	279.69
(Increase)/ Decrease in Loans	10.91	(10.55)
(Increase)/ Decrease in Other financial assets	57.36	(25.24)
(Increase)/ Decrease in Other non-financial assets	1,07.26	(7.61)
Increase/ (Decrease) in trade and other payables	(16.76)	(18.44)
Increase/(Decrease) in financial liabilities	(15.72)	37.63
Increase/(Decrease) in other non-financial liabilities and provisions	2.81	60.40
	<b>22,79.89</b>	<b>67,47.74</b>
Income Tax paid	(3,87.28)	(5,38.36)
<b>Net cash flows from operating activities</b>	<b>18,92.61</b>	<b>62,09.38</b>
<b>Cash flow from investing activities</b>		
Purchase or construction of property, plant and equipment	(1,18.12)	(2,20.64)
(Purchase)/Sale of Mutual funds (net)	124,09.69	(1,82.51)
(Purchase)/Sale of Other Investments (net)	(132,68.96)	(6,82.31)
Proceeds from sale of property, plant and equipment	11.90	0.52
Interest received	1.74	1.74
Net cash flows from investing activities	<b>(9,63.75)</b>	<b>(10,83.20)</b>
<b>Net cash flows from investing activities</b>		
<b>Cash flow from financing activities</b>		
Dividend Paid (including Dividend distribution tax)	(7,55.55)	(45,54.17)
Lease Liability Principal	(22.24)	(21.44)
Lease Liability Interest	(15.35)	(17.71)
Finance costs paid	–	(9.81)
<b>Net cash flows from financing activities</b>	<b>(7,93.14)</b>	<b>(46,03.13)</b>
Net increase / (decrease) in cash and cash equivalents	1,35.73	5,23.05
Cash and cash equivalents at the beginning of the year	9,98.60	4,75.55
<b>Cash and cash equivalents at the end of the year (Note 1)</b>	<b>11,34.33</b>	<b>9,98.60</b>

This is the Balance sheet referred to in our report of even date attached.

For and on behalf of the Board of Directors of  
Sundaram Finance Holdings LimitedFor **R.G.N. Price & Co.**

Chartered Accountants

FR No: 002785S

**K. Venkatakrishnan**

Partner

M.No : 208591

Date : 24-05-2021

Place : Chennai

**T.T. Srinivasaraghavan**

Chairman

**S.Ravi**

Chief Executive Officer

**Harsha Viji**

Director

**V. Vaasen**

Chief Financial Officer

**R. Venkatraman**

Director

**P.N. Srikant**

Secretary &amp; Compliance Officer

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****(a) Equity Share Capital**

(₹ in lakhs)

Particulars	Amount
As at April 1, 2019	75,55.19
Changes in equity share capital	–
As at March 31, 2020	75,55.19
Changes in equity share capital	–
As at March 31, 2021	75,55.19

**(b) Other Equity**

(₹ in lakhs)

Particulars	Reserves and Surplus				Gains / (losses) from equity investments through OCI	Total
	Capital Reserve	General Reserve	FCTR	Retained Earnings		
<b>Balance as at 01 April, 2019</b>	<b>25,69.62</b>	<b>131,35.01</b>	<b>10,17.42</b>	<b>732,00.51</b>	<b>1390,84.02</b>	<b>2290,06.59</b>
Add: Profit or (loss) for the period				78,13.49		78,13.49
Add: Other comprehensive income/(loss)			7,29.97	(3,06.78)	(545,18.02)	(540,94.83)
Less: Final Dividend for FY 2018-19 paid				(26,44.35)		(26,44.35)
Less: Dividend Tax				(5,43.55)		(5,43.55)
Less: Interim Dividend for FY 2019-20 paid				(11,33.31)		(11,33.31)
Less: Dividend Tax				(2,32.95)		(2,32.95)
<b>Balance as at 31 March 2020</b>	<b>25,69.62</b>	<b>131,35.01</b>	<b>17,47.39</b>	<b>761,53.05</b>	<b>845,66.00</b>	<b>1781,71.08</b>
Add: Profit or (loss) for the period				73,87.88		73,87.88
Add: Other comprehensive income/(loss)			(2,47.40)	(4,85.67)	177,52.95	170,19.88
Add : Adjustment on account of acquisition of Wheels India Limited				98,49.76		98,49.76
Add: Equity adjustment	23.92			2,50.80		2,74.72
Less: Final Dividend for FY 2019-20 paid				(7,55.55)		(755.55)
<b>Balance as at 31 March 2021</b>	<b>25,93.54</b>	<b>131,35.01</b>	<b>14,99.99</b>	<b>924,00.28</b>	<b>1023,18.95</b>	<b>211,947.77</b>

This is the Balance sheet referred to in our report of even date attached.

For and on behalf of the Board of Directors of Sundaram Finance Holdings Limited

For **R.G.N. Price & Co.**

Chartered Accountants

ER No: 002785S

**K. Venkatakrishnan**

Partner

M.No : 208591

Date : 24-05-2021

Place : Chennai

**T.T. Srinivasaraghavan**

Chairman

**S.Ravi**

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Director

**V. Vaasen**

Chief Financial Officer

**R. Venkatraman**

Director

**P.N. Srikant**

Secretary &amp; Compliance Officer

# Notes to the Consolidated Financial Statements

## 1. COMPANY OVERVIEW

Sundaram Finance Holdings Limited ('the Parent Company') is a Public Limited Company domiciled in India and incorporated under the provisions of Companies Act 1956. The equity shares of the Company are listed on the National Stock Exchange of India Limited. The Company ceased to be exempted Core Investment Company as on 31st March 2020 and during the year, the Company had applied to RBI for Non Banking Financial Companies (NBFC) Registration which RBI has not accepted stating that the Group already has NBFCs. Therefore, the Company is in the process of getting more clarification from RBI on its status, based on which Company may take steps to register, if applicable, under Section 45 – IA of the Reserve Bank of India Act, 1934. The Company is primarily engaged in the business of Investments, business processing and support services and having a 100% subsidiary (Collectively, the Group) which is an outsourcing company offering various support services to large and mid-sized firms in and outside India. The company's registered office is at No.21, Patullos Road, Chennai – 600002.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies mentioned herein are relating to the Consolidated financial statements of Sundaram Finance holdings Limited and its subsidiary and associates.

### 2.1 Basis of Preparation

The Consolidated financial statements of the group comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

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

Consolidated financial statements are prepared in Indian Rupees (₹), which is also its functional currency.

#### **Principles of Consolidation:**

The consolidated Financial statements comprise the financial statements of the parent company and its subsidiary which is controlled by the parent company.

#### **Subsidiaries:**

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

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

The group combines the financial statements of the parent and its subsidiary line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Goodwill represents the difference between the Company's share in the net worth of subsidiary and its cost of acquisition.

The financial Statements of the following subsidiary company is consolidated as per Ind AS 110 - Consolidated Financial Statements.

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest (%)
Sundaram Business Services Limited	India	100

### Associates:

Associates are all entities over which the group has significant influence but not control or joint control. (This is generally the case where the group holds between 20% and 50% of the voting rights). Investments in associates are accounted for using the equity method of accounting after initially being recognized at cost.

Name of the Associates	Country of Incorporation	Proportion of Ownership Interest (%)
Axles India Limited	India	38.81
Turbo Energy Private Limited	India	32.00
Wheels India Limited	India	23.28
Transenergy Limited	India	43.74
Sundaram Dynacast Private Limited	India	26.00
Sundaram Hydraulics Limited	India	25.71
Flometallic India Private Limited	India	40.00
Dunes Oman LLC (FZC)	Sultanate of Oman	43.69
Mind S.r.l	Italy	40.60

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received from associates are recognized as a reduction in the carrying amount of the investment.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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

When the Group's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligation or made payments on behalf of the other entity

**2.2 Measurement of Fair Values**

The Group's accounting policies and disclosures require the measurement of financial assets and liabilities at fair values. The Group has established policies and procedures with respect to measurement of fair values.

The Group's policy on Fair Valuation is stated below.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole;

**Level 1** - The fair value of financial instruments traded in active markets (such as publicly traded securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price.

**Level 2** - The fair valuation of instruments not traded in active markets is determined using valuation techniques. These valuation techniques maximize the use of observable market data and minimize the use of entity specific estimates (All significant inputs to the fair value measurement is observable)

**Level 3** - Valuation techniques for one or more significant inputs to the fair value measurement is unobservable. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. An adjustment to a Level 2 input that is significant to the entire measurement results in a fair value measurement categorised within Level 3 of the fair value hierarchy if the adjustment uses significant unobservable inputs.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**2.3 Revenue Recognition:**

Revenue is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group is entitled in exchange for those goods or services, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

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

Revenue from rendering of services is recognised with reference to the stage of completion determined based on estimate of work performed, and when the outcome of the transaction can be estimated reliably.

### **Dividends:**

Dividend income is recognised when the Group's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of dividend can be measured reliably. This is generally when the shareholder approve the dividend.

### **Interest Income:**

For all debt instruments measured at amortised cost, interest income is recognised on time proportion basis, taking into account the amount outstanding and effective interest rate.

### **Rental Income:**

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in Other income in the statement of profit and loss.

## **2.4. Financial Assets**

### **Classification**

The Group classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through comprehensive income or through statement of profit and loss), and
- Those measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

### **Initial Measurement**

At Initial recognition, the group measures a financial asset at its fair value plus (in the case of financial asset not a fair value through profit or loss) transaction cost that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

### **Subsequent Measurement**

#### **Financial Asset measured at Amortised Cost (AC)**

A financial asset is measured at amortised cost if it is held within a Group's business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash

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

flows that are solely payments of principal and interest on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

**Financial Assets at Fair Value Through Other Comprehensive Income: (FVTOCI)**

Financial assets are subsequently measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal and the interest on the principal outstanding.

**Financial Assets at Fair Value Through Profit or Loss: (FVTPL)**

Any financial asset not subsequently measured at amortized cost or at fair value through other comprehensive income, is subsequently measured at fair value through profit or loss. Financial assets falling in this category are measured at fair value and all changes are recognized in the Statement of Profit and Loss.

**2.5. Financial Liabilities****Initial Recognition**

All financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

**Subsequent Measurement**

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**De-Recognition**

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset.

A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

**Impairment of Financial Assets**

The Group applies the Expected Credit Loss (ECL) model for recognizing impairment losses if any on financial assets.

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

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

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

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

### **Offsetting of Financial Instruments**

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

### **Derivative Financial Instruments**

The Group is exposed to certain risk relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk.

