

Ref: D: STEC

July 27, 2018

The Secretary,  
**BSE Ltd**  
P J Towers,  
Dalal St,  
Mumbai 400 001

The Manager  
**National Stock Exchange of India Ltd**  
Exchange Plaza, 5th Floor  
Plot No.C/1, G Block  
Bandra- Kurla Complex Bandra (E)  
Mumbai 400 051

Sir,

**Ref: Scrip Code: BSE – 532498 and NSE - SHRIRAMCIT**

Please find enclosed copy of the Annual Report 2017-18 as approved and adopted in the Annual General Meeting held on July 25, 2018

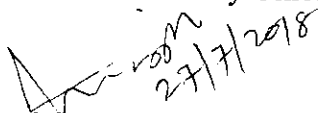
This is an intimation under Regulation 34(1) and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015.

We request you to kindly take the above information on record.

Thanking you,

Yours faithfully,

For Shriram City Union Finance Limited,

  
C R Dash  
Company Secretary

Encl: a/a.

**Shriram City Union Finance Limited**

Business Solution Centre, 144, Santhome High Road, Mylapore, Chennai – 600 004. Ph: +91 44 4392 5300, Fax: +91 44 4392 5430

Regd. Office: 123, Angappa Naicken Street, Chennai - 600 001. Ph : +91 44 2534 1431

E-mail : shriramcity@shriramcity.in Website : www.shriramcity.in

Corporate Identification Number (CIN) L65191TN1986PLC012840

# BUILDING A HAPPY FUTURE

Shriram City Union Finance Limited  
Annual Report 2017-18



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Scan the QR code to download the online version of the report.



### Forward-Looking Statements

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



# **BUILDING A 'HAPPY FUTURE'**

Shriram City Union Finance Limited is committed to serve the unbanked and underserved sections of the society by providing timely financing options to them through its SME loans, two-wheeler loans and other loan offerings from its product basket. We have always provided timely funding and built long-standing relationships with our customers. We have transformed ourselves from a mere Non-Banking Financial Company (NBFC) to a special friend in need for our customers. Reaching the customers beyond boundaries time and again has given us the tagline of being one of the most trustworthy NBFC brands in India. This 'win-win' situation has transpired into a building long-term value for all our stakeholders – departing them to accomplish a 'Happy Future'.



# ONE OF THE LARGEST FINANCIAL CONGLOMERATE IN INDIA WITH SIGNIFICANT PRESENCE ACROSS MICRO, SMALL AND MEDIUM ENTERPRISE (MSME) FINANCING, TWO-WHEELER LOAN, GOLD LOAN, PERSONAL LOAN AND AUTO LOAN BUSINESS.

- ◆ Focused on serving the underserved and unbanked section of the society.
- ◆ Leading small enterprise finance company in India in small loan segment.
- ◆ Leading two-wheeler lender in India.
- ◆ Serving the entire gamut of retail lending segments.
- ◆ And most importantly, through all this, bringing happiness in your life.

**That's Shriram City Union Finance Ltd. (SCUF) for you.**

## Vision

Serving the underserved.  
Creating value at the  
bottom of the pyramid.

## Mission

Striving to serve the largest  
number of common people  
through quality non-banking  
financial services.



## PRODUCT OFFERINGS

### MSME Offerings

Striving to serve the largest number of common people through quality non-banking financial services.

**56.34%**  
of AUM

### Two-wheeler Financing

Strong pan-India presence in two-wheeler financing

**18.29%**  
of AUM

### Gold Loans

Gold loans to individual who do not have access to formal

**12.29%**  
of AUM

### Personal Loans

Personal loans to salaried and self-employed individuals

**7.79%**  
of AUM

### Auto Loans

Loans for entry level new and used cars

**5.29%**  
of AUM

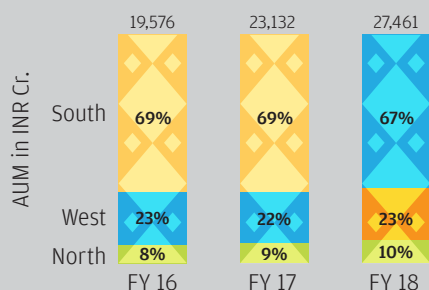
## Geographic break-up of business

Branch Network



15% North  
17% West  
68% South

AUM



# KEY HIGHLIGHTS

## 2017-18



**18.71%**

Growth in AUM (Asset Under Management)



**11.48%**

Growth in Disbursements



**14.71%**

Growth in Total Operating Income



**17.89%**

Growth in Net Interest Income

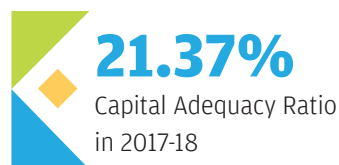
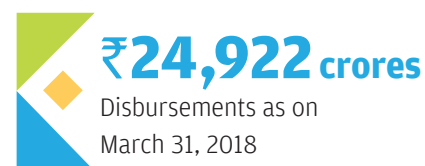


**19.23%**

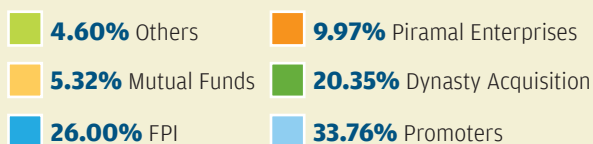
Growth in Profit before Tax



# BUILDING BLOCKS OF A 'HAPPY FUTURE'



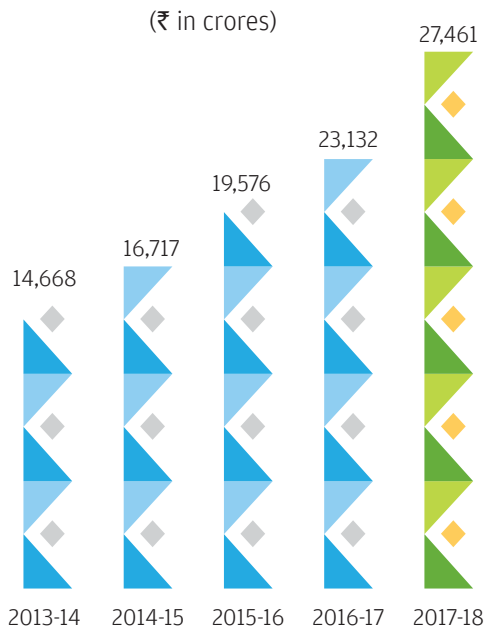
## Shareholding Pattern as on March 31, 2018





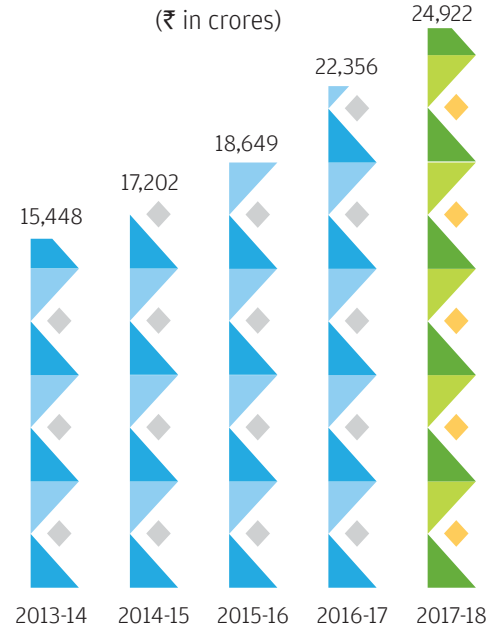
# KEY FINANCIAL PARAMETERS

## Assets Under Management



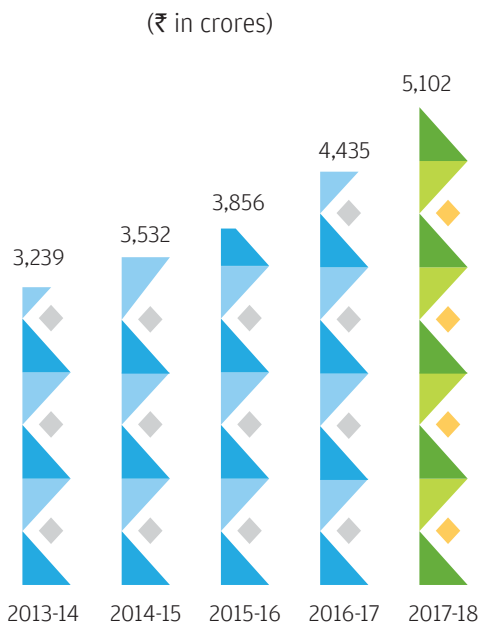
**YOY Growth: 18.71%**

## Disbursement



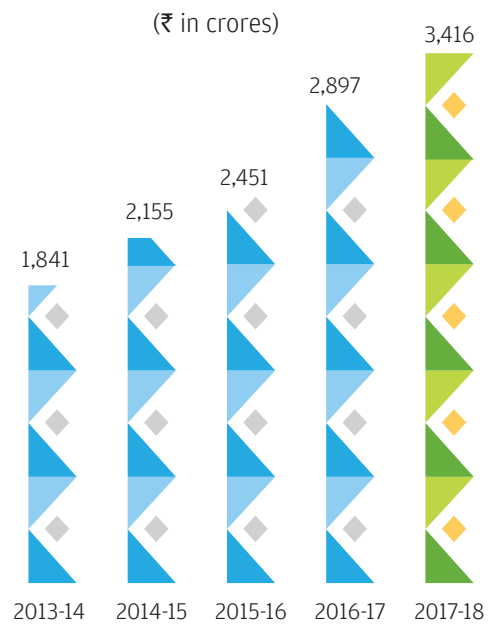
**YOY Growth: 11.48%**

## Growth in Total Income



**YOY Growth: 15.04%**

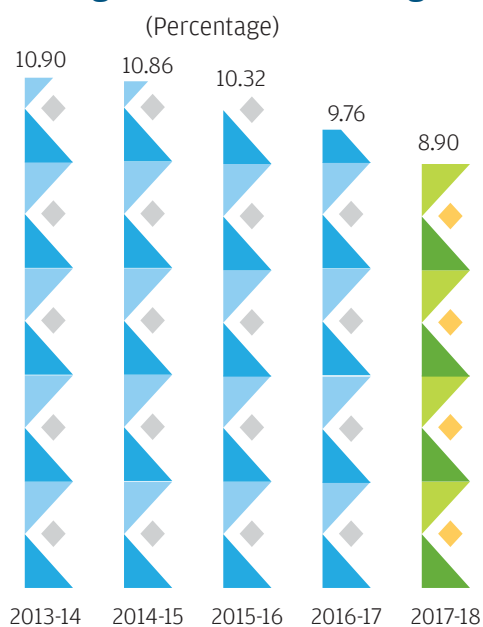
## Growth in Net Interest income



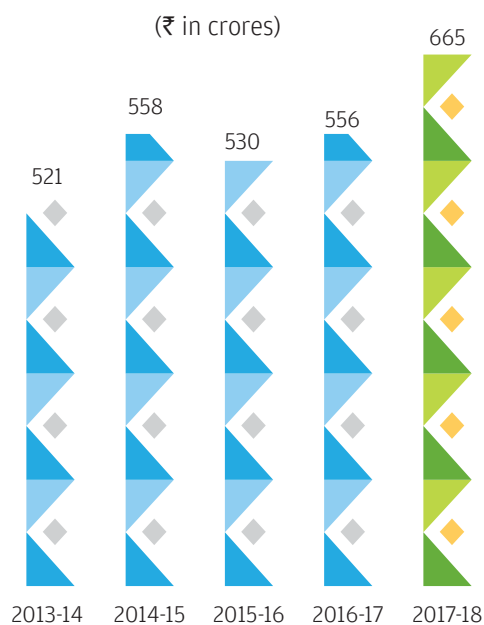
**YOY Growth: 17.89%**



## Average Cost of Borrowing

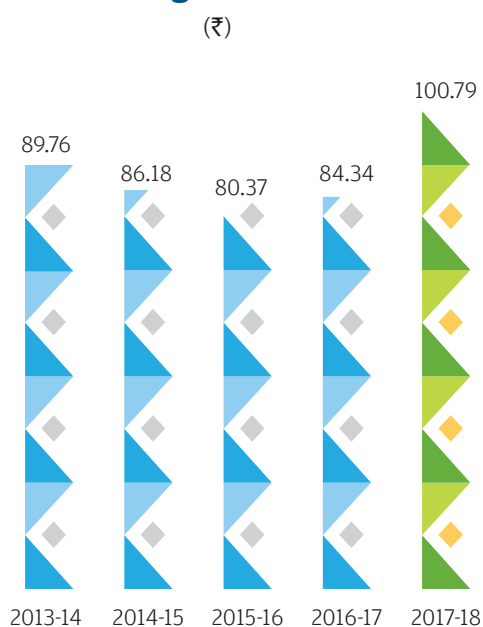


## Growth in PAT

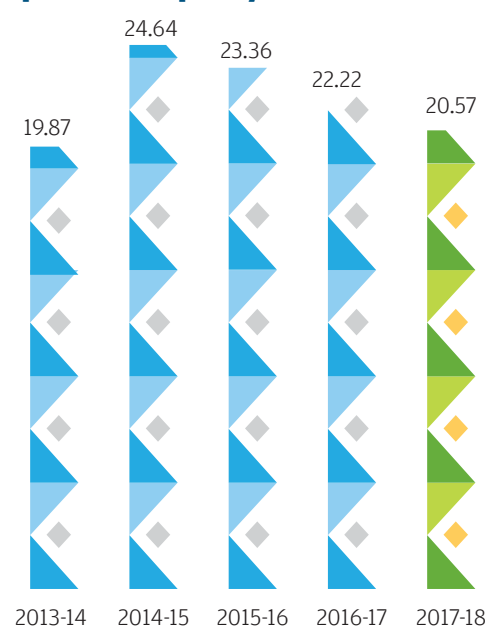


YOY Growth: 19.54 %

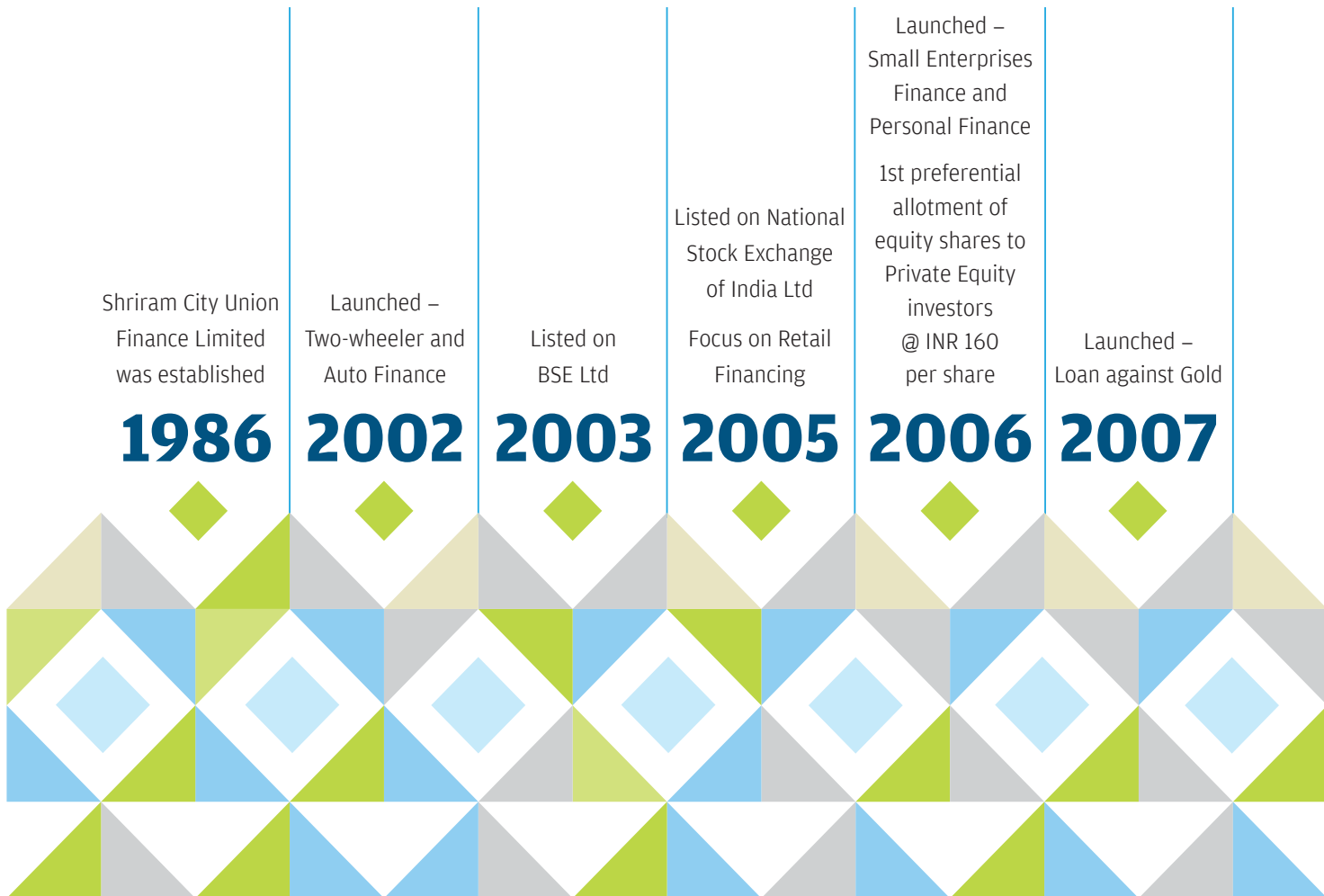
## Earnings Per Share



## Capital Adequacy Ratio Tier-I



# JOURNEY TOWARDS A 'HAPPY FUTURE'



## Validating our credentials through strong credit ratings

Credentials are validated through our strong credit ratings provided by all leading credit rating agencies in the country

### Credit Ratings for Long-Term (Secured) Loans



**AA+  
Stable**



**IND AA  
Stable**



**AA  
Stable**



**AA-Positive**



2nd preferential allotment of equity shares to Private Equity investors @ INR 400 per share; TPG invests in the holding company

**2008**

Shriram City Union Finance Limited's Net Worth touches INR 10 bn

**2010**

Launched subsidiary – Shriram Housing Finance Limited

**2011**

Preferential allotment of equity shares

**2012**

Preferential allotment to Piramal Enterprises Limited- 9.99% stake

**2014**

Shriram City Union Finance Limited becomes the largest two-wheeler finance company in the country based on volume

**2016**

### Credit Ratings for Short-Term Loans



**A1+**



**A1+**



**IND A1+**



**A1+**

# MD'S MESSAGE



We will continue to meet the expectation of our stakeholders in the years to come through enriched strategic, operational and motivational drives – to become successful in our endeavour to build a 'Happy Future' for generations to come.



## Dear Shareholders,

Micro, Small and Medium Enterprises (MSME) are the backbone of India's growth. They have an immense potential to grow exponentially in the years to come. With Government of India focusing clearly on its 'Make in India' initiative, the potential for growth for the micro and small businesses would grow manifold. This has helped us to tap the improved opportunity to finance the small businesses which are on the cusp of a new growth trajectory. In the absence of organised financing opportunities and due to standard credit appraisal policies, the banks are not being able to contribute much to this growth momentum of the MSME segment.

Given this scenario, we at Shriram City Union Finance Limited (SCUF), provide the required financing to the under banked and underserved sections of the society through our Small Enterprise Finance loans. While doing this, we encourage the emerging entrepreneurs of the country and generate a long-standing relationship bond with our customers. We are leveraging our existing customer base as well as tapping new customers relentlessly through our vast network of branches handled by our ably talented human capital. This apart, we are also leveraging the synergies generated from the Shriram Group as a whole.

## Performance Personified

FY 2017-18 was another year to achieve great milestones for us at SCUF. With primary focus to serve the underserved sections of the society, we have become the leading small enterprise finance company in India in the small loan segment. We are also the leading two-wheeler financier in India.

Our Asset Under Management (AUM) grew by 18.71% from ₹ 23,132 crores in 2016-17 to ₹ 27,461 crores in 2017-18 in view of our focused business strategy to serve the harder to access customers through our niche, granular and diversified product portfolio. Our total income grew by 15.04% from ₹ 4,435 crores in 2016-17 to ₹ 5,102 crores in 2017-18.

Our profit before tax increased by 19.23% from ₹ 854 crores in 2016-17 to ₹ 1,018 crores in 2017-18. This was aptly translated to our growth in net profit which grew by 19.54% from ₹ 556 crores in 2016-17 to ₹ 665 crores in 2017-18.

We continued our growth momentum, especially in the SME segment, despite the compliance-related challenges posed by

GST. Small enterprise finance portfolio continues to remain as the largest contributing segment at 56.34% of total AUM. This segment has recorded a 22.2% growth on a YOY basis. This apart, the two-wheeler segment also has contributed around 18.29% of the total loan portfolio followed by loan against gold segment at 12.29%, personal loan at 7.79% and auto loans at 5.29%. Disbursements for the year 2017-18 stood at ₹ 24,922 crores as against ₹ 22,356 crores in 2016-17, a growth of around 11.48%.

Our housing finance subsidiary, Shriram Housing Finance Ltd. has also grown at a considerable rate in 2017-18. With implementation of Real Estate (Regulation and Development) Act, 2016, the home buyers have rejuvenated with confidence on protection of their interests thus translating into enhanced demand for homes throughout the country in sync with Government of India's mission to 'House for all by 2020'.

Our diverse workforce has a greater knowledge of the local markets and zeal to reach to the last milestone to serve our customers better. We have created a unique bond with our human capital. They comprise of professionals from varied fields and diverse geographies thus enabling them to multiply the synchronised benefit potential to the highest standards to serve our customers better.

At SCUF, serving the community is in the DNA of our business. Serving the unbanked and entrepreneur with holistic development of their socio-economic position is nucleus to our business philosophy. We conducted several community development initiatives during the year in line with our overall business perspective.

We will continue to meet the expectation of our stakeholders in the years to come through enriched strategic, operational and motivational drives – to become successful in our endeavour to build a 'Happy Future' for generations to come.

Warm Regards,

**Duruvasan Ramachandra**

# **CUSTOMER ALLEGIANCE – NUCLEUS TO BUILD A ‘HAPPY FUTURE’**





**We believe that we are one of the most trusted NBFC brands in India. To reach to this milestone by having a nationwide presence we felt that at every step our customers have become dedicated partners, thus creating a ‘win-win’ situation for both of us. Serving the underserved with right frame of mind and reaching for their well being beyond boundaries time and again has given us the nomenclature of being trustworthy – a building block well constructed to transform itself to a ‘Happy Future’**

We are one of the largest and most trusted NBFC in the country over the years. This coveted achievement became possible with several initiatives provided by us to satisfy our customer needs from the grass root level. We deploy unique marketing strategies to win our potential customer confidence to convert them to our loyal partners for the years to come.

From enhanced dealer relationships to participating in ‘loan melas’, from enriching our customers about their financial needs by visiting customer touchpoints to adopting telemarketing techniques, from referrals and word-of-mouth marketing to cold calling strategies, we deploy different types of state-of-the-art techniques to win the trust of our customers. We strive to achieve that point of inflection in relationship bond with our customers where they truly feel us as ‘a friend in need is a friend indeed’ – leading to build a ‘Happy Future’ for both of us in years to come.





# ROBUST FRAMEWORK – FORTE TO BUILD A ‘HAPPY FUTURE’





**We believe that to build a behemoth, robust operating architecture is of prime importance. We operate through ‘hub-and-spoke’ model that facilitates greater efficiency and provides tighter control on all facets of operation; all being centrally controlled by our epicentre in Chennai. The integrated operational framework is effectively monitored by our own customised ERP platform on a real time basis.**

With optimal usage of the ‘hub-and-spoke’ model, routine operational tasks are decentralised to our business outlets strategically located throughout the country. The top management is determinedly involved in strategic decision making and policy formulations. This has enabled us to produce with faster turnaround time engulfing the entire operational process from sourcing of customers to credit approvals to sanctioning of loans to customers.

We monitor the entire process of loan origination, credit appraisal, pre lending field investigation, post lending procedures through our branch officials who are specialised in providing their best of the services through local knowledge of their customers.

With decentralised credit approval and processing of loans at place, customers get their much needed fund in much lesser time resulting in long term relationship and trust building with them. This ‘bonding with the best’ philosophy translates to build a ‘Happy Future’ for us as well as for our customers.



# TECHNOLOGICAL VIGOUR – CRAFTED TO BUILD A ‘HAPPY FUTURE’





**Digitisation as a part of technological evolution plays a critical role for the NBFC lending arena and is a vital element to fuel the drive for financial inclusion of the underserved people in India. With rapid development in the Information Technology (IT) framework, it is imperative for us to embrace newer technologies to better integrate operational boundaries, optimise cost composition and leverage synergies.**

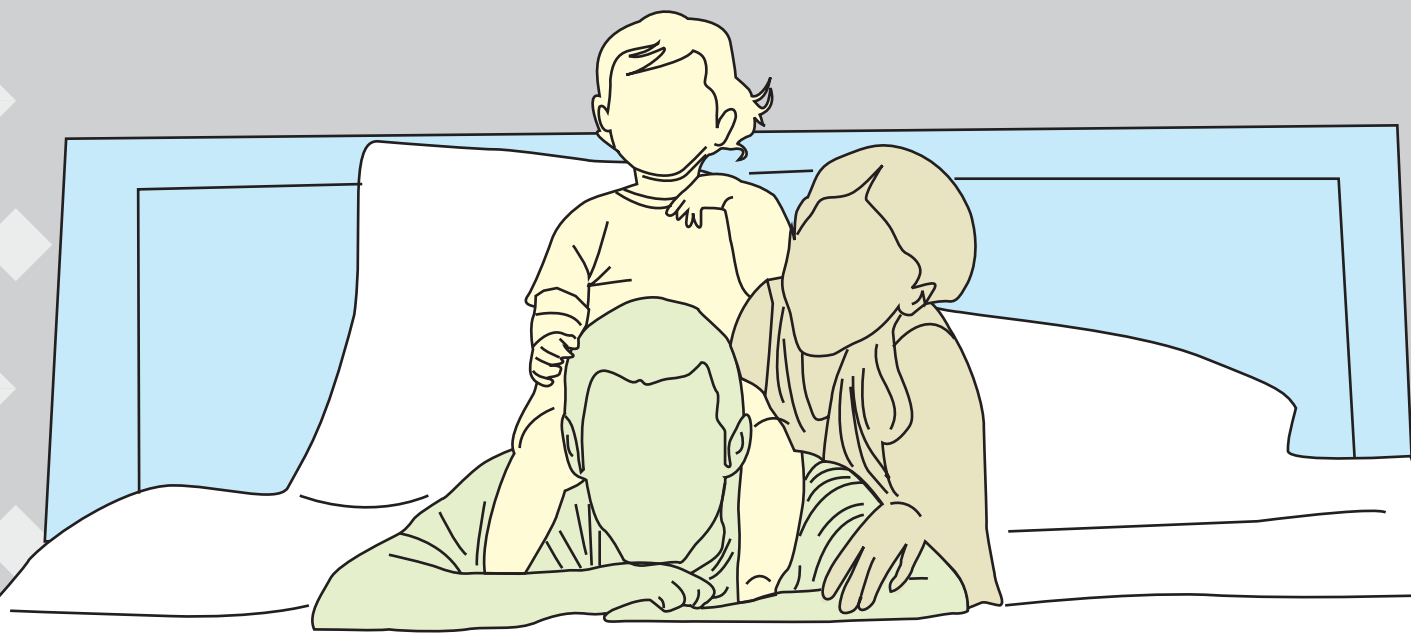
India's NBFC lending canvas is on the cusp of a significant transformation today, as efforts to universalise financial access progresses at a commendable pace. A fresh impetus to policy and regulatory initiatives by the Government and Reserve Bank of India (RBI), together with innovation in product design and delivery by financial institutions, has helped make significant inroads in the financial inclusion drive. New products are being designed to cater to the financial needs of low-income households, and delivery mechanisms are increasingly leveraging technology to enable low cost transactions.

The Government of India plays a key role in protection and promotion of the economic and social well-being of the economically weaker and marginalised sections

of society through various social security and welfare programmes. To maximise the outreach of these schemes and plug leakages in service delivery, the Government is relying on technological innovation and digital platforms to take these services to the doorstep of the poor.

These developments has encouraged us to shift our dimensional focus towards a 'credit-plus' approach by embracing newer technologies such as Core Business System (CBS), Mobile Application Technology, Customer Relationship Management (CRM) applications etc., all to translate culmination of these efforts to build a 'Happy Future' for us as well as our customers.

# THE PEOPLE PLAY – STEPPING STONE TO BUILD A ‘HAPPY FUTURE’





**In today's rapidly changing business environment, customer-centric approach and technological advancement to reach the farthest milestone can only become successful, if workforce of the organisation are truly inspired. We created soothing work environment in the organisation through encouraging transparency, recognising performance achievements, promoting innovation and re-investing in skill building amongst our people. Culmination of all these efforts has translated into enhanced camaraderie and enriched fellow feeling in our people – our human assets.**

At Shriram City we have diverse workforce; commensurate with the large geographical reach and ethnicities served over a long period of time. The varied socio-economic background of our people helps us to leverage their diverse skill sets to serve our customers better.

We provide object-oriented trainings to our workforce and always encourage them to attain newer skill sets through embracing newer technologies that transpires to give us benefits in the long run and ensure sustainability of our business.

We endorse the strategy of recognising people's skill and provide reward at every exemplary performance accomplishment to our star performers throughout the year.

We lay over a supportive and collaborative work environment that encourages better relationships between the manager and their subordinates. Also we recruit our talents locally to better leverage their knowledge about our customers that transforms into a long lasting relationship as we serve them better. We distribute work profiles that are commensurate with the skill sets of the employees. Culmination of all these efforts translate into reaping rich benefits in the long-term and thus, in turn, build a 'Happy Future' for all our stakeholders.