To mitigate the risk of changes in foreign exchange rates on forecasted cash flows denominated in foreign currencies, the Group holds derivative financial instruments such as foreign exchange forward contracts. The counter party for these contracts is generally a bank.

Derivatives are recognized and measured at fair value. Attributable transaction costs are recognized in the Statement of Profit and Loss.

Cash flow hedges: Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized in other comprehensive income and presented within equity in the cash flow hedging reserve to the extent that the hedge is effective.

To the extent that the hedge is ineffective, changes in fair value are recognized in the statement of profit and loss.

## **2.6. Leases**

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

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances

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

indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

For a lease modification that is not accounted for as a separate lease, the remeasurement of the lease liability is accounted by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease and any gain or loss relating to the partial or full termination of the lease is recognised in statement of profit or loss.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

**2.7. Employee Benefits****Short Term Employee Benefits**

As per the employment policy of the Group, short term employee benefits for services rendered by employees are recognized during the period when the services are rendered.

**Post Employment Benefits****a. Defined Contribution Plans****i. Superannuation**

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

**ii. Provident Fund**

The Provident Fund contributions are made to the government administered Provident Fund and Employees' Pension Scheme under the Employees Provident Fund Act and to Employees' State Insurance Schemes on behalf of its employees. The contributions are charged to Statement of Profit and Loss.

**b. Defined Benefit Plans**

**i. Gratuity**

The Group provides a lump sum payment to eligible employees, at retirement or resignation of employment based on the last drawn salary and years of employment with the Group as per the provisions of the Payment of Gratuity Act, 1972. The Group makes contributions to a gratuity fund administered by trustees and managed by LIC of India.

The liability or asset recognized in the Balance Sheet in respect of a defined gratuity plan is the present value of defined benefit obligation at the end of the reporting period less the fair value of plan assets. Gratuity liability is a defined benefit obligation and is recorded based on actuarial valuation using the projected unit credit method made at the end of the year.

The present value of defined benefit obligation is determined by discounting the estimated future cash out flows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The gratuity liability and net periodic gratuity cost is actuarially determined after considering discount rates, expected long term return on plan assets and increase in compensation levels. Re-measurement gains or losses arising from Experience Adjustments and changes in actuarial assumptions are recognized in the period they occur, directly in the Other Comprehensive Income. They are included in the statement of changes in equity and in the Balance Sheet. Re-measurements comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to Statement of Profit or Loss in subsequent periods.

Changes in present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the Statement of Profit and Loss.

**c. Other Long Term Employee Benefits**

- i) The estimated liability in respect of other long term benefits like Employee Assured Bonus Scheme has been provided on the basis of actuarial valuation.
- ii) Leave Encashment:

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

**2.8 Income Taxes**

Income-tax expense comprises current tax (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 temporary differences between tax bases of assets and liabilities

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

and their carrying amounts in the financial statements). Taxes are recognized in the Statement of Profit and Loss except to the extent it relates to items directly recognized in equity or in the Other Comprehensive Income.

**Current Tax**

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

Current tax assets and liabilities are offset only if, the Group:

- a) has a legally enforceable right to set off the recognized amounts; and
- b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**Deferred Tax**

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

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

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences can be utilized.

Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

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

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

**Current and Deferred Tax for the year - OCI**

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

**2.9. Property, Plant and Equipment**

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

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

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

Freehold land is not depreciated.

An item is recognised as property plant and equipment if and only if it is probable that future economic benefits associated with the item will flow to the Group and its costs can be measured reliably

Subsequent expenditure is added to the carrying amount or recognised as separate asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably.

Depreciation commences when the assets are ready for their intended use. Where the property plant and equipment is not ready for its intended use as on the balance sheet date it is disclosed as capital work in progress

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

All the Associate companies except Turbo Energy Private Limited provide depreciation on Property, Plant & Equipment on straight-line basis on the useful life of the asset as provided in the schedule II of Companies Act 2013

Estimated useful lives of the assets, based on technical assessment, which are different in certain cases from those prescribed in Schedule II to the Act, are as follows:

(in years)

<b>Assets</b>	<b>Own</b>
Office equipment	8
Computer (included in Plant & Equipment)	
End user services	7
Servers and network	10
Vehicles	5
Electrical Equipment	15

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

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

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

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

**2.10 Investment Property**

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

It is measured initially at cost of acquisition including transaction costs, borrowing cost and other directly attributable cost in bringing the asset to its working condition for its intended use.

Subsequent expenditure is capitalized to the asset carrying amount only when it is probable that the future economic benefit associated with the expenditure will flow to the Group and cost can be measured reliably.

The fair value of investment property has been determined by property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

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

Items of Investment property	Useful Lives (Total)
Freehold Land	N.A
Building	30 years

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

**2.11. Intangible Assets**

Intangible assets are identified non-monetary assets without physical existence. Intangible assets represent Computer software whose cost is amortised over their expected useful life on a straight-line basis.

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

Intangible assets with finite useful lives that are acquired separately are capitalised and carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful life of the asset.

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

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

### **2.12. Impairment of Assets**

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

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

### **2.13. Foreign Currency Transactions**

#### **Functional and Presentation Currency:**

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (i.e the “functional currency”). The functional currency of Group is the Indian Rupee. These Consolidated financial statements are presented in Indian rupee.

#### **Foreign Currency Transactions and balances:**

Transactions in foreign currency are accounted at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets, are capitalized as cost of assets.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using the exchange rates at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation

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

differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit and Loss are also recognised in OCI or Statement of Profit and Loss, respectively).

**2.14. Cash Flow Statement**

Statement of cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

**2.15. Provisions and Contingent Liabilities**

Provisions are recognized when the enterprise has a present legal or constructive obligation, as a result of a past event, and it is probable that the Group will be required to settle the obligation for which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A Contingent Liability is

- (i) a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group (or)
- (ii) a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation, or a reliable estimate of the amount cannot be made.

A contingent liability should be disclosed, if the possibility of an outflow of resources embodying economic benefits is not remote.

**2.16 Earnings Per Share**

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

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

### **2.17 Cash and Cash Equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

### **2.18 Trade Receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

## **3. Critical Accounting Judgments and Key Sources of Estimation Uncertainty**

The preparation of consolidated financial statements in accordance with Ind AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the balance sheet and statement of profit and loss. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The actual results may differ from these estimates. The management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable. Any revision to the accounting estimates is recognised prospectively in the current and future periods.

#### **Useful lives of Property Plant and Equipment / Intangible Assets**

Property, Plant and Equipment / Intangible Assets are depreciated / amortised over their estimated useful lives, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation / amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Group's historical experience with similar assets and takes into account anticipated technological changes. The depreciation / amortisation for future periods is revised if there are significant changes from previous estimates.

#### **Impairment of Financial Assets**

The impairment provisions for Financial Assets are based on assumptions about risk of default and expected cash loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

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

## Note 1: Cash and Cash Equivalents

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Cash on hand	0.13	0.15
Balances with Banks in Current Accounts	11,13.99	9,78.00
Earmarked balances with banks (for unpaid dividend)	20.21	20.45
	<b>11,34.33</b>	<b>9,98.60</b>

## Note 2 : Derivative Financial Instruments

(₹ in lakhs)

Particulars	March 31, 2021			March 31, 2020		
	Notional Amounts	Fair value Assets	Fair value Liabilities	Notional Amounts	Fair value Assets	Fair value Liabilities
<b>Part I</b>						
(i) Currency Derivatives						
- Spot and forwards	-	-	-	-	5,75.74	-
Total Derivatives Financial instruments	-	-	-	-	5,75.74	-
<b>Part II</b>						
Included in above (Part I) are derivatives held for hedging and risk management purpose as follows						
(i) Cash flow hedging						
- Currency derivatives	-	-	-	-	5,75.74	-
	-	-	-	-	5,75.74	-

The Group holds forward contracts to mitigate the risk of changes in foreign exchange rates on forecasted cash flows denominated in foreign currencies. Derivatives are recognised and measured at fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Note 3: Receivables**

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Trade receivables		
- Considered good-Secured	–	–
- Considered good-Unsecured *	5,36.78	7,74.10
- Receivables having significant increase in credit risk	16.02	33.20
Less : Allowance for impairment loss	(16.02)	(33.20)
- Credit Impaired	10.80	5.64
Less : Allowance for impairment loss	(10.80)	(5.64)
Debts due by Directors and others	–	–
* Refer Note 31 for related party transactions		
	<b>5,36.78</b>	<b>7,74.10</b>

**Note 4 : Loans**

(₹ in lakhs)

Loans	31st March 2021				31st March 2020			
	Amortised cost	At Fair value		Total	Amortised cost	At Fair value		Total
		Through other comprehensive income	Through profit or loss			Through other comprehensive income	Through profit or loss	
<b>Loans (Unsecured)</b>								
Staff advance	36.04	–	–	36.04	46.96	–	–	46.96
<b>Gross Loans</b>	<b>36.04</b>	–	–	<b>36.04</b>	<b>46.96</b>	–	–	<b>46.96</b>
Less: Impairment Loss allowance	2.49	–	–	2.49	2.49	–	–	2.49
<b>Net Loans</b>	<b>33.55</b>	–	–	<b>33.55</b>	<b>44.47</b>	–	–	<b>44.47</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 5: Investments

(₹ in lakhs)

Particulars	Face Value (₹)	As at 31.03.2021		As at 31.03.2020	
		Holding (Number)	Carrying Amount	Holding (Number)	Carrying Amount
<b>At Carrying Amount</b>					
<b>Associates</b>					
- Flometallic India Private Limited	1,00,000	3,800	73,96.24	3,800	61,95.44
- The Dunes Oman LLC (FZC)	1*	22,93,725	95,28.38	22,93,725	88,92.95
- Sundaram Hydraulics Limited	10	1,12,50,000	–	1,12,50,000	–
- Axles India Limited	10	98,91,754	52,78.04	98,91,754	53,29.20
- Turbo Energy Private Limited	10	25,60,000	493,94.38	25,60,000	461,25.28
- Transenergy Limited	100	1,20,000	9,13.73	1,20,000	3,87.98
- Sundaram Dynacast Private Limited	10	11,70,000	14,67.87	11,70,000	13,95.71
- Wheels India Limited	10	56,01,117	249,54.99	–	–
- Mind S.r.l.	1#	3,05,838	20,27.39	–	–
<b>Total - A</b>			<b>1009,61.02</b>		<b>683,26.57</b>
<b>At Fair Value Through Other Comprehensive Income:</b>					
<b>Equity Instruments</b>					
- Wheels India Limited	10	–	–	32,69,096	188,14.52
- Brakes India Private Limited	100	1,59,460	302,70.87	1,59,460	121,69.89
- India Motor Parts & Accessories Limited	10	23,20,005	137,49.79	23,20,005	134,95.32
- Sundaram Clayton Limited	5	22,73,081	585,40.93	22,73,081	457,03.24
- TVS Investments Private Limited	5	22,73,085	33,00.00	22,73,085	21,88.55
- Lucas-TVS Limited	100	63,224	73,12.50	63,224	29,23.22
- Delphi TVS Technologies Limited	10	2,52,896	12,44.13	2,52,896	11,96.02
- Techtran Polylenes Limited	10	2,50,000	–	2,50,000	–
- Vishnu Forge Industries Limited	10	2,97,110	1,25.20	2,97,110	1,14.68
- D2C Consulting Services Private Limited	10	100	1.75	100	1.75
- Fettle Tone LLP		–	20,87.00	–	20,87.00
<b>Total - B</b>			<b>1166,32.17</b>		<b>986,94.19</b>