# PRODUCTS AND OFFERINGS

## Product portfolio (along with AUM breakup)

AUM as of March, 2018

**INR 27,461 crores**



- 5.29%** Auto
- 7.79%** Personal
- 12.29%** Gold
- 18.29%** Two-wheelers
- 56.34%** MSME



## Product strategies across business segments

### MSME Financing

- ◆ Follow cash-flow based lending model
- ◆ Relationship-led and community-driven approach to serve customers better in the rural and semi-urban area
- ◆ Decentralised branch empowerment and well-suited credit appraisal techniques along with local field force with intricate market knowledge and dedicated in-house team for pre-lending field investigation and appraisal
- ◆ Continued growth momentum in SME segment despite hurdles like demonetisation and compliance related challenges like change in NPA recognition norms and GST implementation
- ◆ Rolled out a template driven, standardised customer acquisition process for SME business translated into increased productivity and better lending quality

### Two Wheeler Loans

- ◆ Prime customers are self employed individuals in the rural and semi urban area
- ◆ Largest financier in two wheeler market in terms of volume
- ◆ Historically served the underserved market ensuring faster turnaround times
- ◆ Long lasting relationships with dealers and OEMs
- ◆ Growth potential from geographical expansion and deeper financing penetration

### Loan Against Gold

- ◆ Primarily loans given to individual customers
- ◆ Business is carried out of existing branches thus providing operating leverage and risk mitigation
- ◆ 12.29% of the AUM achieved with presence in only 5 states

### Personal Loans

- ◆ Loans primarily provided to existing customers with default free track record of repayments
- ◆ Implemented a vibrant cross sell model of products to provide better operating leverage to business enabling superior customer service resulting in 50% of the personal loans disbursement through this channel

### Auto Loans

- ◆ Provide gamut of loans to finance purchase of new and pre owned vehicles in the passenger car and commercial vehicle segments
- ◆ Provides loans for both three wheelers as well as four wheelers

### Home Loan

- ◆ Provide home loan services through our subsidiary Shriram Housing Finance Ltd. (SHFL)
- ◆ Registered as non-deposit accepting HFC with the National Housing Bank
- ◆ Caters largely to prospective home owners from tier II and tier III cities
- ◆ Focus on lower and middle income segments with average ticket size of under ₹ 10 lacs
- ◆ Operates through 83 branches and 34 sales offices across 17 states in India with 1098 employees



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### **Sri Debendranath Sarangi**

Chairman, Non Executive, Independent

### **Sri Duruvasan Ramachandra**

Managing Director and Chief Executive Officer, Executive, Non Independent

### **Sri Gerrit Lodewyk Van Heerde**

Director, Non Executive, Non Independent

### **Sri Khushru Burjor Jijina**

Director, Non Executive, Non Independent  
(resigned from the Board w.e.f. May 7, 2018)

### **Smt Maya S Sinha**

Director, Non Executive, Independent

### **Sri Pranab Prakash Pattanayak**

Director, Non Executive, Independent

### **Sri Ranvir Dewan**

Director, Non Executive, Non Independent

### **Sri Shashank Singh**

Director, Non Executive, Non Independent

### **Sri Subramaniam Krishnamurthy**

Director, Non Executive, Independent

### **Sri Venkataraman Murali**

Director, Non Executive, Independent

### **Sri Vipen Kapur**

Director, Non Executive, Independent

## COMPANY SECRETARY

### **Sri C R Dash**

## CORPORATE IDENTIFICATION NUMBER (CIN)

L65191TN1986PLC012840

## BANKS

Allahabad Bank ♦ Abu Dhabi Commercial Bank ♦ Andhra Bank ♦ Axis Bank Ltd  
♦ Bank of Baroda ♦ Bank of India ♦ Bank of Maharashtra ♦ Canara Bank ♦ Citibank N A  
♦ Catholic Syrian Bank Ltd ♦ Dena Bank ♦ Development Credit Bank Ltd ♦ Federal Bank  
♦ HDFC Bank Ltd ♦ The Hong Kong and Shanghai Banking Corporation ♦ ICICI Bank Ltd  
♦ IDBI Bank Ltd ♦ Indian Bank ♦ Indian Overseas Bank ♦ IndusInd Bank Ltd ♦ Kotak  
Mahindra Bank Ltd ♦ Karur Vysya Bank ♦ Oriental Bank of Commerce ♦ Punjab National  
Bank ♦ Standard Chartered Bank PLC ♦ State Bank of India ♦ State Bank of (Mauritius)  
Ltd ♦ Syndicate Bank ♦ The South Indian Bank Ltd ♦ Union Bank of India ♦ United Bank of  
India ♦ Vijaya Bank

## AUDITORS

### **G D Apte & Co.**

Chartered Accountants  
GDA House, First Floor  
Plot No 85, Bhusari Colony (Right)  
Paud Road, Pune 411 038

## INSTITUTIONS

Citicorp Finance (India) Ltd  
Small Industries Development Bank of  
India Limited (SIDBI)

## LISTED AT

BSE Limited  
National Stock Exchange of India Limited

## REGISTERED OFFICE

123, Angappa Naicken Street,  
Chennai - 600 001  
Phone No.: + 91 44 2534 1431

## SECRETARIAL OFFICE

No.144, Santhome High Road,  
Mylapore, Chennai 600 004  
Phone No.+ 91 44 43925300  
Fax No. + 91 44 43925430

## SHARE TRANSFER AGENTS

### **Integrated Registry Management Services Pvt Ltd**

2nd Floor, Kences Towers  
No. 1, Ramakrishna Street,  
Off North Usman Road, T. Nagar  
Chennai 600 017  
Phone No. + 91 44 2814 0801 - 03

## DEBENTURE TRUSTEES

### **IDBI Trusteeship Services Ltd**

Asian Building, Ground Floor  
17, R Kamani Marg, Ballard Estate  
Mumbai 400 001

### **Catalyst Trusteeship Ltd**

GDA House, First Floor  
Plot No 85, Bhusari Colony (Right)  
Paud Road, Pune 411 038



## STATUTORY REPORTS

- ◆ Report of the Board of Directors **24**
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# REPORT OF THE BOARD OF DIRECTORS

To,  
**The Members of Shriram City Union Finance Limited**  
**Dear Members,**

The Board of Directors ("Board") is pleased to present this 32<sup>nd</sup> Annual Report with the audited standalone and consolidated financial statements of the Company for the financial year ended March 31, 2018 ("Year"). The consolidated financial statements presented pursuant to section 129 (3) of the Companies Act 2013 ("Act") and Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") form a part of this Annual Report. The report on corporate governance, management discussion and analysis and other annexures referred to form a part of this Report.

## 1. FINANCIAL RESULTS

The summary of standalone and consolidated financial performance of the Company for the Year is as under.

₹ in crores

Particulars	Standalone		Consolidated	
	Year ended March 31,		Year ended March 31,	
	2018	2017	2018	2017
Revenue from operations	5,083.31	4,431.62	5,352.83	4,703.59
Other income	18.26	2.91	20.70	5.42
Total Revenue	5,101.57	4,434.53	5,373.53	4,709.01
Expenses				
- Employee benefit expenses	703.54	550.29	745.98	597.30
- Finance costs	1,667.71	1,534.42	1,781.08	1,652.32
- Depreciation and amortisation	33.26	34.62	35.19	35.71
- Provisions and write offs	1,053.71	910.53	1,071.82	938.28
- Other expenditure	625.57	551.03	676.36	588.54
Total expenses	4,083.79	3,580.89	4,310.43	3,812.15
<b>Profit before tax</b>	<b>1,017.78</b>	<b>853.64</b>	<b>1,063.10</b>	<b>896.86</b>
<b>Tax expenses</b>				
- Current tax	381.30	304.60	396.39	318.85
- Deferred tax	(28.24)	(7.02)	(26.99)	(6.56)
Tax expenses	353.06	297.58	369.40	312.29
Net Profit for the period	664.72	556.06	693.70	584.57
Minority interest	-	-	(6.59)	(6.49)
Profit after minority interest	664.72	556.06	687.11	578.08
Paid up equity share capital (Face value of ₹ 10/- per share)	65.97	65.94	65.97	65.94
Reserves (excluding revaluation reserves)	5,500.24	4,962.47	5,681.79	5,121.63
<b>Appropriations:</b>				
Profit available for appropriation	2,327.29	1,891.20	2,400.21	1,946.21
Transfer to general reserve	66.48	55.61	66.48	55.61
Transfer to statutory reserve	132.96	111.22	137.43	115.70
Transfer to debenture redemption reserve	20.60	22.47	2060.00	22.47
Dividend paid on equity shares of ₹ 10/- each fully paid-up				
Year 2017 - 18 : Interim ₹ 6.00,	39.58	-	39.58	-
Year 2016 - 17 : Final ₹ 10.00	65.95		65.95	
Year 2016 - 17 : Interim ₹ 5.00		32.97		32.97
Corporate dividend tax	21.48	6.35	21.48	6.35
Net surplus in the statement of profit and loss	1,980.25	1,662.57	2,048.71	1,713.11
Earning per share				
Basic (₹ not annualised)	100.79	84.34	104.18	87.68
Diluted (₹ not annualised)	100.71	84.24	104.11	87.58

Loans, guarantees and investments covered under section 186 of the Act form a part of the Annual Financial Statements provided in this Annual Report. There were no material changes and commitments affecting financial position of the Company occurring between March 31, 2018 and the date of this report.

## REPORT OF THE BOARD OF DIRECTORS (Contd.)

### 2. APPROPRIATION AND TRANSFER TO RESERVE

Board proposes to transfer amounts mentioned in the above table stating financial results to different reserve in compliance with the requirements of regulations of Reserve Bank of India ("RBI") and the Act.

### 3. DIVIDEND

The Board had formulated Dividend Distribution Policy as required under LODR. This policy is attached as Annexure -13 and is displayed on the website of the Company [https://www.nseprimeir.com/z\\_SHRIRAMCIT/pdf\\_files/Dividend\\_Distribution\\_Policy.zip](https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/Dividend_Distribution_Policy.zip). It was inadvertently missed to disclose Dividend Policy of the Company ("Policy") in the Annual Report 2016-17. An addendum to this effect along with the policy had been sent to the shareholders. The Policy continues to be displayed since the date of its approval on the web site of the Company. Dividends are recommended and paid in line with the Dividend Distribution Policy of the Company. The dividend declared/ recommended are as under. The final dividend for the Year proposed, if approved would be paid to the members, whose names appear on the register of members as on the record date for payment of dividend for the Year.

Dividend on equity shares of ₹ 10 each	No of Shares	Per share (₹)	Amount (₹ in crores)	Tax (₹ in crores)	Total outflow (₹ in crores)	Date of payment
Interim (FY 2017-18)	65,958,377	6.00	39.58	8.06	47.64	November 23, 2017
Proposed Final (FY 2017 -18)	65,965,762	12.00	79.16	16.27	95.43	
<b>Total</b>		<b>18.00</b>	<b>118.74</b>	<b>24.33</b>	<b>143.07</b>	
Interim (FY 2016-17)	65,937,557	5.00	32.97	6.71	39.68	November 18, 2016
Final (FY 2016-17)	65,943,402	10.00	65.94	13.43	79.37	July 20, 2017
<b>Total</b>		<b>15.00</b>	<b>98.91</b>	<b>20.14</b>	<b>119.05</b>	

The Register of Members and Share Transfer Books will remain closed from July 19, 2018 to July 25, 2018 (both days inclusive) for the purpose of final dividend for the Year and for 32<sup>nd</sup> Annual General Meeting ("AGM") scheduled to be held on July 25, 2018.

### 4. CONTRACTS OR ARRANGEMENT WITH RELATED PARTY AND ANNUAL RETURN

All the transactions during the Year with related parties referred to in Section 188 (1) of the Act, were on arm's length basis or were in ordinary course of business or with omnibus approval of the Audit and Risk Management Committee. The Company has formulated a policy on related party transactions approved by the Audit and Risk Management Committee and the Board, which is displayed on the web site of the Company at [https://www.nseprimeir.com/z\\_SHRIRAMCIT/pdf\\_files/RELATED\\_PARTY\\_TRANSACTION\\_POLICY.zip](https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/RELATED_PARTY_TRANSACTION_POLICY.zip). The particulars of contracts or arrangements with related parties as referred in section 188(1) of the Act is attached to this Report in prescribed form AOC - 2 as Annexure - 5. The details of and transactions with the related parties as required under Regulation 34(3) and 53(f) of the LODR appear in note no. 26 of the notes to financial statements. The Audit and Risk Management Committee, during the Year, approved the related party transactions requiring its approval. There were no material related party transaction during the Year. The extract of the Annual Return in the form MGT - 9 as required under Section 92 (3) and 134 (3) of the Act is attached to this Report as Annexure - 6

Finance, Two wheeler loans, Loan against Gold, Auto Finance, Personal loans etc. Our customer centric approach continues to bring us higher business. 2.28 lakhs number of customers were added during the Year. Total number of customers and total number of branches/ business outlets were 38.80 lakhs and 969 respectively as on March 31, 2018.

During the Year, the total disbursements of loans under different products were ₹ 24,922 crores (2016-17 : ₹ 22,355.64 crores). Income from operations for the Year grew by 15.56% percent to ₹ 5,083 crores and the same resulted in a profit before tax of ₹ 1,017.78 crores for the Year (2016 -17 : ₹ 853.64 crores). As at March 31, 2018 the total assets under management stood at ₹ 27,461 crores (March 31, 2017 : ₹ 23,132.00 crores).

During the Year, the total consolidated disbursements of loans under different products were ₹ 25,680.69 crores (2016-17 : ₹ 23,320.24 crores). Consolidated Income from operations for the Year grew by 13.80% percent to ₹ 5,352.82 crores (2016 -17 : ₹ 4,703.59 crores) and the same resulted in a profit before tax of ₹ 1,063.10 crores for the Year (2016 -17 : ₹ 896.87 crores). As at March 31, 2018 the consolidated assets under management stood at ₹ 29,246.48 crores (March 31, 2017 : ₹ 24,906.96 crores).

Lending requires borrowing by the Company through different methods i.e. private placement of non-convertible debentures ("NCDs") with banks / institutions, Fixed deposits, commercial papers and borrowings from banks/ financial institutions. The summary of borrowings by the Company is as under.

₹ in crores

During the Year ended March 31,	Deposits	Privately placed NCDs	Public issue of NCDs	Term loans	Total
<b>2018</b>	1,295.03	1,585.00	-	4,445.00	7,325.03
2017	1,185.57	390.00	-	2,845.00	4,420.57

## REPORT OF THE BOARD OF DIRECTORS (Contd.)

In addition to the above, resources were mobilized through cash credit / working capital demand loans from banks. Balance outstanding on cash credit as on March 31, 2018 was ₹ 1,145.21 crores (March 31, 2017: ₹ 1,124.02 crores) & Working capital demand loans as on March 31, 2018 was ₹ 804 crores (March 31, 2017: ₹ 339 crores).

There were 11,256 number of deposits amounting to ₹ 137.77 crores which had matured for payment and were due to be claimed or renewed as on March 31, 2018. Subsequent follow-up for repayments/renewals resulted in the number reducing to 8,337 number of deposits amounting to ₹ 92.35 crores on the date of this report. There were no deposits which had matured and claimed, but were not paid by the Company. Steps are continuously taken to arrange for repayment/renewal of these unclaimed deposits.

The Company is required to be rated by any of the rating agencies in India for different kind of borrowings it makes and accordingly ratings were obtained by the Company. The ratings obtained are mentioned in note no. 50 to note to financial statements.

There are no significant and material orders passed by the regulators or courts or tribunals impact going concern status and company's operation in future.

During the Year, no frauds were detected. The status of frauds detected are reported in note no. 29 of the Notes to Accounts. The Audit and Risk Management Committee and the Board had discussed about the status of the existing frauds. The Company has formulated whistle blower and vigil mechanism policy for, in addition to other matters, bringing frauds to light by the whistle blowers.

### 6. CAPITAL, LISTING AND INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

During the Year, capital was raised only through allotment of shares on exercise of options under Employees Stock Options Scheme 2006. 22,360 no (2016 - 17 : 16,250) of equity shares were allotted to the eligible employees on exercise of their options under ESOP Scheme 2006. The ESOP Scheme titled SCUF ESOP Scheme 2013 as approved by the members in the Extraordinary General Meeting held on May 31, 2013 has not been implemented. The required disclosures on ESOP as on March 31, 2018 under SEBI Regulations are set out in Annexure - 7 to this report. The Company has received the certificate as attached in Annexure - 8 from the auditors of the Company certifying that the ESOP Scheme is implemented

in accordance with the SEBI Guidelines and in accordance with the resolution passed by the members. The details with respect to the unclaimed equity shares, maintained by the Company in dematerialised form, as required under Regulation 34 (3) read with schedule V of the LODR are as under.