\* Face value in Omani Riyal

# Face value in Euro

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

Particulars	Face Value (₹)	As at 31.03.2021		As at 31.03.2020	
		Holding (Number)	Carrying Amount	Holding (Number)	Carrying Amount
<b>At Fair Value Through Profit and Loss:</b>					
<b>Mutual Funds</b>					
- Sundaram Money Fund		24,29,699	10,54.43	98,45,279	41,22.18
- Sundaram Ultra Short Term Fund		1,78,04,607	19,70.59	6,83,97,132	72,15.35
- HDFC Short Term Debt Fund		20,79,495	5,18.77	–	–
- ICICI Prudential Short Term Fund		10,70,399	5,20.42	–	–
- HDFC Corporate Bond Fund		39,91,402	10,05.17	–	–
- IDFC Banking & PSU Debt Fund		51,50,664	10,06.46	–	–
- IDFC Corporate Bond Fund		65,67,126	10,02.65	–	–
- Sundaram Banking & PSU Debt Fund		–	–	1,05,01,895	33,65.52
- Sundaram Money Market Fund		–	–	3,76,78,370	42,20.81
- JM Financial Yield Enhancer (Distressed Opportunity ) Fund I - Series I		430	430.00	100	1,00.00
- D2C Consulting Services Private Limited -0.1% Cumulative Convertible Preference Shares	100	17,014	2,98.26	17,014	2,98.26
<b>Total - C</b>			<b>78,06.74</b>		<b>193,22.11</b>
<b>At Amortised Cost:</b>					
<b>Preference Shares</b>					
- Sundaram Asset Management Company -6.75% Redeemable Cumulative Non-Convertible Preference Shares	100	15,00,000	15,00.00	15,00,000	15,00.00
<b>Government Securities</b>					
- IRFC tax free bonds	1,000	2,175	22.62	2,175	22.62
<b>Total - D</b>			<b>15,22.62</b>		<b>15,22.62</b>
<b>Total Investments A+B+C+D</b>			<b>2269,22.55</b>		<b>1878,65.49</b>
Less: Allowance for Impairment loss			–		–
<b>Total Investments</b>			<b>2269,22.55</b>		<b>1878,65.49</b>

Investment outside India	115,55.77	88,92.95
Investment in India	2153,66.78	1789,72.54

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

(₹ in lakhs)

**Investments - Categorywise**

Particulars	As at 31.03.2021	As at 31.03.2020
Aggregate amount of Quoted Investments	972,68.33	780,35.71
Aggregate amount of Unquoted Investments (Net of allowance for Impairment loss)	1296,54.22	1098,29.78
<b>Total</b>	<b>2269,22.55</b>	<b>1878,65.49</b>

**Dividends recognised during the period from Investments in equity instruments designated at fair value through OCI**

(₹ in lakhs)

- Investments held during/at the end of reporting period	2020-21	2019-20
- Brakes India Private Limited	–	6,98.43
- Lucas TVS Limited	1,04.32	1,20.13
- Delphi TVS Technologies Limited	–	53.11
- Sundaram Clayton Ltd	3,40.96	7,04.66
- Wheels India Limited	–	2,24.78
- India Motor Parts & Accessories Limited	–	5,08.46
- Vishnu Forge Industries Ltd	2.38	2.08
<b>Total Dividend</b>	<b>4,47.66</b>	<b>23,11.64</b>

**Note 6: Other Financial Assets (Unsecured)**

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Security Deposits	1,60.02	1,33.26
Unbilled Revenue	24.08	25.20
Other Assets	0.40	3.74
	<b>1,84.50</b>	<b>1,62.19</b>

**Note 7: Current Tax Assets (net)**

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Advance Income Tax and Tax Deducted at source (Net of Provision for tax)	4,57.31	4,67.66
	<b>4,57.31</b>	<b>4,67.66</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Note 8 : Investment Property**

(₹ in lakhs)

Particulars	Land	Building
<b>As at 01-04-2020</b>	1,28.75	54.28
Additions	–	44.95
Sub-total	1,28.75	99.23
Sales / deletion	–	–
<b>Total</b>	<b>1,28.75</b>	<b>99.23</b>
Depreciation		
Upto 31-03-2020	–	11.77
For the year	–	9.03
Sub-total	–	20.80
Withdrawn on assets sold / deleted	–	–
<b>Total</b>	<b>–</b>	<b>20.80</b>
<b>Net Carrying amount as at 31-03-2021</b>	<b>1,28.75</b>	<b>78.43</b>

(₹ in lakhs)

Particulars	Land	Building
<b>As at 01-04-2019</b>	1,28.75	43.19
Additions	–	11.09
Sub-total	1,28.75	54.28
Sales / deletion	–	–
<b>Total</b>	<b>1,28.75</b>	<b>54.28</b>
Depreciation		
Upto 31-03-2019	–	7.69
For the year	–	4.08
Sub-total	–	11.77
Withdrawn on assets sold / deleted	–	–
<b>Total</b>	<b>–</b>	<b>11.77</b>
<b>Net Carrying amount as at 31-03-2020</b>	<b>1,28.75</b>	<b>42.51</b>

(₹ in lakhs)

Fair Value	Land	Building
At 31st March 2021	445,83.81	2,93.10
At 31st March 2020	445,83.81	2,93.10

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

**Measurement of Fair Value****Fair Value Hierarchy**

The fair value of investment property has been determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The fair value measurement for all of the investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

**Valuation Techniques**

The Group follows discounted cash flows technique. The valuation model considers the present value of net cash flows to be generated from the property, taking into account the expected rental growth rate, vacant periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.

Investment property comprises a number of commercial properties that are leased to third parties. No contingent rents are charged.

**Information regarding income and expenditure of Investment Property**

(₹ in lakhs)

Particulars	31.03.2021	31.03.2020
Rental Income derived from Investment Properties	1,82.17	1,74.89
Direct Operating Expenses (including repairs and maintenance)	(20.59)	(18.09)
<b>Profit arising from Investment Properties before Depreciation and Indirect Expenses</b>	<b>1,61.58</b>	<b>1,56.80</b>
Depreciation	(9.03)	(4.08)
<b>Profit arising from Investment Properties before Indirect Expenses</b>	<b>1,52.55</b>	<b>1,52.72</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Note 9 : Property, Plant & Equipment and Intangible Assets**

(₹ in lakhs)

Description	Property, Plant & Equipment								Intangible	Total (tangible and intangible)
	Free hold land	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Electrical Equipment	Vehicles	Total	Software- Bought out	
As at 01-04-2020	31.86	3.08	3,44.05	43.46	48.36	20.21	14.13	5,05.13	1,37.82	6,42.95
Additions	–	0.53	26.97	13.26	2.08	–	–	42.84	30.33	73.17
Sub-total	31.86	3.61	3,71.02	56.72	50.44	20.21	14.13	5,47.97	1,68.15	7,16.12
(-) Sales / deletion	–	–	27.25	5.78	7.18	–	13.46	53.67	–	53.67
<b>Total</b>	<b>31.86</b>	<b>3.61</b>	<b>3,43.77</b>	<b>50.94</b>	<b>43.26</b>	<b>20.21</b>	<b>0.67</b>	<b>4,94.30</b>	<b>1,68.15</b>	<b>6,62.45</b>
<b>Depreciation</b>										
Upto 31-03-2020	–	–	1,20.69	19.74	20.38	6.72	5.68	1,73.21	1,13.61	2,86.82
For the year	–	0.02	70.47	6.20	6.85	1.86	0.63	86.03	23.23	1,09.26
Sub-total	–	0.02	1,91.16	25.94	27.23	8.58	6.31	2,59.24	1,36.84	3,96.08
(-) Withdrawn on assets sold / deleted	–	–	25.81	2.63	5.85	–	5.94	40.23	–	40.23
<b>Total</b>	<b>–</b>	<b>0.02</b>	<b>1,65.35</b>	<b>23.31</b>	<b>21.38</b>	<b>8.58</b>	<b>0.37</b>	<b>2,19.01</b>	<b>1,36.84</b>	<b>3,55.85</b>
<b>Net Carrying amount as at 31-03-2021</b>	<b>31.86</b>	<b>3.59</b>	<b>1,78.42</b>	<b>27.63</b>	<b>21.88</b>	<b>11.63</b>	<b>0.30</b>	<b>2,75.29</b>	<b>31.31</b>	<b>3,06.60</b>

Description	Property, Plant & Equipment								Intangible	Total (tangible and intangible)
	Free hold land	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Electrical Equipment	Vehicles	Total	Software- Bought out	
As at 01-04-2019	31.86	3.08	1,69.31	35.55	38.65	18.65	16.85	3,13.94	1,22.86	4,36.80
Additions	–	–	1,75.11	7.91	10.01	1.56	–	1,94.59	14.96	2,09.55
Sub-total	31.86	3.08	3,44.43	43.46	48.66	20.21	16.85	5,08.53	1,37.82	6,46.35
(-) Sales / deletion	–	–	0.38	–	0.30	–	2.72	3.40	–	3.40
<b>Total</b>	<b>31.86</b>	<b>3.08</b>	<b>3,44.05</b>	<b>43.46</b>	<b>48.36</b>	<b>20.21</b>	<b>14.13</b>	<b>5,05.13</b>	<b>1,37.82</b>	<b>6,42.95</b>
<b>Depreciation</b>										
Upto 31-03-2019	–	–	75.71	13.33	12.42	4.78	5.45	1,11.69	82.02	1,93.70
For the year	–	–	45.02	6.42	8.04	1.94	2.95	64.37	31.60	95.97
Sub-total	–	–	1,20.73	19.74	20.47	6.72	8.40	1,76.06	1,13.61	2,89.67
(-) Withdrawn on assets sold / deleted	–	–	0.04	–	0.08	–	2.73	2.85	–	2.85
<b>Total</b>	<b>–</b>	<b>–</b>	<b>1,20.69</b>	<b>19.74</b>	<b>20.38</b>	<b>6.72</b>	<b>5.67</b>	<b>1,73.21</b>	<b>1,13.61</b>	<b>2,86.82</b>
<b>Net Carrying amount as at 31-03-2020</b>	<b>31.86</b>	<b>3.08</b>	<b>2,23.35</b>	<b>23.71</b>	<b>27.98</b>	<b>13.49</b>	<b>8.46</b>	<b>331.92</b>	<b>24.20</b>	<b>3,56.12</b>