	Particulars	No of equity share holders	No of unclaimed equity shares
1	Unclaimed equity shares as on April 1, 2017	32	3,500
2	Shares claimed by shareholders during the Year	3	75
3	Transfer of unclaimed equity shares to IEPF during the Year as per IEPF Rules	18	2875
4	Unclaimed equity shares as on March 31, 2018	11	550

The voting rights for the above said unclaimed equity shares shall remain frozen till the concerned shareholders claim the shares.

The listing fees to BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") for the Year were paid on time. The shares of the Company continue to be listed on BSE Ltd and National Stock Exchange of India Limited.

The Company transferred the following's to IEPF

₹ in crores				
Year	Dividend	Deposits	Debentures	Equity shares in nos.
2017-18	0.066	0.003	0.646	47,788
2016-17	0.055	-	0.464	-

In compliance with Section 124 (5) of the Act, the Company transfers the dividend that has remained unclaimed for a period of seven years from the date of its transfer to unpaid dividend account to Investor Education and Protection Fund ("IEPF"). An amount of ₹ 0.93 crores (2016-17: ₹ 0.83 crores) is lying in unpaid equity dividend account of the Company. The unpaid dividend till the end of the financial year 2009-10 has been transferred to IEPF. The Company shall, as

## REPORT OF THE BOARD OF DIRECTORS (Contd.)

provided under Section 124(6) of the Act, transfer all shares in respect of which unclaimed dividend has been transferred to IEPF. In compliance with section 125 (2) of the Act, matured deposits, matured debentures and interest accrued on these that had remained unclaimed or unpaid for a period of seven years from the date it became due for payment had been transferred to IEPF the details of the same are mentioned above. There will be no claim lie on the Company on account of dividend, debentures and deposits after the same is transferred to IEPF. However, the investors can claim refund from IEPF Authority by following the required process.

### 7. HUMAN RESOURCE

Human Resource is the vital organ of the Company. Constant development of skills and growth in career of employees make a strong bond of employees with the Company. The relations at all levels are guided by mutual respect, openness, honesty, co-operation and trust. During the Year, the Company enjoyed a cordial relation with employees with no unrest. The Company has formulated policy on prevention of sexual harassment of women employees in work place. The total employee strength of the Company as on March 31, 2018 was at 28,665 with 11,607 number of employees added during the Year. The information required pursuant to Section 197(12) of the Act read with Rule - 5 (1) and 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014 are attached as Annexure - 9 to this Report.

### 8. SUBSIDIARY AND CONSOLIDATED FINANCIAL STATEMENTS

Company's only subsidiary M/s Shriram Housing Finance Ltd (CIN - U65929TN2010PLC078004) ("SHFL") is a housing finance company registered entity with National Housing Bank ("NHB") (Registration Number-08.0094.11) with registered office at Chennai. Its equities are not listed on any stock exchange. SHFL has issued debt securities, which are listed on BSE. SHFL follows April to March as the financial year.

SHFL provides home loans, loans against property and finances housing projects. The CAGR of loan disbursement of SHFL over last five years was 34% with total disbursement during the Year being ₹ 758.5 crores. The total borrowings of SHFL as on March 31, 2018 stood at ₹ 1,446 crores, out of which ₹ 639 crores was from allotment of NCDs and the balance amount was from borrowings from Bank and National Housing Bank (NHB).

SHFL provides housing loans of larger mass consisting of self employed in the lower and middle income class in mostly Tier 2 and Tier 3 locations of the India with 83 branches. SHFL customer base increased to 11,304 (2016-17 : 9,647) with over 12,952 (2016-17 : 11,311) loans in its portfolio as on March 31, 2018.. The total employee strength of SHFL (2016-17 : 844) 1,098 as on March 31, 2018.

Consolidated financial statements of the Company prepared as per Section 129(3) of the Act and in compliance with applicable accounting standards and LODR are audited by the statutory auditors of the Company. The consolidated

financial statements along with the report of the auditors of the Company thereon are attached to this Report (Annexure - 17). Statement containing salient features of the financial statements for the Year in form AOC - 1 is attached to the financial statements of the Company.

The annual accounts, annual reports and the related detailed information on SHFL shall be made available to the shareholders of the Company and the shareholders of SHFL seeking such information at any point of time. In accordance with Section 136 of the Act, audited annual financial statements, consolidated financial statements and related information of the Company and the audited financial statements of SHFL are displayed on the web site of the Company at [https://www.nseprimeir.com/z\\_SHRIRAMCIT/files/SCUF\\_ANNUAL\\_REPORT\\_2017-18.zip](https://www.nseprimeir.com/z_SHRIRAMCIT/files/SCUF_ANNUAL_REPORT_2017-18.zip) and the same shall be kept at the respective Registered Office of the Company and SHFL for inspection by any shareholder during business hours. Shriram Capital Limited and SHFL continued as promoter and subsidiary of the Company respectively.

### 9. RBI GUIDELINES

The Company continues to comply with all applicable regulations of RBI. The details of registration with RBI appear on note no-1 to notes to the financial statements. A Progressive Management system was put in place and the progress of the same was reviewed at regular intervals. The Board confirms following of Corporate Governance standards prescribed by RBI. The information required to be reported under the regulations of RBI are reported in note no -28 to 52 and other notes of the notes to financial statements. The net worth of the Company was ₹ 5,419.70 crores (2016-17 : ₹ 4,932.05 crores). The Capital Adequacy and Reserve Ratio (CRAR) and Risk Weighted Assets as at March 31, 2018 were respectively at 21.37% ( 2016-17 : 23.88%) and ₹ 26,307.17 crores (2016-17 : ₹ 22,201.54 crores). The RBI prescribes the maintenance of CRAR 15 percent and above.

### 10. CORPORATE GOVERNANCE

The Company follows the corporate governance practices and standards prescribed under LODR, regulations of RBI and other regulations. Report on corporate governance as required under Regulation 34(3) of LODR together with a certificate for the purpose from the auditors of the Company confirming the compliance with the corporate governance are attached to this Report (Annexure - 2 ). As required under section 134 of the Act, the Company has got a risk management policy as required under Regulation 34(2)(e) and 34(3) of LODR, the Management Discussion and Analysis on the business of the Company is attached as Annexure - 3. As required under Regulation 17 (8) of the LODR, a compliance certificate, duly signed by the Managing Director & Chief Executive Officer and Chief Financial Officer on the financial statements of the Company for the Year, was submitted to the Board at their meeting



## REPORT OF THE BOARD OF DIRECTORS (Contd.)

held on April 26, 2018 (Annexure -4 ). The relevant provisions of the voluntary guidelines are adopted in the areas deemed appropriate.

### 11. BUSINESS RESPONSIBILITY REPORT ("BRR")

Regulation 34(2)(f) of the LODR requires top 500 listed entities based on market capitalisation as on March 31, 2016 to include BRR as a part of the Annual Report. The Company being one such entity, has included BRR in this Annual Report (Annexure - 14).

### 12. CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Company has constituted a CSR Committee consisting of three Directors including two Independent Directors as required under Section 135 of the Act. The details of the CSR Committee appear on the report on corporate governance. Annual Report on CSR activities as required under Rule 9 of the Companies CSR Policy Rules, 2014 of the Act is attached to this report as Annexure - 10 . The CSR policy of the Company as recommended by the CSR Committee, was reviewed and approved by the Board and is displayed on the website of the Company at [https://www.nseprimeir.com/z\\_SHRIRAMCIT/pdf\\_files/CORPORATE\\_SOCIAL\\_RESPONSIBILITY\\_\(CSR\)\\_POLICY.zip](https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/CORPORATE_SOCIAL_RESPONSIBILITY_(CSR)_POLICY.zip). During the Year, the Company undertook CSR Projects on health, education, skill development through implementing Agent. The spend on CSR amounting to ₹ 14.00 crores (2016-17 : ₹ 6.89 crores) during the Year was approved by the Board of the Company as recommended by the CSR Committee. The Board affirms that the CSR activities are implemented in accordance with CSR Policy.

### 13. BOARD AND COMMITTEES

The Company has optimum number of Directors and during the Year Board meet 4 times and interval between two meeting did not exceed 120 days. Members of the Board possess requisite knowledge and experience to steer the Company. The brief profile of each director appears on the website of the Company at [https://www.nseprimeir.com/pages\\_new/companyboardofdir.aspx](https://www.nseprimeir.com/pages_new/companyboardofdir.aspx). Details of meetings of the Board and committees held and the details about appointment, induction, training, retirement and resignation of Directors/KMPs during the Year are mentioned in the Corporate Governance report (Annexure - 1). The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board and General Meetings and dividend. The Board has Audit and Risk Management Committee ("ARMC") and Nomination and Remuneration Committee ("NRC") as specified under Section 177 and 178 of the Act respectively. As required under Section 149 (7) of the Act, the Company received necessary declaration from each independent director about his/her meeting the criteria of independence as laid down under the Act and LODR. A statement by the Managing Director confirming receipt of this declaration from each independent director of the Company is attached as

Annexure - 11. The Company received required deed of covenant and declaration during the Year from the Directors as required under regulations of RBI. The Board on the recommendation of NRC has formulated a policy for selection, appointment and remuneration of directors, senior management personnel as required under Section 178 (3) of the Act, the details of which appear in the Annexure - 13 and the same is displayed on the web site of the Company at [https://www.nseprimeir.com/z\\_SHRIRAMCIT/pdf\\_files/POLICY\\_ON\\_APPOINTMENT\\_REMUNERATION\\_AND\\_DIVERSITY\\_OF\\_BOARD.zip](https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/POLICY_ON_APPOINTMENT_REMUNERATION_AND_DIVERSITY_OF_BOARD.zip) . The Board carried out annual performance evaluation of its own, the Committees, Chairman of the Board and individual directors based on the criteria and frame work adopted by the Board. The outcome of such evaluation done during the Year was discussed by NRC and Board. Each Director has given his/her declaration to the Company for not holding any shares in the Company and having no relation inter se with any Director. New Independent Directors joining the Board attend training and familiarisation programme the details of which appear in Corporate Governance Report. As per provisions of the Act and Articles of Association of the Company, Sri Ranvir Dewan holding (DIN - 01254350) and Sri Shashank Singh holding (DIN - 02826978) will retire by rotation. Sri Ranvir Dewan and Sri Shashank Singh, being eligible, offers themselves for reappointment.

### 14. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Sections 134 (3) (c) and 134 (5) of the Act with respect to Directors' responsibility statement, the Directors of the Company hereby confirm, in the preparation of annual accounts for the Year that :

- (i) the applicable accounting standards have been followed and proper explanations have been made in notes to accounts for material departures, if any;
- (ii) the accounting policies have been selected and applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and statement of the profit and loss of the Company for the year ended on that date;
- (iii) proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.
- (v) internal financial controls to be followed were laid down, which were adequate and were operating effectively and
- (vi) proper systems had been devised to ensure compliance with provisions of applicable laws, which were adequate and were operating effectively

## REPORT OF THE BOARD OF DIRECTORS (Contd.)

### 15. AUDIT AND AUDITORS

The Company's Internal Audit department performs independent and objective assessment to monitor adequacy, effectiveness and adherence to the internal controls, processes and procedures instituted by the management and extant regulations. This function supports Company's role in safeguarding its assets. The function has adopted a Risk-based approach of Internal Audit (RBIA). The primary focus of the audit is on key risk areas, which are of substantial importance to the Company. The RBIA approach has been structured taking into account the RBI guidelines and established practices. The Internal Audit department reports to the Audit and Risk Management Committee. All audit reports are circulated to the relevant management teams and the Audit and Risk Management Committee of the Board. The Audit and Risk Management Committee regularly reviews the audit findings as well as the adequacy and effectiveness of the internal control measures.

The Company has documented its internal financial controls considering the essential components of various processes, physical and operational. This includes its design, implementation and maintenance along with periodical internal review of operational effectiveness and sustenance which are commensurate with the nature of its business and the size of its operations. This ensures orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention of errors, accuracy and completeness of the accounting records and the timely preparation of reliable financial information. The internal financial controls with reference to the financial statements were adequate and operating effectively.

The auditors of the Company M/s G.D. Apte & Co. Firm Registration No - 100515W Chartered Accountants ("GDA") have submitted to the members of the Company the attached Independent Auditors Reports for the Year on standalone financials and consolidated financials. Both the reports are unqualified, without any reservation or adverse remark or disclaimer and thus the Board does not have any explanation or comment. M/s P. Sriram & Associates, Company Secretaries in practice, Chennai appointed by the Company as the secretarial auditors pursuant to Section 204 of the Act have conducted audit and have submitted their report as attached in Annexure - 15 to the Members, which is unqualified, without any reservation or adverse remark or disclaimer. Therefore, Board does not have any explanation or comment on such Secretarial Audit Report. The Board has appointed M/s P.Sriram & Associates, Company Secretary in practice as secretarial auditor of the Company for the financial year 2018-19.

GDA was appointed by the members as the auditors of the Company from 32<sup>nd</sup> AGM till conclusion of 36<sup>th</sup> AGM of the Company. Section 139 of the Act requires ratification of such appointment by the members at each AGM. GDA have confirmed their eligibility and have communicated their willingness to continue as auditors. Necessary resolution for ratification of appointment of GDA as Auditors is proposed at the ensuing AGM.

### 16. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUT GO DURING THE YEAR

The information on conservation of energy, technology absorption, foreign exchange earnings and out go as stipulated under Section 134 (3) (m) of the Act read with Rule 8 of the Companies (Accounts) Rules 2014 are furnished below.

The operations of the Company are not energy intensive. However, adequate measures for conservation of energy, usage of alternate sources of energy and investments for energy conservation, wherever required have been taken. The Company has not absorbed any technology. There was foreign exchange earnings of ₹ 1.45 crores during the Year (2016 -17 : ₹ 1.20 crores ). There was no outgo of foreign exchange during the Year (2016 - 17 : Nil)

### 17. ACKNOWLEDGEMENT

The Board expresses its appreciation and gratitude for the guidance and cooperation extended to the Company by RBI, statutory authorities and regulators. The Board is thankful to the banks and financial institutions for their timely financial assistance and other facilities to the Company, which has helped the Company to cater the needs of the borrowers on timely basis. The Board acknowledges the guidance of M/s GDA to the Company. The Board records the commitment and dedication of employees. The Board is grateful to the shareholders, depositors, debenture holders and debt holders of the Company for their patronage.

For and on behalf of the Board of Directors

**Debendranath Sarangi**  
Chairman

Place: Chennai  
Date: April 26, 2018



# REPORT ON CORPORATE GOVERNANCE

## ANNEXURE 1

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :

The philosophy of the Company on Corporate Governance aims at enhancing the stake holders' value by efficiently conducting business, meeting obligation to stake holders by being guided by the principles of transparency, accountability, compliance with regulations and integrity.