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

**Note 10: Other Non-Financial Assets**

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Prepaid expenses	70.39	77.65
SEIS Scrip Incentive	–	1,06.23
Other advance	95.49	30.14
Service Tax /GST Input Credit	1,61.93	2,21.06
	<b>3,27.81</b>	<b>4,35.07</b>

**Note 11: Trade Payables**

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
(i) Total outstanding due to micro and small enterprises (Refer Note 33 f)	2.36	0.67
(ii) Total outstanding due of creditors other than micro and small enterprises		
- For Expenses *	67.80	86.26
- For Others	–	–
* Refer Note 31 for related party transactions		
	<b>70.16</b>	<b>86.93</b>

**Note 12 : Other Financial Liabilities**

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Accrued expenses	82.91	95.71
Other Liabilities	29.27	32.18
	<b>1,12.18</b>	<b>1,27.90</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Note 13 : Derivative Financial Instruments**

(₹ in lakhs)

Particulars	March 31, 2021			March 31, 2020		
	Notional amounts	Fair value assets	Fair value liabilities	Notional amounts	Fair value assets	Fair value liabilities
<b>Part I</b>						
(i) Currency Derivatives						
- Spot and forwards	-	-	3,44.12	-	-	-
Total Derivatives Financial Instruments	-	-	3,44.12	-	-	-
<b>Part II</b>						
Included in above (Part I) are derivatives held for hedging and risk management purpose as follows						
(i) Cash flow hedging						
- Currency derivatives	-	-	3,44.12	-	-	-
	-	-	<b>3,44.12</b>	-	-	-

**Note 14 : Provisions**

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Provision for Employee Benefits	3,35.24	2,83.50
Provision for expenses	14.48	27.62
	<u>3,49.72</u>	<u>3,11.12</u>

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

## Note 15 : Deferred Tax Liabilities (net)

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
<b>Deferred tax liabilities</b>		
On Investments	102,19.77	60,19.92
On Derivatives	(88.66)	1,45.08
Others	10.06	2.87
<b>Deferred tax assets</b>		
On Investments	(1,32.72)	(1,32.72)
On Employee Benefits	(19.65)	(22.11)
On Provision for doubtful debts	(8.15)	(11.50)
On Property, Plant & Equipment	(23.85)	(21.88)
On Security Deposits	(0.48)	(0.58)
On others	(2.16)	(2.95)
Minimum Alternate Tax (MAT) credit	(1,72.53)	(3,60.01)
<b>Net Deferred tax liabilities</b>	<b>97,81.63</b>	<b>56,16.13</b>

## Note 16 : Other Non-Financial Liabilities

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Statutory Liabilities	91.08	1,26.87
	<b>91.08</b>	<b>1,26.87</b>

## Note 17: Equity Share Capital

(₹ in lakhs)

Particulars	31.03.2021	31.03.2020
<b>Authorised:</b>		
32,00,00,000 Equity shares of face value of ₹5/- each (16,00,00,000 as on 31.3.2020)	160,00.00	80,00.00
	<b>160,00.00</b>	<b>80,00.00</b>
Issued, Subscribed and fully paid up:		
15,11,03,860 Equity shares of face value of ₹5/- each	75,55.19	75,55.19
	<b>75,55.19</b>	<b>75,55.19</b>

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

### (a) Reconciliation of Share Capital

	As at 31 March 2021		As at 31 March 2020	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
<b>Balance at the beginning of the year</b>	<b>15,11,03,860</b>	<b>75,55.19</b>	<b>15,11,03,860</b>	<b>75,55.19</b>
Changes in equity share capital during the year	–	–	–	–
Issued during the year	–	–	–	–
<b>Balance at the end of the year</b>	<b>15,11,03,860</b>	<b>75,55.19</b>	<b>15,11,03,860</b>	<b>75,55.19</b>

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

Name	Status	No. of Shares	% held as at 31.03.2021	No. of Shares	% held as at 31.03.2020
Sundaram Finance Limited	Promoter	3,26,50,000	21.61%	3,26,50,000	21.61%

### Note 18 : Other Equity

(₹ in lakhs)

Particulars	Reserves and Surplus				Gains / (losses) from equity investments through OCI	Total
	Capital Reserve	General Reserve	FCTR	Retained Earnings		
<b>Balance as at 01 April, 2020</b>	<b>25,69.62</b>	<b>131,35.01</b>	<b>17,47.39</b>	<b>761,53.05</b>	<b>845,66.00</b>	<b>1781,71.08</b>
Add: Profit or (loss) for the period				73,87.88		73,87.88
Add: Other comprehensive income / (loss)			(2,47.40)	(4,85.67)	177,52.95	170,19.88
Add: Adjustment on account of acquisition of Wheels India Limited				98,49.76		98,49.76
Add: Equity adjustment	23.92			2,50.80		2,74.72
Less: Final Dividend for FY 2019-20 paid				(7,55.55)		(7,55.55)
<b>Balance as at 31 March 2021</b>	<b>25,93.54</b>	<b>131,35.01</b>	<b>14,99.99</b>	<b>924,00.28</b>	<b>1023,18.95</b>	<b>2119,47.77</b>

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

## PROFIT &amp; LOSS ACCOUNT

## Note 19 : Interest Income

(₹ in lakhs)

Particulars	For the year ended 31st March 2021			For the year ended 31st March 2020		
	On financial assets measured at FVTOCI	On financial assets measured at amortised cost	On financial assets classified at FVTPL	On financial assets measured at FVTOCI	On financial assets measured at amortised cost	On financial assets classified at FVTPL
Interest income from investments	–	1.74	–	–	2,51.34	–
<b>Total</b>	–	<b>1.74</b>	–	–	<b>2,51.34</b>	–

## Note 20 : Net gain/(Loss) on Fair Value Changes

(₹ in lakhs)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Net gain/(Loss) on Financial Instruments at FVTPL		
- Investments	5,64.68	5,08.56
Fair Value changes:		
- Realised	4,70.55	2,16.23
- Unrealised	94.13	2,92.33
<b>Total Net gain/(Loss) on Fair Value Changes</b>	<b>5,64.68</b>	<b>5,08.56</b>

## Note 21 : Other Income

(₹ in lakhs)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Interest Receipts	13.35	29.95
Rent Receipts	1,82.17	1,78.84
Other Non-Operating Income	26.46	0.49
Net gain on Exchange Fluctuation	2,60.63	1,80.04
Excess provisions / liabilities written back	–	29.90
Export Incentive SEIS	85.37	157.28
Derivative income/(loss)	(79.67)	14.76
<b>TOTAL</b>	<b>4,88.31</b>	<b>5,91.25</b>

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

### Note 22 : Finance Costs

(₹ in lakhs)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Interest on Income Tax	–	9.81
Interest-others	15.35	17.71
<b>TOTAL</b>	<b>15.35</b>	<b>27.52</b>

### Note 23 : Employee Benefit Expense

(₹ in lakhs)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Salaries, bonus and commission	31,42.64	38,11.34
Contribution to Provident and Other Funds (Refer Note 32)	2,27.93	2,83.12
Staff welfare expenses	67.98	1,42.13
<b>TOTAL</b>	<b>34,38.55</b>	<b>42,36.58</b>

### Note 24 : Administrative and Other Expenses

(₹ in lakhs)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Rent (Refer Note 26)	3,14.08	4,91.97
Rates and taxes	14.59	26.31
Electricity expenses	90.30	1,56.22
Sales and Marketing expenses	1,24.67	2,80.18
Communication expenses	75.22	87.05
Outsourcing cost	1,54.50	1,60.92
Audit Fees (Refer Note 33g)	18.50	18.50
Repairs and Maintenance - others	1,07.25	1,28.81
Professional fees	1,19.77	1,31.08
Commission to KMP and Directors	11.00	21.00
Director sitting fees	13.50	13.50
Filing Fees	0.13	0.18
Travelling and Conveyance	4.54	1,00.75
Allowance for doubtful debts (Net)	(6.59)	23.17
CSR Expenditure (Refer Note 33e)	66.50	70.25
Miscellaneous expenses	2,95.23	2,62.39
<b>TOTAL</b>	<b>14,03.19</b>	<b>19,72.28</b>

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

**Note 25 : Income Tax****A. Reconciliation of Effective Tax Rate**

The reconciliation between the provision for income tax of the Group and amounts computed by applying the Indian statutory income tax rates to profit before taxes is as follows:

(₹ in lakhs)

Particulars	31st March 2021	31st March 2020
Income tax expenses pertaining to current year	5,80.78	4,17.11
Previous year reversal	–	(4.99)
MAT credit utilisation	(1,36.13)	–
Income tax expenses recognized in the Statement of Profit and Loss	4,44.65	4,12.12

(₹ in lakhs)

Particulars	31st March 2021	31st March 2020
<b>Profit Before Tax</b>	14,22.77	34,77.44
Enacted income tax rate in India	29.12%	29.12%
Tax using the Company's domestic tax rate :	4,14.31	10,12.63
<b>Effect of:</b>		
Exempted / Non taxable income	(0.51)	(7,25.16)
Tax on overseas income	–	1,76.85
Expenses disallowed	51.94	63.89
Additional allowance / adjustments	1,15.04	(1,11.10)
<b>Income Tax Expenses recognized in the Statement of Profit and Loss</b>	<b>5,80.78</b>	<b>4,17.11</b>

**B. Recognised Deferred Tax Assets and Liabilities**

**Deferred Tax Assets / Liabilities as at 31st March 2021:**

Particulars	As at 1 April 2020	Recognized in Statement of Profit or Loss*	Recognized in Other Comprehensive Income #	As at 31st March 2021
<b>Deferred Tax Assets</b>				
Property, plant and Equipment	21.88	1.97	–	23.85
Investments at fair value through profit or loss	1,32.72	–	–	1,32.72
Minimum Alternate Tax (MAT) Credit	3,60.01	(1,87.48)	–	1,72.53
Provisions - employee benefits	22.11	(2.46)	–	19.65
Provision for doubtful debts	11.50	(3.35)	–	8.15
Others	3.53	(0.89)	–	2.64
	<b>5,51.75</b>	<b>(1,92.21)</b>	–	<b>3,59.54</b>
<b>Deferred Tax Liabilities</b>				
Investments at fair value through profit or loss	1,55.92	(1,35.96)	–	19.97
Investments at fair value through OCI	58,64.00	–	43,35.80	101,99.80
Change in fair value of derivative instrument	1,45.08	–	(2,33.74)	(88.66)
Others	2.88	7.18	–	10.06
	<b>61,67.88</b>	<b>(1,28.78)</b>	<b>41,02.06</b>	<b>101,41.17</b>
<b>Net Deferred Tax (Assets) / Liabilities</b>	<b>56,16.13</b>	<b>63.44</b>	<b>41,02.06</b>	<b>97,81.63</b>

\* Includes MAT movement

# Excludes impact of income tax on re-measurement of employee benefit

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Deferred Tax Assets / Liabilities as at 31st March 2020:**

(₹ in lakhs)

Particulars	As at 1 April 2019	Recognized in Statement of Profit or Loss*	Recognized in Other Comprehensive Income #	As at 31st March 2020
<b>Deferred Tax Assets</b>				
Property, plant and Equipment	12.76	9.12	–	21.88
Investments at fair value through profit or loss	1,54.18	(21.46)	–	1,32.72
Minimum Alternate Tax (MAT) Credit	3,76.74	(16.73)	–	3,60.01
Provisions - employee benefits	21.32	(0.63)	1.42	22.11
Provision for doubtful debts	13.37	(1.87)	–	11.50
Other items	1.49	2.04	–	3.53
	<b>5,79.86</b>	<b>(29.53)</b>	<b>1.42</b>	<b>5,51.75</b>
<b>Deferred Tax Liabilities</b>				
Investments at fair value through profit or loss	73.09	82.83	–	1,55.92
Investments at fair value through OCI	85,65.40	–	(27,01.41)	58,64.00
Change in fair value of derivative instrument	58.01	37.80	49.27	1,45.08
Others	0.18	2.70	–	2.88
	<b>86,96.68</b>	<b>1,23.32</b>	<b>(26,52.13)</b>	<b>61,67.88</b>
Net Deferred Tax (Assets) / Liabilities	<b>81,16.82</b>	<b>1,52.86</b>	<b>(26,53.56)</b>	<b>56,16.13</b>

\* Includes MAT movement

# Excludes impact of income tax on remeasurement of employee benefit

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

### Note 26: Leases

#### (i) Group as a Lessee

Details regarding the contractual maturities of lease liabilities as at March 31, 2021 on an undiscounted basis.

#### Future Minimum Lease Payable

(₹ in Lakhs)

Particulars	31st March 2021	31st March 2020
Not later than 1 year	68.13	39.60
Later than 1 year and not later than 5 years	2,96.30	1,75.48
Later than 5 years	1,04.95	58.06

#### Movement of Right of Use Asset

(₹ in Lakhs)

Particulars	31st March 2021	31st March 2020
Right of Use asset accounted as per IND AS 116	2,02.12	2,35.12
Add :Additions	2,35.25	–
Less :Modifications	(60.95)	–
Less :Depreciation on Right of Use Assets	(31.26)	(33.00)
Closing balance	345.16	2,02.12

#### Movement of Lease Liability

(₹ in Lakhs)

Particulars	31st March 2021	31st March 2020
Lease liability accounted as per IND AS 116	2,13.68	2,35.12
Add :Additions	2,35.25	–
Less :Modifications	(66.70)	–
Add:Finance cost	15.35	17.71
Less :Repayments	(37.58)	(39.15)
Closing balance	3,60.00	213.68

#### Other Rental Expenses Categorised as Short Term and Low Value

(₹ in Lakhs)

Particulars	31st March 2021	31st March 2020
Equipment Rent (Low value)	28.73	85.65
Immovable Property Rent (Short term)	2,77.94	4,04.37

#### (ii) Group as a Lessor

Undiscounted lease payments to be received on annual basis for first 5 years - ₹1,83.84 lakhs (Previous year - ₹1,78.84 Lakhs)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Note 27 : Capital Management**

The primary objective of the Group's Capital Management is to maximise shareholders value. The Group manages its capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through the optimisation of the debt and equity balance. The Group's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence to sustain future development of the business. For the purpose of the Group's capital management, capital includes issued capital and other equity reserves.

**Note 28 : Financial Instruments – Fair Values and Risk Management**

**A. Accounting Classification and Fair Values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

(₹ in Lakhs)

As at 31 March 2021	Carrying amount	Level 1	Level 2	Level 3
<b>Financial assets measured at</b>				
<b>Amortized cost</b>				
Preference securities	15,00.00	–	15,00.00	–
Bonds	22.62	–	22.62	–
Trade receivables	5,36.78	–	–	–
Cash and cash equivalents	11,34.33	–	–	–
Other Financial Assets	1,84.50	–	1,60.42	24.08
Loans	33.55	–	33.55	–
<b>FVTPL</b>				
Mutual Fund	75,08.49	7078.49	–	4,30.00
Preference securities	2,98.26	–	–	2,98.26
<b>FVTOCI</b>				
Equity instruments *	1166,32.17	72290.72	335,70.87	107,70.58
<b>Financial Liabilities measured at</b>				
<b>Amortized cost</b>				
Trade and other payables	70.16	–	–	–
Lease Liability	3,60.00	–	3,60.00	–
Other Financial Liabilities	1,12.18	–	–	–
<b>FVTPL</b>				
Derivatives	25.43	25.43	–	–
<b>FVTOCI</b>				
Derivatives	3,18.69	3,18.69	–	–

\* Excludes Investments in Associates (Refer Note 5)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Lakhs)

As at 31 March 2020	Carrying amount	Level 1	Level 2	Level 3
<b>Financial assets measured at</b>				
<b>Amortized cost</b>				
Preference securities	15,00.00	—	15,00.00	—
Bonds	22.62	—	22.62	—
Trade receivables	7,74.10	—	—	—
Cash and cash equivalents	9,98.60	—	—	—
Other Financial Assets	1,62.19	—	1,36.99	25.20
Loans	44.47	—	44.47	—
<b>FVTPL</b>				
Derivatives	54.25	54.25	—	—
Mutual Fund	190,23.86	189,23.86	—	1,00.00
Preference securities	2,98.26	—	—	2,98.26
<b>FVTOCI</b>				
Equity instruments *	986,94.19	780,13.09	—	206,81.10
Derivatives	5,21.50	5,21.50	—	—
<b>Financial Liabilities measured at</b>				
<b>Amortized cost</b>				
Trade and other payables	86.93	—	—	—
Lease Liability	2,13.68	—	2,13.68	—
Other Financial Liabilities	1,27.90	—	—	—

\* Excludes Investments in Associates (Refer Note 5)

**Fair Value Hierarchy**

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

**Level 1 Hierarchy** - Includes Financial Instruments measured using quoted prices in the active market.

**Level 2 Hierarchy** - The Fair value of Financial Instruments that are not traded in an active market, is determined using valuation techniques which maximize the use of observable market data.

**Level 3 Hierarchy** - Inputs are not based on observable market data. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. An adjustment to a Level 2 input that is significant to the entire measurement results in a fair value measurement categorised within Level 3 of the fair value hierarchy if the adjustment uses significant unobservable inputs.

**B. Measurement of Fair Values**

Financial instruments fair valued under Level 3 hierarchy are measured using Market multiples method.

The carrying amount of trade receivables, cash and cash equivalents, other financial assets, trade payables, borrowings and other financial liabilities are considered to be the fair value due to short term nature.

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

**Note 29: Financial Risk Management**

The Group has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

**(a) Liquidity Risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group regularly monitors the rolling forecasts and the actual cash flows to service the financial liabilities on a day-to-day basis through cash generation from business.

The following table shows the maturity analysis of the Group's financial liabilities based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance sheet date.

(₹ in Lakhs)

Particulars	31st March 2021	31st March 2020
Trade payables	70.16	86.93
Derivative financial instruments	3,44.12	—
Other financial Liabilities	1,12.18	1,27.90

**(b) Credit Risk**

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and loans and advances.

**(i) Trade Receivables:**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the geography in which it operates. Concentration of credit risk with respect to trade receivables are limited as the customers are reviewed, assessed and monitored regularly on a monthly basis with pre-determined credit limits assessed based on their payment capacity. Our historical experience of collecting receivables demonstrates that credit risk is low.

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

The following table sets out the information about the credit quality of financial assets measured at amortised cost.

(₹ in Lakhs)

Particulars	31st March 2021	31st March 2020
Trade receivables	5,63.60	8,12.94
Loss allowance	26.82	38.84
Carrying amount	5,36.78	7,74.10

### (ii) Other Financial Assets:

The Group has exposure in Cash and cash equivalents, employee loans and investment carried at amortised cost. The Group's maximum exposure to credit risk as at 31st March, 2021 is the carrying value of each class of financial assets as on that date.

#### Cash and Cash Equivalents

The Group held cash and cash equivalents of INR 11,34.33 lakhs as on March 31, 2021 (March 31, 2020 : INR 9,98.60 lakhs). The cash and cash equivalents are held in hand and with bank. (Refer Note 1)

### (c) Market Risk

Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices in case of equity investments and Net Asset Value (NAV) in case of mutual fund investments & currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Group is having certain investments in unlisted companies in automobile sector where the valuation takes place based on certain market multiples of similar listed automobile companies after duly adjusted for discounts to the same.

The Group is exposed to foreign exchange currency risk on account of having sales revenue in foreign currency.

The Group has a forex policy in place whose objective is to reduce foreign exchange risk by deploying the appropriate hedging strategies (forward contracts) and also by maintaining reasonable open exposures within approved parameters depending on the future outlook on currencies.