### 2. BOARD OF DIRECTORS

#### 2.1 Composition and appointment

The composition of the Board of Directors of the Company ("Board") consist of optimum number of Executive, Non-Executive, Independent and Non Independent Directors to ensure independent functioning of the Board. Six out of eleven Directors, which is more than half of the number of members of the Board are Independent. The Independent Directors meet the criteria of independence specified in Regulation 16 (1) (b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") and meet the criteria for appointment formulated by the Nomination and Remuneration Committee ("NRC") as approved by the Board. NRC has formulated a Policy on Appointment, Remuneration and Diversity of Board (Annexure - 13), which is displayed on the web site of the Company at [https://www.nseprimeir.com/z\\_SHRIRAMCIT/pdf\\_files/POLICY\\_ON\\_APPOINTMENT\\_REMUNERATION\\_AND\\_DIVERSITY\\_OF\\_BOARD.zip](https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/POLICY_ON_APPOINTMENT_REMUNERATION_AND_DIVERSITY_OF_BOARD.zip). This ensures diversity of qualification, experience, expertise, gender and age of the Board. The appointment of

Directors is made through a transparent process as specified in the policy. Directors appointed are issued appointment letters. The formats of such appointment letter is displayed on the web site of the Company at [https://www.nseprimeir.com/z\\_SHRIRAMCIT/pdf\\_files/Terms\\_and\\_conditions\\_of\\_appointment\\_of\\_Independent\\_Directors.zip](https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/Terms_and_conditions_of_appointment_of_Independent_Directors.zip). Independent Directors were appointed for a fixed period of five years from the date of respective appointments and their appointments were approved by the members in respective meetings. Non Independent Directors were appointed as per provisions of law. On appointment, each Independent Director is familiarized with the Company, business, industry, roles and responsibilities, the details of which are displayed on the website of the Company at [https://www.nseprimeir.com/z\\_SHRIRAMCIT/pdf\\_files/Familiarisation\\_Programme\\_for\\_Independent\\_Directors.zip](https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/Familiarisation_Programme_for_Independent_Directors.zip). The Board Members possess the qualification, skill, experience and expertise with diversity of thoughts required to guide the Company. The details of present Board are mentioned in the table.

The Nomination and Remuneration Committee works with the Board on succession planning of the Board and Management team. By integrating manpower planning with financial planning, necessary financial and human resources are put in place to achieve the objectives.

Para C (2) (f) of Schedule V of LODR requires all Directors to

## REPORT ON CORPORATE GOVERNANCE

### ANNEXURE 1 (Contd.)

#### 2.1 Composition and appointment (Contd.)

##### DETAILS OF DIRECTORS

S No	Name of the Director	DIN	Cate- gory of Direc- torships	Position	Chairman- ship of Commit- tees	Members- hip of Commit- tees	BMs at- tended	ALCO Meetings attended	ARMC Meet- ings attend- ed	BSMC Meet- ings attend- ed	CSR Meet- ings attend- ed	NRC Meet- ings attend- ed	SRC Meet- ings attend- ed	IDM at- tended	AGM #	*	**	***	Remunera- tion (₹ in crores)
1	Sri Debdranath Sarangi	01408349	NE I	Chairman	-	CSR, NRC	7	-	-	-	3	4	-	1	Present	4	2	-	0.07
2	Sri Duruvasan Ramachandra	00223052	E NI	MD and CEO	BSMC	ALCO	7	4	-	61	-	-	-	-	Present	1	2	-	0.598
3	Sri Gerrit Lodewyk Van Heerde	06870337	NE NI	Director	-	NRC	4	-	-	-	-	3	-	-	Not Present	1	-	-	-
4	Sri Khushru Burjor Jijina	00209953	NE NI	Director	-	NRC	2	-	-	-	0	-	-	-	Not Present	16	2	-	-
5	Smt Maya S Sinha	03056226	NE I	Director	CSR	CSR, SRC	7	-	-	-	3	-	4	1	Present	9	-	-	0.054
6	Sri Pranab Prakash Pattanayak	00506007	NE I	Director	ALCO	ARMC	5	4	4	-	-	-	-	1	Not Present	1	-	-	0.06
7	Sri Ranvir Dewan	01254350	NE NI	Director	-	ARMC	4	-	3	-	-	-	-	-	Present	2	-	-	-
8	Sri Shashank Singh	02826978	NE NI	Director	-	-	7	-	-	-	-	-	-	-	Present	3	1	-	-
9	Sri Subramaniam Krishnamurthy	00140414	NE I	DIRECTOR	SRC	ARMC	7	-	4	-	-	-	4	1	Present	3	2	-	0.0665
10	Sri Venkataraman Murali	00730218	NE I	Director	ARMC	SRC	7	-	4	-	-	-	4	1	Present	3	1	1	0.0665
11	Sri Vipin Kapur	01623192	NE I	Director	NRC	SRC	5	-	-	-	-	4	3	1	Present	4	1	-	0.0555

BM - Board Meeting; ALCO - Asset Liability Management Committee; ARMC - Audit and Risk Management Committee; BSMC - Banking and Securities Management Committee; CSR - Corporate Social Responsibility Committee; NRC - Nomination and Remuneration Committee; SRC - Stakeholders Relationship Committee; IDM - Independent Directors Meeting; AGM - Annual General Meeting

Sri Ramasubramanian Chandrasekar and Sri Y S Chakravarti are members of the ALCO and BSMC but not members of the Board

Non - Executive ("NE"), Executive ("E"), Non Independent ("NI"), Independent ("I"), Managing Director and Chief Executive Officer ("MD and CEO")

**\*Number of directorships held in other companies** (include their directorships, alternate directorships in public limited companies, whether listed or not, private companies that are either holding or subsidiary companies of public limited companies). **\*\*Membership of the Committees of the Board of Directors of other companies.** **\*\*\*Chairmanship of the Committees of the Board of Directors of other companies.** The memberships/ chairmanships mentioned above is only with respect to audit committee and shareholders'/investors' grievance committee in all public limited companies in India whether listed or not.

**Remuneration :** All Directors except Managing Director and Chief Executive Officer is paid sitting fees. For MD and CEO it is salary and other perquisites as per terms of his appointment

## REPORT ON CORPORATE GOVERNANCE

### ANNEXURE 1 (Contd.)

declare their holding of equity shares or convertible instruments during the Year in their name or on beneficial basis by them in the Company and accordingly all Directors have declared no such holding by them. All Directors have made declaration about their category of directorships in the Company at the time of their appointment and make this declaration annually. All such annual declarations for the Year were placed before the Board Meeting ("BM") held on April 26, 2018. None of the Directors is related inter se in terms of 'relative' defined under the Act. Monitoring and managing misuse of Company's assets, potential conflicts of interest of management, board members and shareholders, and abuse in related party transactions are done by the Board on quarterly basis.

#### 2.2 Board process

BM takes place at least once in each quarter to review, in addition to other matters, the performance and financial results. In each meeting of the Board and the Committees, wherever required, presentations on the operations, financial results, strategy, risk management, human resource are made by the management team. Additional BM are held by giving appropriate notice to address the specific needs of the Company. The maximum time gap between two BMs does not exceed 120 days. The dates of BMs for the next financial year are decided in advance. Notice of each BM is given to each Director well in advance. In addition to Directors and Senior Management team, persons who can give insight to respective subjects are invited to the BMs. The notice and agenda of each BM is given in writing to each Director in advance of the BM. In special and exceptional circumstances, additional or supplementary item(s) is/are permitted. The non-executive Chairman and Company Secretary draft the agenda for each BM in consultation with MD and CEO and CFO. Inputs are taken from Directors also. The Agenda are circulated to all the Directors in advance. Where it is not practicable to attach any document to the agenda of BM, the same is tabled at the BM. In cases of business exigencies or urgent matters, resolutions are passed by circulation. The information as per the requirement of corporate governance norms are made available to the Board including the information as mentioned in regulation 17 (7) of LODR. The Board is also free to take up any matter for discussion in agreement of specified number of Directors and in consultation with the Chairman. The important decisions taken in the BM are communicated to the concerned department of the Company and an action taken report is placed at each BM. The Board has complete access to all the information and employees of the Company.

All the deliberations and decisions occurring in every BM

are entered in the minute book. The draft minutes are circulated within specified time to the members of the Board and suggestion for changes are suitably incorporated in the minutes and the minutes are signed by the chairperson of the same meeting or by the chairperson of the succeeding meeting within the specified time line. The minutes of the BM are circulated to all the members of the Board.

The process specified above for BMs are followed for the meetings of all the Committees constituted by the Board as far as practicable. The minutes of the meetings of the Committees are placed before the BM for discussion and noting. The minutes of the subsidiary company of the Company are placed before the BM on quarterly basis. The performance evaluation of all independent directors is done by the entire Board excluding the concerned independent director based on the criteria of performance evaluation laid down by the NRC. The criteria of performance evaluation of independent directors as laid down by the NRC is attached as Annexure - 13.

#### 2.3 Functioning of the Board

The Board is the apex body constituted by share holders for overseeing the overall functioning of the Company. The day to day affairs of the Company is managed by senior management team headed by the Managing Director and Chief Executive Officer, who functions under the overall direction, supervision, and control of the Board. The Board reviews and guides strategies, plans, risk management, budgets, setting performance objectives and monitors implementation and corporate performance. The Board monitors the effectiveness of the Company's governance practices, disclosure practices, communication process and compliance with regulatory requirements. Board has delegated some of its power to different Committee(s) constituted by it. The Committees are constituted with defined terms of reference and named accordingly. The Board thus exercises close control over the functioning of the Company with a view to enhancing the stakeholder value. The Board periodically reviews the compliance by the Company of all applicable laws, as well as steps taken by the Company to rectify non compliance, if any. Independent Directors play an important role in the governance process of the Board.

#### 2.4 Board meetings and attendance of Directors

Seven BMs were held during the Year - on May 2, 2017, May 25, 2017, June 30, 2017, July 8, 2017, August 1, 2017,

## REPORT ON CORPORATE GOVERNANCE

### ANNEXURE 1 (Contd.)

November 2, 2017 and January 25, 2018 and the time gap between the two BMs did not exceed 120 days during the Year. The attendance and other relevant details of each Director are mentioned in table 2.1

None of the Directors is a member of more than 10 Committees and Chairman of more than 5 Committees across all listed entities as required under regulation 26 (1) of LODR. All the Directors have made requisite disclosures to the Company regarding their directorship and Committee positions in other Companies. The quorum for the BMs is as per provisions of law. In addition to the members of the Board, senior management team and persons who can give insight to different subjects attain the BMs. Participation in BMs through video/telecalling facilities are also provided. Committees generally meet before the BMs every quarter. As far as possible, same process is followed for committees as BMs.

#### 2.5 Meeting of Independent Directors

A meeting of Independent Directors was held on November 2, 2017 as required under Regulation 25 (3) of the LODR and Schedule IV of the Act to discuss the matters specified therein. All Independent Directors were present in the meeting.

#### 2.6 Code of Conduct for Directors and senior management

The Board has laid down "Code of Conduct for Board Members and Senior Management" ("Code") for the members of the Board and for designated senior management personnel as required under regulation 17 (5) of the LODR. The Code is displayed on the web site of the Company at [https://www.nseprimeir.com/z\\_SHRIRAMCIT/pdf\\_files/CODE\\_OF\\_CONDUCT\\_BOARD\\_MEMBERS\\_AND\\_SENIOR\\_MANAGEMENT.zip](https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/CODE_OF_CONDUCT_BOARD_MEMBERS_AND_SENIOR_MANAGEMENT.zip) All the Board members and the designated senior management personnel affirmed compliance with the Code. A declaration to this effect signed by the Managing Director and CEO is attached as Annexure - 12

#### 2.7 Remuneration of Directors

The remuneration of the Directors is governed by the policy of the Company named "Policy on Appointment, Remuneration and Diversity of Board" displayed on the web site of the Company [https://www.nseprimeir.com/z\\_SHRIRAMCIT/pdf\\_files/POLICY\\_ON\\_APPOINTMENT\\_REMUNERATION\\_AND\\_DIVERSITY\\_OF\\_BOARD.zip](https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/POLICY_ON_APPOINTMENT_REMUNERATION_AND_DIVERSITY_OF_BOARD.zip)

[nseprimeir.com/z\\_SHRIRAMCIT/pdf\\_files/POLICY\\_ON\\_APPOINTMENT\\_REMUNERATION\\_AND\\_DIVERSITY\\_OF\\_BOARD.zip](https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/POLICY_ON_APPOINTMENT_REMUNERATION_AND_DIVERSITY_OF_BOARD.zip) Non Executive Independent Directors get sitting fees for each of the meeting attended as under.

Name of Committee/Board	Sitting Fee Amount (in ₹) per meeting
BM, ARM, NRC, IDM	50,000
CSR, General Meetings	25,000
SRC	10,000

The Managing Director and CEO of the Company is paid remuneration as per terms of his appointment. No other remuneration is paid to the Directors except sitting fees. No member of the Board is granted stock options. The sitting fees / remuneration paid to the directors during the Year are given in table 2.1

### 3. COMMITTEES OF THE BOARD

The Board has constituted different committees as per guidelines set out in regulation 18, 19, 20, 21 and other applicable regulations of LODR, RBI regulations, the Act and as required for business purposes. The Board defines terms of reference, appoints members and chairperson and make any changes thereof of each committee. The committees constituted by the Board are Asset Liability Management Committee, Audit and Risk Management Committee Banking & Securities Management Committee, Corporate Social Responsibility Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee. Brief terms of reference and number of meetings of the committees held during the Year are provided below.

#### 3.1. Asset Liability Management Committee

This Committee was constituted as required under RBI notification no. DNBS. (PD).CC No. 15/02.01./2000-2001 dated June 27, 2001 applicable to Non-Banking Finance Companies.

##### 3.1.1 Brief terms of reference

Formulate, review monitor and recommend Policy on Investment, Asset-Liability Management, Private Placement of NCDs, Securitisation, Interest Rate Approach and Gradation of Risk and other related matters, Formulation of business strategy in line with the Budget, Provide frame work for measuring, monitoring and managing assets liabilities, interest risk, liquidity risk, business risk

# REPORT ON CORPORATE GOVERNANCE

## ANNEXURE 1 (Contd.)

and other risk, decide risk management objectives and ensuring adherence to the limits set by the Board, monitor the asset liability gap. An Executive of the Secretarial Department or Company Secretary of the Company acts as the Secretary for the Committee.

### 3.1.2 Composition, Meetings & Attendance

During the Year, the Committee met 4 times on May 2, 2017, August 1, 2017, November 2, 2017 and January 25, 2018. The attendance is given in the table 2.1

### 3.2 Audit And Risk Management Committee

The Audit and Risk Management Committee has been constituted as per Section 177 of the Act, regulation 18 and 21 of the LODR and regulation of the RBI

#### 3.2.1 Brief description of the terms of reference

Review financial reporting process, financial conditions, financial statements, results of operations and ensure financial statements are correct, sufficient and credible, Review internal control and its adequacy, financial controls, risk management systems, risk assessment reports, management letters, audit report, Recommend appointment, re-appointment, terms of appointment/ reappointment and remuneration of statutory auditors and review performance and independence of auditor, review effectiveness of audit process, adequacy and structure of internal audit, internal audit report, investigation report and follow up action thereon, , Review repayment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors and scrutiny of inter-corporate loans, inter corporate investments and if necessary valuation of assets or undertaking, review and recommend monitor different policies including Risk Management Policy and formulate Related Party Transaction ("RPT") Policy and approve RPTs as required, approve appointment of Chief Financial Officer (CFO) and Seek information from employees, obtain legal or professional advice. The Company Secretary of the Company acts as the Secretary for the Committee.

#### 3.2.2 Composition Meetings & Attendance

The Committee met 4 times during the Year on May 2, 2017, August 1, 2017, November 2, 2017 and January 25, 2018. Attendance is presented in the table 2.1.

### 3.3 Banking & Securities Management Committee

The Banking and Securities Management Committee is formed for the purpose of banking, borrowing, securities management and other day-to-day business requirement purposes. There were 61 meetings held during the Year. Attendance is given in the table 2.1.

### 3.4 Corporate Social Responsibility Committee

The Corporate Social Responsibility ("CSR") Committee was constituted as required under section 135 of the Act.