(a) The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities based on gross exposure at the end of the reporting period is as under:

Particulars	31st March 2021		31st March 2020	
	AUD (A\$'000)	₹ Lakhs	AUD (A\$'000)	₹ Lakhs
<b>Monetary Assets</b>				
Cash and Cash Equivalents	1864.64	10,26.91	1608.29	7,41.02
Trade Receivables	606.38	3,33.95	956.96	4,40.92
<b>Monetary Liabilities</b>				
Trade Payables	25.06	13.80	65.73	30.29

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(b) Sensitivity Analysis

(₹ in Lakhs)

Sensitivity Analysis	Change in assumption		Impact on Carrying Value of investments			
			Increase in assumption		Decrease in assumption	
Details	31st March 2021	31st March 2020	31st March 2021	31st March 2020	31st March 2021	31st March 2020
Quoted Equity investments	1%	1%	7,22.91	7,80.13	(7,22.91)	(7,80.13)
Unquoted Equity investments	1%	1%	73.12	1,50.83	(73.12)	(1,50.93)
Mutual Fund investments	1%	1%	70.78	1,89.24	(70.78)	(1,89.24)

(c) The foreign currency risk on above exposure is mitigated by derivative contracts. The outstanding contracts as at the Balance Sheet date are as follows:

(₹ in Lakhs)

Particulars	31st March 2021		31st March 2020	
	Buy	Sell	Buy	Sell
Forward Contract: Cashflow Hedge				
AUD/INR (in A\$ '000)	–	115,50.00	–	114,93.00
AUD/INR (in ₹ Lakhs)	–	65,50.27	–	62,21.15

As at the Balance Sheet date, the Group's net foreign exchange exposures that are not hedged by a derivative instrument or otherwise is below:

Particulars	GBP	USD	NZD	Equivalent in INR
Unhedged	840.00	7898.50	6000.00	9691,26.43

**Risk Management Structure**

Risk is an inherent and integral part of the business of investments and business process outsourcing. The Group aims to achieve an appropriate balance between risk and returns by establishing an efficient risk mitigation system. In order to mitigate risks, the Group has instituted a risk management framework, wherein, the Audit Committee under the supervision of the Board is tasked with regular assessment and laying down of policies for management of risks. In respect of certain investments, the Group has established systems to conduct due diligence of proposals received and to ensure that investments are in line with the overall objectives of the Group.

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

### Note 30 : Revenue Recognition

#### Sale of Services:

The Group derives revenue from providing support services to our captive clients, which primarily include providing back office administration, data management, contact centre management, accounting, tax, superannuation, portfolio management, mortgage and training. The Group recognizes revenue when the significant terms of the arrangement are enforceable, services are being delivered and the collectability is reasonably assured. The Group recognizes revenue on an accrual basis when services are performed.

When the terms of the agreement specify service level parameters that must be met, the Group monitors such service level parameters and determine if there are any service credits or penalties that we need to account for.

The Group invoices its clients depending on the terms of the arrangement, which include billing based on a per employee basis, a per transaction basis, a fixed price basis, an outcome-based basis or other pricing arrangements including cost-plus arrangements.

The Group's revenue is exclusive of taxes and includes reimbursements of communication costs, incentives, etc as defined in the terms of agreement.

#### Contracts with Customers

There are no other revenue under Contract with Customers other than those which are accounted in Profit and Loss Account as revenue which comprises of Service income and Learning income. Refer Note 30.a for the details of income earned from contracts with customers.

#### Contract Balances

The Group classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue. Refer Note 30.a for the Trade Receivable balances.

Revenue from sale of services and the trade receivable for the year ended March 31, 2021 and March 31, 2020 is as follows:

#### Note 30.a

(₹ in Lakhs)

Particulars	31st March 2021	31st March 2020
Sale of Services		
- Support Services	46,73.45	58,91.52
- Learning Income	1,52.31	1,91.29
Trade Receivables	5,36.78	7,74.10

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 31

**Related Party Transactions**

Related party disclosures, as per Ind AS 24 - Related Party Disclosures, details of related parties and the transactions with related parties are given below:

**Related Parties:**

**Holding Company**

Sundaram Finance Limited

**Associate Companies**

Flometallic India Private Limited

Dunes Oman LLC (FZC)

**Fellow Subsidiaries**

Sundaram Asset Management Company Ltd

Sundaram Hydraulics Limited

Sundaram Fund Services Ltd

Axles India Limited

Sundaram Home Finance Ltd

Turbo Energy Private Limited

Sundaram Asset Management Singapore Pte Ltd.

Transenergy Limited

LGF Services Limited

Sundaram Dynacast Private Limited

Sundaram Alternate Assets Limited

Wheels India Limited - w.e.f June'20

Sundaram Trustee Company Limited

Mind S.r.l - w.e.f Oct'20

**Key Management Personnel:**

**Joint Venture of Holding Company**

Sri. T.T. Srinivasaraghavan - Chairman

Royal Sundaram General Insurance Co. Ltd

Sri. Harsha Viji - Director

Sri. Ravi S - Chief Executive Officer

**Others**

Sri. Vaasen V - Chief Financial Officer

Sundaram Finance Holdings Gratuity Trust<sup>#</sup>

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

### Related Party Transactions:

The nature and volume of transactions of the company during the year, with the above related parties are as follows:

(₹ in lakhs)

Nature of Transactions	Holding Company	Associates	Fellow Subsidiaries	Joint Venture of Holding Company	KMP	2020-21	2019-20
<b>Income</b>							
<b>Dividend Income</b>							
Sundaram Dynacast Private Limited	–	1,87.20	–	–	–	1,87.20	257.40
Turbo Energy Private Limited	–	–	–	–	–	–	15,36.00
Dunes Oman LLC (FZC)	–	–	–	–	–	–	10,12.22
Axles India Limited	–	1,48.38	–	–	–	1,48.38	3,95.67
Transenergy Limited	–	–	–	–	–	–	9.00
Flometallic India Private Limited	–	3,80.00	–	–	–	3,80.00	3,25.00
Sundaram Asset Management Company Ltd	–	–	1,01.25	–	–	1,01.25	1,01.25
Wheels India Limited	–	1,48.43	–	–	–	1,48.43	
<b>Income from Services</b>							
Sundaram Finance Limited	12,30.09	–	–	–	–	12,30.09	12,45.76
Sundaram Asset Management Company Ltd	–	–	23.88	–	–	23.88	2,37.79
Sundaram Fund Services Ltd	–	–	0.19	–	–	0.19	12.23
Sundaram Home Finance Ltd	–	–	41.97	–	–	41.97	48.84
Royal Sundaram General Insurance Co. Ltd	–	–	–	4,90.23	–	4,90.23	9,08.13
Sundaram Alternate Assets Limited	–	–	2.88	–	–	2.88	2.88
Turbo Energy Private Limited	–	–	–	–	–	–	0.50
Wheels India Limited	–	7.66	–	–	–	7.66	
Transenergy Limited	–	–	–	–	–	–	0.11
<b>Other Income</b>							
<b>Rental Income</b>							
Sundaram Finance Limited	94.39	–	–	–	–	94.39	94.39
Turbo Energy Private Limited	–	34.40	–	–	–	34.40	34.40
<b>Solar Power Income</b>							
Sundaram Finance Limited	2.37	–	–	–	–	2.37	–
Turbo Energy Private Limited	–	0.09	–	–	–	0.09	–
<b>Sale of Assets</b>							
Sundaram Finance Limited	0.42	–	–	–	–	0.42	–
Royal Sundaram General Insurance Co. Ltd	–	–	–	3.64	–	3.64	–

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

(₹ in lakhs)

Nature of Transactions	Holding Company	Associates	Fellow Subsidiaries	Joint Venture of Holding Company	KMP	2020-21	2019-20
<b>Expenses</b>							
<b>Sundaram Finance Limited</b>							
Rent & Other Amenities	145.25	—	—	—	—	145.25	164.38
Internal Audit fees	12.00	—	—	—	—	12.00	12.00
ITVO Charges	1.61	—	—	—	—	1.61	0.06
Website Maintenance	0.51	—	—	—	—	0.51	1.03
Fuel Expenses	8.76	—	—	—	—	8.76	9.27
Employee Benefit Transfers	0.43	—	—	—	—	0.43	—
<b>Turbo Energy Private Limited</b>							
Procurement of Solar Panel	—	—	—	—	—	—	29.50
<b>Sundaram Finance Limited</b>							
Purchase of License	19.18	—	—	—	—	19.18	—
<b>Royal Sundaram General Insurance Co. Limited</b>							
Insurance	—	—	—	3.00	—	3.00	6.60
Remuneration paid to KMP*	—	—	—	—	1,07.55	1,07.55	85.35
<b>Other Transactions - Investments</b>							
Purchase of Equity Shares - Wheels India Limited	—	99,99.94	—	—	—	99,99.94	—
Purchase of Equity Shares - Mind S.r.l.	—	23,71.35	—	—	—	23,71.35	—
Payment of Call money - Flometallic India Private Limited	—	5,50.00	—	—	—	5,50.00	—
<b>Closing Balance of Investment in Equity Shares</b>							
Flometallic India Private Limited	—	73,96.24	—	—	—	73,96.24	6195.44
Dunes Oman LLC (FZC)	—	95,28.38	—	—	—	95,28.38	8892.95
Sundaram Hydraulics Limited	—	—	—	—	—	—	—
Axles India Limited	—	52,78.04	—	—	—	52,78.04	5329.20
Turbo Energy Private Limited	—	493,94.38	—	—	—	493,94.38	46125.28
Transenergy Limited	—	9,13.73	—	—	—	9,13.73	387.98
Sundaram Dynacast Private Limited	—	14,67.87	—	—	—	14,67.87	1395.71
Wheels India Limited	—	249,54.99	—	—	—	249,54.99	—
Mind S.r.l.	—	20,27.39	—	—	—	20,27.39	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

Nature of Transactions	Holding Company	Associates	Fellow Subsidiaries	Joint Venture of Holding Company	KMP	2020-21	2019-20
<b>Closing Balance of Investment in Preference Shares</b>							
Sundaram Asset Management Company Ltd	—	—	1,500.00	—	—	1,500.00	1,500.00
<b>Closing balance of other advances Sundaram Finance Ltd</b>							
Procurement of software	—	—	—	—	—	—	7.50
<b>Insurance Deposit</b>							
Royal Sundaram General Insurance Co. Ltd	—	—	—	0.43	—	0.43	0.01
<b>Receivables:</b>							
Sundaram Finance Limited	1,11.40	—	—	—	—	1,11.40	1,78.28
Sundaram Asset Management Company Ltd	—	—	2.60.00	—	—	2.60	7.54
Sundaram Fund Services Ltd	—	—	—	—	—	—	0.34
Sundaram Home Finance Ltd	—	—	0.06	—	—	0.06	—
Royal Sundaram General Insurance Co. Ltd	—	—	—	6.80	—	6.80	85.22
Sundaram Alternate Assets Limited	—	—	0.28	—	—	0.28	0.28
Turbo Energy Private Limited	—	0.11	—	—	—	0.11	—
Wheels India Limited	—	0.91	—	—	—	0.91	—
<b>Payables:</b>							
Sundaram Finance Limited	7.21	—	—	—	—	7.21	12.66

# Transactions with respect to contribution to the gratuity trust is mentioned in Note 32b.

\*Remuneration to KMP

(₹ in Lakhs)

Particulars	2020-21	2019-20
Short Term Employee benefits	1,07.55	75.35
Post Employment benefits	—	—
Other long term employee benefits	—	—
Termination benefits	—	—
Others(Commission)	—	10.00
<b>TOTAL</b>	<b>1,07.55</b>	<b>85.35</b>

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

**Note 32: Employee Benefits: Defined Contribution Plan**

The Group makes contributions to a gratuity fund administered by trustees and managed by LIC of India. During the year, the Group has recognized the following amounts in the Profit and Loss Statement, which are included in Employee Benefits:

**Note 32a : Contribution to PF & Other Funds**

(₹ in Lakhs)

Particulars	31st March 2021	31st March 2020
Contribution to Provident Fund	1,57.06	2,10.20
Contribution to Superannuation Fund	4.29	5.64

**Note 32b : Employee Benefits: Defined Benefit Plan - Gratuity****(i) A. Reconciliation of opening and closing balances of the present value of the defined benefit obligation**

(₹ in Lakhs)

Particulars	31st March 2021	31st March 2020
<b>Present Value of Defined Benefit Obligation at the beginning of the Period</b>	<b>2,70.05</b>	<b>2,27.45</b>
Service Cost		
a. Current Service Cost	64.59	65.88
b. Past Service Cost	–	–
c. (Gain)/Loss on Curtailments	–	–
d. (Gain)/Loss on Settlements	–	–
Interest Expense	15.79	16.66
Remeasurements		
a. Effect of Changes in Demographic Assumptions	–	–
b. Effect of Changes in Financial Assumptions	2.63	1.40
c. Effect of Experience Adjustments	(28.84)	(20.78)
Cashflows		
a. Benefit Payments		
(i) From the Plan	(52.62)	(20.55)
(ii) Directly from the Employer	–	–
b. Settlement Payments from the Plan	–	–
c. Participant Contributions	–	–
Effect of Business Combinations / Disposals	–	–
<b>Present Value of Defined Benefit Obligation at the end of the Period</b>	<b>2,71.60</b>	<b>2,70.05</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**B. Reconciliation of Opening and Closing Balances of the Fair Value of Plan Assets**

(₹ in Lakhs)

Particulars	31st March 2021	31st March 2020
<b>Fair Value of Plan Assets as at the beginning of the period</b>	<b>2,48.25</b>	<b>2,10.50</b>
Interest Income on Plan Assets	15.12	15.67
Cash Flows		
a. Benefit Payments		
(i) From the Plan	(52.62)	(20.55)
(ii) Directly from the Employer	–	–
b. Settlement Payments from the Plan	–	–
c. Participant Contributions	–	–
d. Total Employer Contributions		
(i) Employer Contributions	35.41	43.59
(ii) Employer Direct Benefit Payments	18.53	–
Remeasurements		
a. Actual Return on Plan Assets	(10.88)	(0.96)
Effect of Business Combinations / Disposals	–	–
Effect of Changes in Foreign Exchange Rates	–	–
<b>Fair Value of Plan Assets as at the end of the period*</b>	<b>2,53.81</b>	<b>2,48.25</b>

\* All the plan assets are funded with LIC

**C. The amounts to be recognized in the Balance Sheet and related analysis**

(₹ in Lakhs)

Particulars	31st March 2021	31st March 2020
Present Value of Defined Benefit Obligation	2,71.60	2,70.05
Fair value of plan assets	2,53.81	2,48.25
Net Assets (Liability) recognized in the Balance Sheet	(17.79)	(21.80)
Effect of Asset Ceiling	–	–
<b>Net Assets (Liability)</b>	<b>(17.79)</b>	<b>(21.80)</b>

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

**D. The amounts to be recognized in the Profit and Loss statement**

(₹ in Lakhs)

Particulars	31st March 2021	31st March 2020
<b>Service Cost</b>		
a. Current Service Cost	64.59	65.88
b. Past Service Cost	–	–
c. (Gain)/Loss on Curtailments	–	–
d. (Gain)/Loss on Settlements	–	–
e. Total Service Cost	64.59	65.88
<b>Net Interest Expense</b>		
a. Interest Expense on DBO	15.79	16.66
b. Interest Income on Plan Assets	(15.12)	(15.67)
c. Interest Income on Reimbursement Rights	–	–
d. Interest Income on Asset Ceiling	–	–
e. Total Net Interest Cost	0.67	0.99
<b>Remeasurements</b>		
a. Effect of Changes in Demographic Assumptions	–	–
b. Effect of Changes in Financial Assumptions	2.63	1.40
c. Effect of Experience Adjustments	(28.84)	(20.78)
d. Actual Return on Plan Assets	10.88	0.96
e. Actual Return on Reimbursement Rights	–	–
f. Actual Change in Asset Ceiling	–	–
g. Total Remeasurements	(15.33)	(18.43)
Defined Benefit Cost included in Profit & Loss Account	65.26	66.87
Defined Benefit Cost included in Other Comprehensive Income	(15.33)	(18.43)

**E. Principal Actuarial Assumptions (Expressed as weighted averages)**

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors like supply and demand in employment market. Amount for the current and previous four years are as follows:

Particulars	31st March 2021	31st March 2020
Discount Rate	6.47%	6.47%
Salary Escalation	5.00%	5.00%
Attrition	10.00%	10.00%

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

### (ii) Sensitivity Analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(₹ in Lakhs)

Gratuity	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	31st March 2021	31st March 2020	31st March 2021	31st March 2020	31st March 2021	31st March 2020
Discount rate	0.50%	0.50%	(5.58)	(5.80)	5.85	6.09
Salary growth rate	0.50%	0.50%	5.88	6.14	(5.66)	(5.89)
Attrition rate	5.00%	5.00%	(0.25)	(0.43)	0.24	0.43
Mortality rate	5.00%	5.00%	0.01	0.02	(0.01)	(0.03)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit liability recognised in the balance sheet.

### (iii) Maturity Profile of Defined Benefit Obligation

(₹ in Lakhs)

Particulars	31.03.2021	31.03.2020
Year 1	61.64	67.84
Year 2	40.54	36.91
Year 3	46.00	32.60
Year 4	33.29	38.11
Year 5	26.25	28.33
Next 5 years	91.48	87.33

### (iv) Risk Exposure

Through its defined benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

**Asset Volatility:** The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The Group has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The Group intends to maintain the above investment mix in the continuing years.

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

**Changes in Bond Yield:** A decrease in bond yields will increase plan liabilities, although this will be partially offset by an yields increase in the value of the plans' bond holdings.

**Inflation Risks:** In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

**Life Expectancy:** The pension plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

(v) **The expected contribution to the plan for the next year amounts to ₹27.50 lakhs**

**Note 32c : Other Long Term Employee Benefits**

The Group's liability towards other long - term benefits are provided based on actuarial valuation as at 31st March 2021. The details are given below:

Particulars	(₹ in Lakhs)	
	2020-21	2019-20
Leave encashment	87.82	60.56
Employee Assured Bonus Scheme	36.30	38.25

**Note 33****33a : Earnings Per Share****Basic and Diluted Earnings Per Share**

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic earnings per share calculation are as follows:

**i. Profit / (Loss) attributable to Equity Shareholders (Basic and Diluted)**

Particulars	(₹ in Lakhs)	
	Year ended 31st March 2021	Year ended 31st March 2020
Profit/ (Loss) for the year, attributable to the equity holders	7387.88	7813.49

**ii. Weighted average number of Equity Shares (Basic and Diluted)**

Particulars	As at	
	31st March 2021	31st March 2020
Opening balance	15,11,03,860.00	15,11,03,860.00
Effect of fresh issue of shares for cash	—	—
Effect of share options exercised	—	—
<b>Weighted average number of equity shares for the year</b>	<b>15,11,03,860.00</b>	<b>15,11,03,860 .00</b>

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

### Earnings Per Share

(₹ in Lakhs)

Particulars	31st March 2021	31st March 2020
Basic earnings per share (in ₹)	4.89	5.17
Diluted earnings per share (in ₹)	4.89	5.17

There has been no transactions involving ordinary shares or potential ordinary shares between reporting date and date of completing financial statements which would require restatement of EPS.

### 33b : Dividend

Dividend of ₹0.50/- per share has been recommended by the Board for the year ended 31st March 2021.

### 33c : Contingent Liabilities and Commitments

- (i) Estimated amount of investment to be made in JM Financial yield enhancer (Distressed Opportunity ) Fund I - Series I for Capital Commitment ₹5,70 Lakhs.
- (ii) The Group has received demand notice for AY 2018-19 to make a payment of ₹418.90 lakhs and an appeal has been filed against the Assessment Order with the Commissioner of Income-tax (Appeals).
- (iii) ESI Claims against the erstwhile Professional Management Consultants Limited (PMCL) not accepted by the Group - ₹2.06 lakhs (previous year - ₹2.06 lakhs). Against this claim, PMCL filed an appeal before the Employees' Insurance (EI) Court and a stay was obtained, on a payment of 20% of the disputed amount. Accordingly, PMCL has deposited a sum of ₹0.41 lakhs with the EI Court.
- (iv) In an earlier year, the above appeal was dismissed by the ESI Court and PMCL has since filed an appeal before Hon'ble High Court of Chennai and has obtained a stay against the order of the ESI Court. The Hon'bl High Court of Chennai issued a favourable order and set aside the order earlier passed by the Employee Insurance Court.
- (v) ESI Claims against the Group not acknowledged as debts - ₹1.25 lakhs (Previous Year - ₹1.25 lakhs). The Group has filed an appeal against the Order dated 19.02.2016 Accordingly, the Group has deposited a sum of ₹0.63 lakhs with EI Court.