#### 3.4.1 Brief description of the terms of reference

Formulate, implement, monitor CSR Policy of the Company, recommend the amount of expenditure and report utilisation of money on CSR projects/programs/ activities and approve CSR projects, all the activities thereto and expenditure thereon. An executive of Secretarial Department or the Company Secretary shall act as the secretary to the Committee.

#### 3.4.2 Composition, Meetings & Attendance

The Committee met 3 times during the Year on May 2, 2017, August 1, 2017 and January 25, 2018. Attendance is given in the table 2.1.

### 3.5 Nomination And Remuneration Committee

This Committee has been formed as per Section 178 of the Act, regulation 19 of the LODR and regulations of RBI.

#### 3.5.1 Brief description of terms of reference :

Identify fit and proper persons to be directors/ members of senior management and should such a need arise, recommend removal of director from the Board, Performance evaluation of directors, Board and Committee on an annual basis, Scrutiny of the declarations/undertakings by the Directors, Formulation of the attributes for fit & proper person and independence of directors, Remuneration of directors and key managerial personnel ("KMP"), Management of employee talent, welfare, incentive scheme and stock option scheme. An Executive of the Secretarial Department or Company Secretary of the Company shall act as the Secretary for the Committee.

#### 3.5.2 Composition, Meetings and attendance:

The Committee met 3 times during the Year on May 2, 2017, May 2, 2017, August 1, 2017 and November 2, 2017. The composition of the Committee and their attendance are given in table 2.1.

## REPORT ON CORPORATE GOVERNANCE

### ANNEXURE 1 (Contd.)

#### 3.6 Stakeholders Relationship Committee

The Committee has been constituted as per Section 178 of the Act, regulation 20 of the LODR and regulations of RBI. The Committee looks into redressal of grievances of shareholders, debenture holders, other security holders.

##### 3.6.1 Brief description of terms of reference:

Investor/customer services/relations and resolution of grievances, Issue and listing of securities, Investor Education and Protection Fund ("IEPF") matters, Review of security holding patterns, Monitor Code of Conduct for Insider Trading. The Company Secretary of the Company acts as the Secretary for the Committee.

##### 3.6.2 Composition Meetings & Attendance :

The Committee had met 4 times during the Year on May 2, 2017, August 1, 2017, November 2, 2017 and January 25, 2018. The composition of the committee and the attendance are given in table 2.1. The Company has not received any complaint from the shareholder during the Year and no complaint was pending as on March 31, 2018.

#### 4 SUBSIDIARY COMPANY

M/s Shriram Housing Finance Limited, CIN : U65929TN2010PLC078004 ("SHFL") is the only subsidiary of the Company. SHFL is managed by its Board of Directors. Since, SHFL is an unlisted non material subsidiary, the Company is not required to nominate one of its independent directors on the Board of SHFL. However, the Board has nominated Sri Venkataraman Murali, an independent director of the Company as a director on the Board of SHFL. The financial statements, in particular the investments made by SHFL are reviewed by ARMC of the Company. The minutes of the meetings of BM and ARM of SHFL are placed before the BM and ARMC of the Company quarterly. A statement containing all the significant transactions and arrangements entered into by SHFL is placed before BM. The Policy on Material Subsidiaries and Events is available at the website at [https://www.nseprimeir.com/z\\_SHRIRAMCIT/pdf\\_files/POLICY\\_ON\\_MATERIAL\\_SUBSIDIARY\(IES\)\\_AND\\_EVENTS.zip](https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/POLICY_ON_MATERIAL_SUBSIDIARY(IES)_AND_EVENTS.zip)

#### 5 RELATED PARTY TRANSACTIONS

Related party is determined based on Section 188 of the Act, regulation 23, Part A of Schedule V and other applicable regulations of the LODR and applicable accounting standard. The ARMC of the Company has formulated a policy on RPTs, which is displayed on the web site of the Company at [https://www.nseprimeir.com/z\\_SHRIRAMCIT/pdf\\_files/RELATED\\_PARTY\\_TRANSACTION\\_POLICY.zip](https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/RELATED_PARTY_TRANSACTION_POLICY.zip). The RPTs are reported to the ARMC and the Board on quarterly basis. Approval of ARMC and the Board are taken in required cases. There were no material RPTs during the Year. RPTs are reported in Note No. 26 of the Notes to financial statements.

#### 6 SHARE HOLDER INFORMATION AND DISCLOSURES

##### 6.1 Corporate

The Company was incorporated on March 27, 1986 as Shriram Hire-Purchase Finance Private Limited with Registrar of Companies, Tamil Nadu, Chennai and got fresh certificate of incorporation consequent to change of name to Shriram City Union Finance Limited with effect from April 10, 1990. The Company made an initial public offering in December, 1994. The corporate identification number (CIN) allotted to the Company by Ministry of Corporate Affairs (MCA) is L65191TN1986PLC012840. The Company is registered as a Non Banking Finance Company ("NBFC") with RBI with registration number - 07-00458. The equity shares of the Company are listed in M/s BSE Ltd ("BSE") and M/s National Stock Exchange of India Limited ("NSE").

##### 6.2 Reappointment of Directors

One third of the Directors liable to retire by rotation, retires by rotation and if eligible seek reappointment at AGM. At the 32<sup>nd</sup> AGM, Sri Ranvir Dewan (DIN - 01254350 and Sri Shashank Singh (DIN - 02826978) will retire by rotation at the 32<sup>nd</sup> AGM. The notice of the 32<sup>nd</sup> AGM states details about the re-appointment of above named Directors.



## REPORT ON CORPORATE GOVERNANCE

### ANNEXURE 1 (Contd.)

#### 6.3 General body meetings / Postal Ballots

The date, time and venue of last three AGMs held and special resolutions passed thereat are as follows. No Extraordinary General Meetings ("EGMs") was held during the last three years.

Year ended March 31	AGM	Location	Date	Time	Special Resolutions passed
2015	29th AGM	#	July 28, 2015	10.00 am	*
2016	30th AGM	#	July 28, 2016	10.00 am	**
2017	31st AGM	#	June 30, 2017	10.00 am	***

#Narada Gana Sabha (Mini Hall) No 314 (Old No 254) T T K Road, Alwarpet Chennai -600 018

\* Increase in borrowing powers under section 180 (1) (c) of the Act for an amount not exceeding ₹ 30,000 crores, private placement of securities, adoption of new set of Articles of Association replacing existing Articles of Association, non-implementation and discarding of SCUF Employee Stock Option Scheme 2008.

\*\* Borrowing powers under section 180 (1) (c) of the Act for an amount not exceeding ₹ 30,000 crores, private placement of securities and alteration of Articles of Association of the Company.

\*\*\* Borrowing powers under section 180 (1) (c) of the Act for an amount not exceeding ₹ 30,000 crores and private placement of securities.

The following special resolutions were passed under Section 180 (1) (a) of the Act through postal ballot for creation of security on the assets/ receivables of the Company and for securitisation.

Type of voting	Votes casted in favour			Votes casted against			Date of declaration of results
	No of shareholders	No of votes	Percentage of votes	No of shareholders	No of votes	Percentage of votes	
E	58	41,743,594	97.01	14	1,286,011	2.99	July 28, 2015
PBF	166	1,281,551	99.94	9	553	0.04	
E	72	49,904,913	92.14	32	4,246,650	7.84	July 28, 2016
PBF	72	9,777	0.02	7	292	0.00	

Electronic ("E") and Postal Ballot Forms ("PBF")

Sri P Sriram, M/s P. Sriram & Associates, Company Secretaries in practice was appointed as the scrutinizer for carrying the process of postal ballot in fair and transparent manner.

All business set out in the notice of 32<sup>nd</sup> AGM shall be conducted through remote e-voting in compliance with sections 108, 110 and other applicable Sections of the Act, relevant rules and regulation 44 (3) of the LODR provided by the Company through CDSL. The notice of postal ballot and the notice of 32<sup>nd</sup> AGM states the process of respective voting. The voting rights are based on the number shares of the Company held by the member on the cut-off date. The scrutinizer appointed by the Board shall submit his report on results of the respective voting to the Chairman after completion of his scrutiny within permissible time. The facility of voting shall be made available at the 32<sup>nd</sup> AGM with the assistance of scrutinisers for the members, who have not casted their votes through remote e-voting.

#### 6.4 Materially significant related party transactions

During the Year, there were no materially significant RPTs entered into, which were in potential conflict with the interest of the Company at large. The details of RPTs are presented in note no 26 of the financial statements attached hereto.

#### 6.5 Accounting treatment

The Company follows the accounting treatment as prescribed in accounting standard and the details of same appear in financial statements and notes to accounts of this annual report.

#### 6.6 Risk management

This annual report has got a detailed chapter on management discussion and analysis on risk management (Annexure No. - 3 ), which states about management of risk. The Company has got a Risk Management Policy and the risk management is reviewed by ARMC of the Company on quarterly basis.

#### 6.7 Details of non-compliance and penalties, strictures imposed

There were no instances of non-compliance by the Company on any matter relating to capital market during last three Years. No penalties, strictures were imposed on the Company by stock exchanges or SEBI or any other statutory authority (ies) last 3 years.

## REPORT ON CORPORATE GOVERNANCE

### ANNEXURE 1 (Contd.)

#### 6.8 Whistle Blower, Vigil Mechanism and Prohibition of Insider Trading

The Company promotes ethical behaviour in all its business activities. Accordingly, the Company has formulated "Whistle blower and Vigil Mechanism Policy" in line with regulation 22 of the LODR and RBI regulations for employees to report concerns about unethical behaviour providing for adequate safeguard against victimisation of directors/employees, who avail of the mechanism. This policy is disclosed in the web site of the Company at [https://www.nseprimeir.com/z\\_SHRIRAMCIT/pdf\\_files/WHISTLE\\_BLOWER\\_AND\\_VIGIL\\_MECHANISM\\_POLICY.zip](https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/WHISTLE_BLOWER_AND_VIGIL_MECHANISM_POLICY.zip). No person has been denied access to the ARMC. The Company has formulated -Code for Fair Disclosure and Conduct-, which is displayed on the web site of the Company at [https://www.nseprimeir.com/z\\_SHRIRAMCIT/pdf\\_files/CODE\\_FOR\\_FAIR\\_DISCLOSURE\\_AND\\_CONDUCT.zip](https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/CODE_FOR_FAIR_DISCLOSURE_AND_CONDUCT.zip).

#### 6.9 Audit of Reconciliation of share

Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 mandates for audit of reconciliation of share capital. Accordingly, this audit for reconciliation of share capital admitted with National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Ltd ("CDSL") with the total issued and listed capital were carried out on a quarterly basis during the Year by M/s P.Sriram & Associates, PCS appointed by the Board. The audit reports did not have any adverse comment and the same were submitted quarterly to BSE and NSE within stipulated time.

#### 6.10 Means of communication

The Company communicated with shareholders and investors through multiple channels of communications such as individual letters, publication in newspapers, disclosure to BSE/NSE, display on web site etc. The annual and quarterly financial results during the Year were published in newspaper in English in "Business Standard" and in Tamil in "Makkal Kural" within 48 hours of conclusion of the Board Meetings at which the respective financial results were approved. The same results are displayed at Company's website at <https://www.shriramcity.in/index.aspx>. The Company's website [www.shriramcity.in](http://www.shriramcity.in) contains a separate section "INVESTOR", where shareholder/security holder information are displayed. The annual report of the Company is also displayed at web link [https://www.nseprimeir.com/z\\_SHRIRAMCIT/files/SCUF\\_ANNUAL\\_REPORT\\_2017-18.zip](https://www.nseprimeir.com/z_SHRIRAMCIT/files/SCUF_ANNUAL_REPORT_2017-18.zip). The Annual Report of the Company containing director's report, standalone financial statements, consolidated financial statements, auditor's report thereon and other important information are circulated to members and others entitled thereto. The investor complaints are processed in centralized web based complaints redressal system controlled by SEBI known as SEBI Complaint redress system ("SCORES"). The Company has designated email ids [sect@shriramcity.in](mailto:sect@shriramcity.in), [scufncd8@shriramcity.in](mailto:scufncd8@shriramcity.in) and [scufncd10@shriramcity.in](mailto:scufncd10@shriramcity.in) exclusively for respective investor servicing, which appear in the investor section of the web site of the Company. The Company has been filing the information related to corporate governance, shareholding pattern, reconciliation of share capital audit and quarterly financial results in the website of NEAPS (National Electronic Application Processing System) viz <https://www.connect2nse.com/LISTING> and on BSE Listing Centre <https://listing.bseindia.com>. The presentations made by the Company to analysts are displayed on the web site of the Company at [https://www.nseprimeir.com/z\\_SHRIRAMCIT/investor\\_presentation.aspx?value](https://www.nseprimeir.com/z_SHRIRAMCIT/investor_presentation.aspx?value). The SRC of the Board examines and redresses grievances of the shareholders and investors. The status of grievances of shareholders and investors are reviewed by the Audit and Risk Management Committee and Board.

shriramcity.in and [scufncd10@shriramcity.in](mailto:scufncd10@shriramcity.in) exclusively for respective investor servicing, which appear in the investor section of the web site of the Company. The Company has been filing the information related to corporate governance, shareholding pattern, reconciliation of share capital audit and quarterly financial results in the website of NEAPS (National Electronic Application Processing System) viz <https://www.connect2nse.com/LISTING> and on BSE Listing Centre <https://listing.bseindia.com>. The presentations made by the Company to analysts are displayed on the web site of the Company at [https://www.nseprimeir.com/z\\_SHRIRAMCIT/investor\\_presentation.aspx?value](https://www.nseprimeir.com/z_SHRIRAMCIT/investor_presentation.aspx?value). The SRC of the Board examines and redresses grievances of the shareholders and investors. The status of grievances of shareholders and investors are reviewed by the Audit and Risk Management Committee and Board.

#### 6.11 Details of 32<sup>nd</sup> AGM

<b>a. Date and Time</b>	Wednesday July 25, 2018 at 10 a m
<b>b. Venue</b>	Narada Gana Sabha (Mini Hall), No.314, T T K Road, Alwarpet, Chennai 600 018.
<b>c. Book Closure</b>	July 19, 2018 to July 25, 2018 (both days inclusive)
<b>d. Dividend</b>	Interim dividend of ₹ 6.00 per equity share declared by the Board at its meeting held on November 2, 2017 was paid on November 23, 2017. The payment of final dividend upon declaration by the shareholders at the AGM, will be made on or after July 30, 2018 to those members, whose name appear on the Register of members as on record date .

#### 6.12 Financial Year

The financial Year under review was from April 1, 2017 to March 31, 2018. The next financial Year is from April 1, 2018 to March 31, 2019.