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

## 33d : Transactions in Foreign Currency

(₹ in Lakhs)

Particulars	31st March 2021	31st March 2020
<b>Earnings in Foreign Currency</b>		
Income from Services	26,43.50	28,71.61
Dividend from an Associate Company	–	10,12.21
<b>Expenditure in Foreign Currency</b>		
Travel and Office Expenses	3,68.01	4,21.77

## 33e : Details of Corporate Social Responsibility (CSR)

(a) Gross amount required to be spent by the Group during the year : ₹66.5 Lakhs

(b) Amount spent during the year on:

(₹ in Lakhs)

Particulars	Amount Spent	Amount to be Spent	Total
i) Construction / Acquisition of any asset	–	–	–
ii) On purpose other than i) above	66.50	–	66.50

## 33f : Disclosure Under MSME Development Act, 2016

Disclosure under the MSME Act 2006, (As per the intimation received from the vendor)

(₹ in Lakhs)

Particulars	31.03.2021	31.03.2020
Principal amount remaining unpaid	2.36	0.67
Interest amount remaining unpaid	–	–
Interest and principal amount paid beyond appointed date	–	–
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointment day during the year) but without adding the interest specified under this Act	–	–
Interest accrued and remaining unpaid	–	–
Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	–	–

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

### 33g : Audit Fees

(₹ in Lakhs)

Particulars	31st March 2021	31st March 2020
As Statutory auditors	14.50	14.50
Taxation matters	2.75	2.75
Certification matters	1.25	1.25
Total	18.50	18.50

### 33h: Post Balance Sheet Events

The Parent Company is proposing to undertake a rights issue of up to 7,10,00,000 equity shares of face value of ₹5/- each (“Rights Equity Shares”) at a premium of ₹45/- per share aggregating up to ₹35,500 lakhs through the fast track mode in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), 2018, as amended, and various applicable circulars that have been issued by the Securities and Exchange Board of India (“SEBI”) from time to time. In connection with the Issue, the letter of offer dated April 21, 2021 has been filed with NSE and SEBI.

### 33i: COVID-19

The worldwide disruption caused by the COVID-19 pandemic and the consequent lockdown imposed almost till end-November 2020 have considerably impacted the business operations of our associate companies, including their subsidiaries, which in turn, have impacted the financial results of the Parent Company. Even as the automotive sector was beginning to show some signs of recovery from the third quarter of financial year 2020-21, the second wave of the pandemic from March 2021, which has been far more severe in India, has forced another phase of lockdowns in various states across the country.

The impact of the second wave of the pandemic on the Group's future income flow and results, will depend on ongoing as well as future developments, which are highly uncertain.

The Group will however continue to closely monitor any material changes to future economic conditions from time to time and take appropriate risk mitigation measures.

### 33j: Adoption of Financial Statements

The Board has adopted the financial statements at its meeting held on 24th May 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Note 34 : Segment Reporting**

- (i) The Group has following operating segments namely Investments, Domestic Support Services and Overseas Support Services. The operating segments are established on the basis of individual segment's revenue being more than 10% of the combined revenue of all operating segments.

(₹ in Lakhs)

Business Segments	Investments		Support services				Eliminations		Total	
			Domestic		Overseas					
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
<b>REVENUE</b>										
Segment Revenue	11,15.33	31,72.80	22,35.75	33,00.57	26,38.61	28,30.84	(48.60)	(48.60)	59,41.09	92,55.61
<b>RESULT</b>										
Segment Result	10,70.95	31,30.69	53.52	92.29	3,54.81	2,33.93	-	-	14,79.28	34,56.91
Unallocated income / (expenses) (Net)	-	-	-	-	-	-	-	-	(56.51)	20.53
<b>Profit before tax</b>	-	-	-	-	-	-	-	-	<b>14,22.77</b>	<b>34,77.44</b>
<b>Less: Income tax</b>	-	-	-	-	-	-	-	-	4,56.72	5,48.18
Profit after tax before share of profits from associates	-	-	-	-	-	-	-	-	9,66.05	29,29.25
<b>Add: Share of profit from Associates</b>	-	-	-	-	-	-	-	-	64,21.83	48,84.24
<b>Profit after tax</b>	-	-	-	-	-	-	-	-	<b>73,87.88</b>	<b>78,13.49</b>
<b>OTHER INFORMATION</b>										
Segment Assets	2272,25.74	1881,82.95	11,59.54	13,98.91	18,57.59	17,98.14	-	-	2302,42.87	1913,80.00
Unallocated Assets	-	-	-	-	-	-	-	-	3,68.98	8,28.90
<b>Total Assets</b>									<b>2306,11.85</b>	<b>1922,08.90</b>
Segment Liabilities	100,87.04	58,87.20	6,55.55	5,25.34	1,29.62	2,98.47	-	-	108,72.21	67,11.01
Unallocated Liabilities	-	-	-	-	-	-	-	-	2,36.68	(2,28.38)
<b>Total Liabilities</b>	-	-	-	-	-	-	-	-	<b>111,08.89</b>	<b>64,82.63</b>
Capital Expenditure	-	-	-	-	-	-	-	-	1,18.12	2,20.64
Depreciation	-	-	-	-	-	-	-	-	1,49.54	1,33.04

- (ii) The Group is generating 20% of the total revenue from a single customer

**Entity wide disclosures:**

- (i) Revenue from overseas is already disclosed as above  
(ii) The group is not holding any non-current assets outside India

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Note 35 : Additional information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary / Associates as at March 2021**

(₹ in Lakhs)

Name of the entity	Net Assets, i.e., Total Assets minus Total Liabilities		Share in Total Profit or Loss		Share in other comprehensive income		Share in Total Comprehensive Income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated Total Comprehensive Income	Amount
<b>Sundaram Finance Holdings Ltd.</b>	57.85	1425,13.02	17.63	14,54.79	104.34	177,57.92	76.02	192,12.71
<b>Subsidiary:</b>								
<b>Indian:</b>								
Sundaram Business Services Ltd.	1.18	28,95.68	4.55	3,75.26	(3.53)	(6,00.44)	(0.89)	(2,25.18)
<b>Associates:</b>								
<b>Indian:</b>								
Axles India Ltd.	2.14	52,78.04	1.40	1,15.22	(0.11)	(18.01)	0.38	97.21
Turbo Energy Private Ltd.	20.05	493,94.38	39.73	32,78.32	(0.05)	(9.22)	12.94	32,69.10
Transenergy Ltd.	0.37	9,13.73	2.59	2,13.51	(0.05)	(7.79)	0.81	2,05.72
Sundaram Dynacast Private Ltd.	0.60	14,67.87	3.14	2,59.26	0.00	0.10	1.03	2,59.36
Sundaram Hydraulics Ltd.	–	–	–	–	–	–	–	–
Flometallic India Private Ltd.	3.00	73,96.24	11.69	9,65.01	0.65	1,11.10	4.26	10,76.11
Wheels India Limited	10.13	249,54.99	12.84	10,59.73	0.15	25.53	4.29	10,85.26
<b>Foreign:</b>								
Dunes Oman LLC (FZC)	3.87	95,28.38	10.48	8,64.65	(1.35)	(2,29.22)	2.51	635.43
Mind S.r.l.	0.82	20,27.39	(4.05)	(3,33.87)	(0.06)	(10.09)	(1.36)	(3,43.96)
	100.00	2463,69.72	100.00	82,51.88	100.00	170,19.88	1,00.00	252,71.76
Adjustments arising out of consolidation		(268,66.76)		(8,64.00)		–		(8,64.00)
<b>Total</b>		<b>2195,02.96</b>		<b>73,87.88</b>		<b>170,19.88</b>		<b>244,07.76</b>

This is the Balance sheet referred to in our report of even date attached.

For **R.G.N. Price & Co.**

Chartered Accountants

ER No: 002785S

**K. Venkatakrishnan**

Partner

M.No : 208591

Date : 24-05-2021

Place : Chennai

**T.T. Srinivasaraghavan**

Chairman

**S.Ravi**

Chief Executive Officer

**Harsha Viji**

Director

**V. Vaasen**

Chief Financial Officer

**R. Venkatraman**

Director

**P.N. Srikant**

Secretary & Compliance Officer

## Form AOC-I

(Pursuant to first provision to sub-section (3) of section 129 of the Companies Act, 2013,  
read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of  
Subsidiaries / Associate companies / Joint Ventures

### Part "A": Subsidiaries

(₹ in lakhs)

1	Sl. No.	1
2	Name of the subsidiary	Sundaram Business Services Limited
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	NA
5	Share capital	22,36.73
6	Reserves & surplus	6,58.95
7	Total assets	34,55.39
8	Total Liabilities	5,59.71
9	Investments	11,37.37
10	Turnover	30,84.34
11	Profit/(Loss) before taxation	5,21.82
12	Provision for taxation	1,46.56
13	Profit/(Loss) after taxation	3,75.26
14	Proposed Dividend	1,87.63
15	% of shareholding	100.00%

**Part "B": Associates and Joint Ventures**  
Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(₹ in lakhs)

Name of Associates / Joint Ventures	Axles India Limited	Turbo Energy Private Limited	Transenergy Limited	Sundaram Dynacast Private Limited	Sundaram Hydraulics Limited	Flometallic India Private Limited	Dunes Oman LLC (FZC)	Wheels India Limited	Mind S.r.l
1 Latest audited Balance Sheet Date	31-03-2021	31-03-2021	31-03-2021	31-03-2021	31-03-2021	31-03-2021	31-03-2021	31-03-2021	31-03-2021 (unaudited)
2 Shares of Associate held by the company on the year end									
Number	98,91,754	25,60,000	1,20,000	11,70,000	1,12,50,000	3,800	22,93,725	56,01,117	3,05,838
Amount of Investment in Associates	10,15.70	1,88.41	1,87.50	1,17.00	11,25.00	38,00.00	21,55.89	141,68.38	23,71.35
Extent of Holding %	38.81%	32.00%	43.74%	26.00%	25.71%	40.00%	43.69%	23.28%	40.60%
3 Description of how there is significant influence	By Virtue of Holdings being 20% or more								
4 Reason why the Associate/joint Venture is not consolidated	NA	NA	NA	NA	NA	NA	NA	NA	NA
5 Networth attributable to Shareholding as per latest audited Balance Sheet	52,59.34	493,84.29	9,04.28	14,64.35	63.16	73,96.02	93,37.36	153,77.81	1,49.82 (unaudited)
6 Profit / Loss for the year									
i. Considered in Consolidation	1,15.22	32,78.32	2,13.51	2,59.25	-	9,65.01	8,64.65	10,59.73	(3,33.87)
ii. Not Considered in Consolidation	1,81.68	69,66.43	2,74.62	7,37.88	75.66	14,47.52	11,14.41	(8,77.73)	(22,17.60)

This is the Balance sheet referred to in our report of even date attached.

**For R.G.N. Price & Co.**  
Chartered Accountants  
ER No: 002785S

**K. Venkatakrisnan**  
Partner

M.No : 208591  
Date : 24-05-2021  
Place : Chennai

For and on behalf of the Board of Directors of  
Sundaram Finance Holdings Limited

**Harsha Viji**  
Director

**T.T. Srinivasaraghavan**  
Chairman

**V. Vaasen**  
Chief Financial Officer

**S.Ravi**  
Chief Executive Officer

**R. Venkatraman**  
Director

**P.N. Srikant**  
Secretary & Compliance Officer