#### 6.13 Details of listing on stock exchanges

The Company has paid annual listing fees for the Year to BSE and NSE and annual custodian fees to NSDL and CDSL on time. The equity shares of the Company with ISIN - INE722A01011 are listed in BSE with stock code 532498 and NSE with stock code SHRIRAMCIT. The details of secured redeemable non-convertible debentures (NCDs) of the Company are as under



## REPORT ON CORPORATE GOVERNANCE

### ANNEXURE 1 (Contd.)

BSE Scrip code	NSE Scrip Code	Interest rate p.a. (%)	Allotment date	Due date of redemption	Face Value (₹)	ISIN	Tenure in yrs	Allotted (₹ in crores)	Category	Series/ Option/ Category	Product type	Redemption value (₹) per unit
947088	Not Listed on NSE	10.75	04-02-11	04-02-21	600,000	INE722A07182	10	3	PP	N.A	NC	600,000
947934		11.85	16-01-12	16-01-19	100,000	INE722A08024	7	20	PP			100,000
947936		11.85	27-02-12	27-02-19	100,000	INE722A08040	7	35	PP			100,000
947938		11.85	26-03-12	26-03-19	100,000	INE722A08073	7	50.2	PP			100,000
947891		11.85	15-03-12	15-03-19	100,000	INE722A08057	7	100	PP			100,000
948722		11.15	31-12-12	31-12-19	1,000,000	INE722A08081	7	60	PP			1,000,000
948932		11.15	07-01-13	07-01-20	1,000,000	INE722A08099	7	15	PP			1,000,000
952321		9.30	17-06-15	17-06-20	1,000,000	INE722A07612	5	50	PP			1,000,000
952335		9.30	22-06-15	22-06-20	1,000,000	INE722A07620	5	50	PP			1,000,000
952635		9.07	12-08-15	10-08-18	1,000,000	INE722A07679	3	35	PP			1,000,000
952937		8.95	30-10-15	31-10-18	1,000,000	INE722A07687	3	75	PP			1,000,000
955112		8.25	07-10-16	07-10-19	1,000,000	INE722A7711	3	100	PP	VII		1,000,000
955962		8.20	10-03-17	16-04-20	1,000,000	INE722A07729	3years and 38 days	115	PP	VII	C	1,482,592
956624		^ 8.15	14-06-17	27-05-20	1,000,000	INE722A07737	1078 Days	350	PP	VII	C	1,260,359
956625		^ 8.15	14-06-17	30-06-20	1,000,000	INE722A07745	1112 Days	5	PP	VII	C	1,269,593
956635		7.95	23-06-17	24-12-18	1,000,000	INE722A07752	549 Days	135	PP	VII	NC	1,000,000
957142		7.97	27-10-17	27-10-20	1,000,000	INE722A07760	1096 Days	300	PP	VII	NC	1,000,000
957143		^ 7.97	27-10-17	06-10-20	1,000,000	INE722A07778	1075 Days	200	PP	VII	C	1,253,385
957226		8.09	05-12-17	05-12-22	1,000,000	INE722A07786	1826 Days	80	PP	VII	NC	1,000,000
957814		*	23-03-18	23-07-19	1,000,000	INE722A07794	487 Days	400	PP	VII	NC	1,000,000
957813		8.90	26-03-18	27-03-23	1,000,000	INE722A07802	1827 Days	115	PP	VII	NC	1,000,000
934935	ND	10.75	04-01-14	04-01-19	1,000	INE722A07471	5	50.2	PI	III	NC	1,000
934935	ND	10.75	04-01-14	04-01-19	1,000	INE722A07471	5		PI	III	NC	1,000
934935	ND	11.5	04-01-14	04-01-19	1,000	INE722A07471	5		PI	III	NC	1,000
934935	ND	11.5	04-01-14	04-01-19	1,000	INE722A07471	5		PI	III	NC	1,000
934938	NG	10.75	04-01-14	04-01-19	1,000	INE722A07505	5	28.2	PI	VI	C	1,667.17
934938	NG	10.75	04-01-14	04-01-19	1,000	INE722A07505	5		PI	VI	C	1,667.17
934938	NG	11.5	04-01-14	04-01-19	1,000	INE722A07505	5		PI	VI	C	1,723.35
934938	NG	11.5	04-01-14	04-01-19	1,000	INE722A07505	5		PI	VI	C	1,723.35
934939	NH	10.75	04-01-14	04-01-19	333	INE722A07513	5	0.66	PI	VII	NC	333
934939	NH	10.75	04-01-14	04-01-19	333	INE722A07513	5		PI	VII	NC	
934939	NH	11.25	04-01-14	04-01-19	333	INE722A07513	5		PI	VII	NC	
934939	NH	11.25	04-01-14	04-01-19	333	INE722A07513	5		PI	VII	NC	
935046	Not Listed on NSE	10.85	03-05-14	03-05-19	1,000	INE722A07547	5	80.6	PI	III	NC	1,000
935046		11.75	03-05-14	03-05-19	1,000	INE722A07547	5		PI	III	NC	1,000
935046		11.75	03-05-14	03-05-19	1,000	INE722A07547	5		PI	III	NC	1,000
935052		10.85	03-05-14	03-05-19	1,000	INE722A07570	5	14.5	PI	VI	C	1,673.70
935052		11.75	03-05-14	03-05-19	1,000	INE722A07570	5		PI	VI	C	1,742.76
935052		11.75	03-05-14	03-05-19	1,000	INE722A07570	5		PI	VI	C	1,742.76

## REPORT ON CORPORATE GOVERNANCE

### ANNEXURE 1 (Contd.)

Privately Placed ("PP"), Public Issue ("PI"), Cumulative ("C"), Non-Cumulative ("NC"). The details of these NCDs may be related to respective offer documents and offer document shall be final.

The Company had paid redemption value on respective due dates of redemption to NCD holders for ISIN: INE722A7422, INE722A7448 on October 6, 2017 and INE722A07513 (33.33% of the face value), INE722A07497 on January 4, 2018 and INE722A07539, INE722A07562 on May 3, 2017. The applicable interest to NCD holders for ISIN INE722A07471 and INE722A7513 were paid on due date on January 4, 2018 and INE722A07547 was paid on May 5, 2017. The NCDs redeemed are extinguished by the Company and no claim shall lie against the Company. All complaints relating to the above said public issue of NCDs received during the year were suitably addressed. This is a summary only. The terms of the respective Prospectus or Information Memorandum would prevail to be final.

The Company submitted the documents/information to the respective Trustees to the issues and allotment of NCDs were made on time during the Year in compliance of Regulation 55 of the LODR.

#### 6.15 Stock market price data

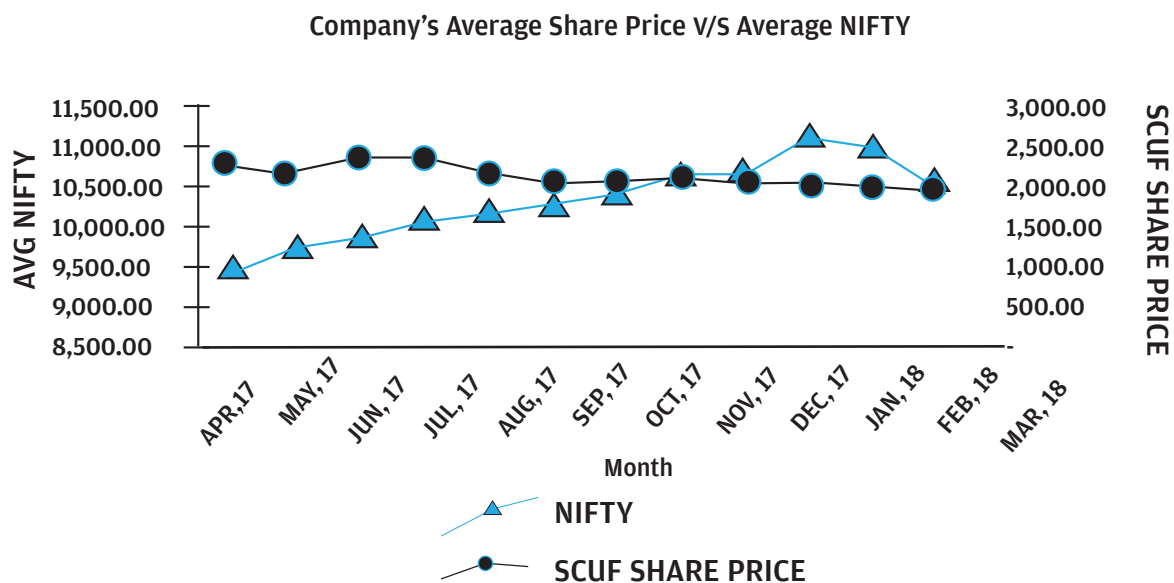
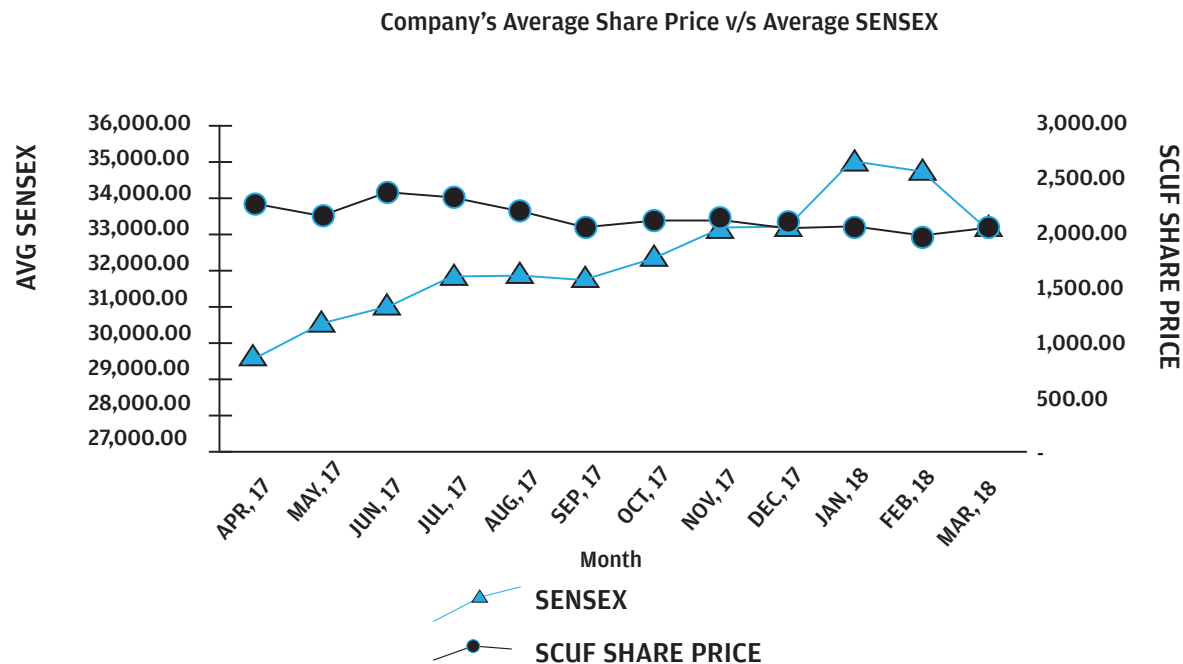
The volume and market price (high and low) of equity shares of the Company traded during each month during the Year are given below.

NSE								BSE						
	Per share price (in ₹ of the Company)				NIFTY (in ₹)			Per share price (in ₹ of the Company)				SENSEX (in ₹)		
Month	High	Low	Average	Volume of Shares traded	High	Low	Average	High	Low	Average	Volume of Shares traded	High	Low	Average
APR '17	2,326.65	2,205.60	2,266.13	539,557	9,699.00	9,432.80	9,565.90	2,325.05	2,220.80	2,272.93	8,707	30,133.35	29319.10	29,726.23
MAY '17	2,286.65	2,105.40	2,196.03	654,484	9,909.60	9,625.35	9,767.48	2,289.80	2,107.10	2,198.45	5,1245	31,159.40	29858.80	30,509.1
JUNE'17	2,478.50	2,283.90	2,381.20	234,597	9,984.45	9,797.05	9,890.75	2,470.00	2,285.20	2,377.60	26,020	31,311.57	30834.32	31,072.95
JULY'17	2,549.80	2,243.30	2,396.55	1,124,706	10,417.80	9,835.40	10,126.60	2,545.75	2,236.80	2,391.28	233,033	32,514.94	31209.79	31,862.37
AUG '17	2,350.20	2,058.65	2,204.43	618,172	10,447.65	10,037.15	10,242.40	2,344.05	2,056.70	2,200.38	10,813	32,575.17	31213.59	31,894.38
SEP '17	2,152.20	2,002.05	2,077.13	768,336	10,540.50	10,074.05	10,307.28	2,162.00	2,000.35	2,081.18	18,268	32,423.76	31159.81	31,791.79
OCT '17	2,306.25	1,973.90	2,140.08	303,170	10,767.85	10,221.75	10,494.80	2,300.65	1,982.45	2,141.55	27,071	33,266.16	31497.38	32,381.77
NOV'17	2,326.90	1,984.05	2,155.48	373,016	10,878.15	10,514.90	10,696.53	2,323.40	1,989.85	2,156.63	16,586	33,731.19	32760.44	33,245.82
DEC'17	2,106.90	2,022.85	2,064.88	239,347	10,985.15	10,459.70	10,722.43	2,110.75	2,030.00	2,070.38	7,203	34,056.83	32597.18	33,327.01
JAN '18	2,154.80	2,018.00	2,086.40	846,435	11,506.65	10,897.75	11,202.20	2,154.95	2,003.35	2,079.15	138,820	36,283.25	33793.38	35,038.32
FEB '18	2,047.75	1,893.75	1,970.75	544,147	11,385.15	11,061.25	11,061.25	2,045.20	1,904.25	1,974.73	62,402	35,906.66	33703.59	34,805.13
MAR '18	2,148.35	1,965.45	2,056.90	457,234	10,820.00	10,588.80	10,588.80	2,171.90	1,958.95	2,065.43	53,483	34,046.94	32596.54	33,321.74

## REPORT ON CORPORATE GOVERNANCE

### ANNEXURE 1 (Contd.)

#### 6.16 Movement of share price of the Company in comparison to SENSEX and NIFTY



## REPORT ON CORPORATE GOVERNANCE

### ANNEXURE 1 (Contd.)

#### 6.17 Registrar and Transfer Agents (RTAs)

Particulars	Name	Address	Contact person name	Telephone number	Fax Number	E-mail id
Equity Shares & Dividend	Integrated Registry Management Services Private Limited	2nd Floor, Kences Towers , No. 1 Ramakrishna Street, Off North Usman Road, T.Nagar, Chennai - 600 017	Ms.Anusha N	+ 91 44 2814 0801/02/03	+ 91 44 2814 2479	csdstd@integratedindia.in
Public issue of NCDs 2013	Shriram Insight Share Brokers Ltd	CK - 5 &15, Sector II, Salt Lake City , Kolkata- 700 091	Mr.Prattyush Pal	+ 91 33 3250 7069 / 2358 7188	+ 91 33 2358 7189	scuf_nov13@shriraminsight.com
Public issue of NCDs 2014						scuf_mar14@shriraminsight.com

#### 6.18 Trustees for NCDs

Particulars	Name	Address	Contact person name	Telephone number	Fax Number	E-mail id
Public issue of NCDs 2012	Catalyst Trusteeship Limited	GDA House, First Floor, Plot No. 85, S No. 94 & 94, Bhusari Colony (Right), Kothrud, Pune - 411 038	Mr. R K Kulkarni	+ 91 20 2528 0081	+ 91 20 2528 0275	dt@ctltrustee.com
Public issue of NCDs 2013						
Public issue of NCDs 2014						

#### 6.19 Contact Details

Name	Address	Telephone number	Fax Number	E-mail id
Ministry of Corporate Affairs	'A' Wing, Shastri Bhawan, Rajendra Prasad , New Delhi - 110001	+91 11 2338 4660 / 2338 4659		
Securities and Exchange Board of India (SEBI)	Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051	+91 22 2644 9000/ 4045 9000	+91 22 2644 9019 - 22 / 4045 9019-22	sebi@sebi.gov.in
Reserve Bank of India (RBI)	16 <sup>th</sup> Floor, Central Office Building Shahid Bhagat Singh Marg, Mumbai -400 001	+91 22 2260 1000		
National Stock Exchange of India Limited (NSE)	Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051	+91 22 2659 8100 - 8114	+91 22 2659 8120	
BSE Ltd	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	+91 22 2272 1233	+91 22 2272 1919	corp.comm@bseindia.com
National Securities Depository Limited (NSDL)	Trade World, A wing, 4th floor, Kamala Mills Compound, Lower Parel, Mumbai - 400 013	+91 22 2499 4200 Toll free 1800 222 990	+91 22 2497 6351	info@nsdl.co.in
Central Depository Services (India) Limited (CDSL)	Marathon Futurex, A - wing, 25 <sup>th</sup> floor, N M Joshi Marg, Lower Parel, Mumbai - 400 013	+91 22 2305 8640/8624/8639/ 8663 Toll free 1800 22 5533		helpdesk@cdslindia.com

# REPORT ON CORPORATE GOVERNANCE

## ANNEXURE 1 (Contd.)

RBI had appointed Ombudsman under the Ombudsman Scheme for Non-Banking Financial Companies, 2018 dated February 23, 2018. Such Ombudsman operate in four areas Chennai, Mumbai, New Delhi and Kolkata.

### 6.20 Share transfer system:

Transfer of shares held in dematerialised form are done through the depositories with no involvement of the Company. Transfer of shares held in physical form are processed by RTA and duly endorsed share certificates are issued within stipulated time subject to documents lodged being valid. The transfer documents can be lodged with respective RTAs as mentioned above for transfer of securities existing in physical form. The Board has delegated the authority to approve transfer, transmission etc of shares and securities of the Company to its Banking and Securities Management Committee. As stipulated under Regulation 40(9) of the LODR, the Company obtained half yearly certificates of compliance with share transfer formalities from M/s P. Sriram & Associates, Company Secretary in practice and filed copies of the said certificates with BSE & NSE during the Year within stipulated time. There were no deviations reported in the said certificates.

### 6.21 Updation of Nomination and PAN :

Nomination for securities held in physical form can be registered with respective RTA by applying in the specified form available with RTA. Updation of nomination for securities held in dematerialized form can be done with respective DP. SEBI has made it mandatory for members to make the PAN card of transferor, transferee, legal heir (in case of transmission) available to the RTA/ Company at the time of transfer/transmission/issue of duplicate certificate.

### 6.22 Distribution of shareholding as at March 31, 2018

No. of equity shares held	Shareholders		Shares	
	Number	%	Number	%
UPTO 500	12,774	94.83	864,733	1.31
501-1000	314	2.33	227,853	0.35
1001-2000	154	1.14	222,438	0.34
2001-3000	52	0.39	129,254	0.20
3001-4000	21	0.16	73,841	0.11
4001-5000	16	0.12	76,130	0.12
5001-10000	34	0.25	246,399	0.37
10001 AND ABOVE	106	0.78	64,125,114	97.20
<b>Total</b>	<b>13,471</b>	<b>100.00</b>	<b>65,965,762</b>	<b>100.00</b>

### 6.23 Shareholding pattern (in %) as at March 31, 2018

Promoters	Mutual Funds	Banks	FII	Bodies Corporate	Individuals	Trusts	Limited Liability Partnership	Foreign-Company	Foreign Portfolio Investor	NRIs	FI-Others	Others	Alternative Investment Fund	Total
33.7582	5.3161	0.0356	0.0125	10.5040	2.8464	0.0085	0.0361	20.3468	26.0031	0.3879	0.0019	0.0805	0.6624	100

### 6.24 Dematerialisation of shares and liquidity

The Company's equity shares are tradable compulsorily in dematerialised form in BSE and NSE. The connectivity with NSDL and CDSL is established through the RTA. As on March 31, 2018, 6,57,80,985 nos of equity shares (99.71% of the shares), existed in dematerialised form. The Company's shares are liquid and are actively traded in both NSE and BSE.

### 6.25 Outstanding GDR/ADR/Convertible warrants, conversion date and impact on equity

The Company has not issued any GDRs / ADRs. The Company has granted stock options to the eligible employees of the Company under Employees Stock Option Scheme, 2006. The details of the scheme are set out under annexure to Report of Directors.

### 6.26 Location

The Company is in the business of Non Banking Finance and operates through various offices in India. The list of locations are mentioned in this Annual Report in the section titled as "Presence : Business Outlets".

### 6.27 Address for correspondence

**Registered Office :** 123, Angappa Naicken Street,  
Chennai 600 001,  
Ph: +91 44 2534 1431

**Secretarial Office :** 144, Santhome High Road,  
Mylapore, Chennai 600 004.  
Ph : +91 44 4392 5300  
Fax No : +91 44 4392 5430  
Email : sect@shriramcity.in

## REPORT ON CORPORATE GOVERNANCE

### ANNEXURE 1 (Contd.)

#### 6.28 Calendar for the financial Year 2018 - 2019 (tentative)

Annual General Meeting	September, 2019
Unaudited results for the quarter ending June 30, 2018	Last week of July, 2018
Unaudited results for the quarter / half -Year ending September 30, 2018	Last week of October, 2018
Unaudited results for the quarter ending December 31, 2018	Last week of January, 2019
Audited results for the Year ending March 31, 2019	Last week of May, 2019

#### 6.29 Adoption of Mandatory and Non Mandatory requirements under LODR

The Company has complied with all mandatory requirements as per regulation 17 (7) and 27 (1) read with Part A and E respectively of Schedule II of the LODR and has also adopted the non mandatory requirements deemed appropriate. The report of the auditors of the Company does not contain any qualification on the financial statements. The posts of Chief Executive Officer("CEO") and Chairman of the Company are held by two separate persons.

#### 7. COMPLIANCE ON FINANCIAL REPORTING

The Company complies with the requirements of Financial Reporting. The MD & CEO and CFO give annual certification on financial reporting and internal control to the Board in terms of regulation 17(8) read with Part B of Schedule II of the LODR. The said certificate issued for the Year is attached to this report as Annexure - 4. The MD & CEO and CFO also issue certificate on financial results every quarter, while placing the quarterly financial results before the BM in terms of Regulation 33 (2) (a) of the LODR.

#### 8. COMPLIANCE WITH CORPORATE GOVERNANCE

We have complied with the requirements of Corporate Governance. A certificate from the auditors of the Company, M/s GDA Apte & Co., Chartered Accountants confirming compliance with the conditions of corporate governance as stipulated under Part E of Schedule V of the LODR is attached to this report (Annexure No - 2).

#### 9. PROFILE OF DIRECTORS SEEKING REAPPOINTMENT AT THE ENSUING AGM PURSUANT TO REGULATION 36 (3) OF THE LODR

##### Sri Ranvir Dewan (DIN - 01254350)

Sri Ranvir Dewan (Director Identification Number - 01254350), Singapore citizen, aged 64 years (Date of Birth - August 8, 1953), holds a Bachelor's of Commerce (honours course) from the University of Delhi. He was re-appointed as a Director on July 28, 2016. He is Fellow of the Institute of Chartered Accountants of England and Wales and a member of the Institute of Chartered Accountants Ontario. Sri Ranvir Dewan has immense knowledge and extensive experience in the field of Corporate Finance, accounts and audit. He is working in M/s TPG Capital as head of Financial Institutions Group operations since June 2006 based at Singapore. He was Executive Vice President and CFO of Standard Chartered first bank in Seoul, Korea. He was with Citibank for 13 years holding various senior positions in its international businesses. In his previous assignment he was Vice President and Regional Financial Controller of Citibank's Global Consumer Bank with responsibilities covering 11 countries in the Asia Pacific Region. He held senior positions with M/s KPMG in Canada and England where he specialized in the Audits of financial institutions.

##### Sri Shashank Singh (DIN - 02826978)

Sri Shashank Singh (DIN - 02826978), aged 41 years (Date of Birth- June 3, 1976), is an MBA from Harvard Business School, an MA in Economics from Cambridge University and a BA (Honours) from St. Stephen's College (University of Delhi). He has extensive expertise in the areas of corporate finance and strategy, with over 14 years of experience in Private Equity, where he is a Partner and Head of the India office of Apax Partners ("Apax"), the global Private Equity fund, and through his prior experience as a strategy consultant with Monitor Company. He has led or participated in a number of investment deals of Apax in India in Information Communication & Technology ("ICT") Companies, Healthcare and Non Banking Finance Companies ("NBFC") like HealthiumMedtech, Mannapuram Finance, Zensar Technologies, Shriram City Union Finance Ltd., Cholamandalam Investment & Finance, GlobalLogic, iGATE, Apollo Hospitals, TIM Hellas, Weather Investments, TDC, Bezeq and Synetrix. He has been on our Board since October 28, 2015

## REPORT ON CORPORATE GOVERNANCE

### ANNEXURE 2

To,  
**THE MEMBERS,**  
**SHRIRAM CITY UNION FINANCE LIMITED**

**G.D. Apte & Co.**  
Chartered Accountants

#### INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

We as the Statutory Auditors of Shriram City Union Finance Limited (the Company) have examined the compliance of conditions of Corporate Governance by, for the year ended March 31, 2018, as stipulated under SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (the Regulations).

The compliance of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the Regulations. It is neither an audit nor an expression of opinion on the Financial Statements of the Company. We further 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.

In our opinion and to the best of our information and in accordance with the explanations given to us, we certify that the Company has as at March 31, 2018, complied with the applicable conditions of Corporate Governance as stipulated under Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

**For G. D. Apte & Co.**

Chartered Accountants

Firm Registration No: 100515W

**U. S. Abhyankar**

Partner

Membership No.: 113053

Place: Chennai,

Date: April 26, 2018

**Pune Office:** GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune - 411 038, Phone - 020 - 25280081, Fax - 020 - 25280275; Email - audit@gdaca.com

**Mumbai Office:** Office No. 83-87, 8th Floor, Mittal Tower, B-wing, Nariman Point, Mumbai - 400 021, Phone - 022 - 4922 0555, Fax - 022 - 4922 0504;

# MANAGEMENT DISCUSSION AND ANALYSIS

## ANNEXURE 3

### ECONOMIC REVIEW

#### Global

The global GDP strengthened to 3.8% in 2017 owing to rebound in trade activities, resurgent investment spending across advanced economies and developing economies. Among the advanced economies, the US tweaked its fiscal policies and tax reforms, which resulted in a positive impact on the global economy. The cyclical recovery in Europe helped to maintain growth momentum. The Emerging Markets and Developing Economies (EMDEs) continued to sustain their momentum with reduction in financing costs resulting in increased profits and improved business sentiments. It is expected that the global economy will operate close to the full capacity

#### Indian

A number of key structural initiatives by Government of India for a sustained growth resulted in 6.7% GDP growth during the year. Despite temporary hiccups owing to demonetisation and Goods and Service Tax (GST) Implementation, the economy witnessed strong revival with recovery in private investment and consumption. India jumped 30 spots ahead compared to its last ranking on the World Bank's Ease of Doing Business rankings. The positive improvements were tinged with anxieties relating to macro-economic stability. Fiscal deficits, the current account deficit and inflation were all marginally higher than expectations. The increase in the international oil prices added to India's macro-economic vulnerability. The Government of India is expected to recapitalise the Public Sector Banks ("PSBs") and initiate reforms in the sector. This measure will credibly shrink the unviable PSBs and signal greater private sector participation. GST has indicated signs of stabilisation. The upgrade of India's sovereign credit rating by Moody's from Baa3 to Baa2 has brought an indication that Indian economy would perform better than its peers. Measures introduced in the union budget for Minimum Support Price for farmers, impetus on agricultural products, increased spending in infrastructure and housing would raise rural demand, which will give rise to the economy. Implementation of seventh pay commission recommendations would increase private consumption. In all, the Indian economy is expected to maintain its recognition as the fastest growing major economy in the world.

### INDUSTRY REVIEW

#### Indian Financial Services Sector

The Indian financial services sector comprising of commercial banks, insurance companies, non-banking financial companies ("NBFC"), co-operatives, pension funds, mutual funds and several

other smaller financial entities, will dominate Indian economy over the next few decades. All these players are poised for a significant growth over the next few years as the reach of these entities is enhanced with financial inclusion measures such as Jan Dhan Yojana. The Indian financial sector has been operating in a fast-evolving and dynamic regulatory framework with a constant demand for transparency. In addition, customers expect one-stop and improved integrated financial services from these entities. There has been a tech-tonic shift with introduction of e-wallets, Unified Payment Interface (UPI), digital technologies software, robotics, artificial intelligence, API banking and digital wallets. The traditional banking model is changing fast with different technologies with seamless services. Payment banks, small finance banks, digital wallet companies, on line facilities for loans and chat bots are the new additions in recent times. These facilities would lead the sector towards operational efficiencies and better customer services.

#### Indian non-banking financial companies (NBFCs)

NBFCs are integral part of Indian financial system and are fast emerging as an alternative to mainstream banking. NBFC play an important role for financial inclusion by offering lending services to the unbanked population in rural, semi-rural and some urban areas. NBFCs act as a financial intermediary engaged in bringing the saving and the investing community to a common platform. NBFCs provide services such as personal loans, housing loans, loans against pledge of gold, life insurance general insurance loans for purchasing vehicles/equipment, to name a few, besides funding Micro, Small and Medium Enterprises (MSMEs) which serve the backbone of Indian economy.

The growth of the NBFCs is owed to their reach, cost efficiency, control on NPAs, customised products and better customer services. Besides, NBFCs have expertise in tailoring the credit to the need of the borrower. Moreover, like most of the other segments of India's financial sector, NBFCs too are transforming rapidly by using digital technology to improve customer interface. The emergence of tech-savvy online based NBFCs is helping the market grow fast and to absorb more players in the business sector.

A surge in liquidity, regulatory arbitrage, and the state of PSBs converged together to bring more success to NBFCs. NBFCs would continue to do well in the traditional stronghold of retail finance and may also enter into the wholesale finance segment, leading to a strong overall credit growth. The financial assets of NBFCs have recorded a compound annual growth rate ("CAGR") of 19 per cent over the past few years, comprising 13 per cent of the total credit which is expected to reach nearly 18 per cent by FY19.



## MANAGEMENT DISCUSSION AND ANALYSIS

### ANNEXURE 3 (Contd.)

#### Indian MSME segment

MSME segment in India is the key the engine of growth and plays a prominent role in the development of the country. The segment forms 8% of GDP, employing over 50 million people. It is still one of the highly untapped growth segments in India and an essential partner for achieving socio-economic growth. MSMEs, which are spread across both urban and rural areas of the country are largely in the unorganised sector. Importantly, this segment survived almost all threats emerging out from both domestic and international markets. Despite some infrastructural deficiencies and challenges like flow of institutional credit and inadequate market linkages, the MSME segment has registered a remarkable success with regard to increase in number, quantum of investment and scale of production.

The Union Budget 2017-18 further strengthened the sector by making key structural changes, enabling ease of doing business and providing tax benefits. These changes include:

1. Bringing on board PSBs and corporates on the MSME bill discounting platform and linking it with the GST Network. This will significantly ease the cash flow challenge to MSMEs. Linking to GST will make credit assessment easier and faster.
2. Proposing to evolve a scheme to provide a unique identity to every enterprise in India on the lines of Aadhaar, which will assist the KYC verification process for lenders. Earmarking ₹ 3 lakh crores for FY19 under the Pradhan Mantri Mudra Yojana.
3. Examining the policy and institutional development measures needed for creating the right environment for the growth of fintech companies
4. Contributing 12 percent of the wages of new employees in the Employee Provident Fund (EPF) for select sectors over the next three years to attract quality talent at lower cost
5. Reducing income tax for smaller companies with a turnover of up to ₹ 250 crores to 25 percent (from the existing turnover of up to ₹ 50 crore)

#### Role of NBFC in MSME financing

MSMEs face serious challenges in raising finance from banks and financial institutions. It is estimated that there is a total MSME debt demand of over ₹ 32 lakh Crores borrowing process is largely paper- driven. The lending of banks to MSME sector has remained lukewarm due to lack of sufficient information to assess creditworthiness of the borrower . This has led MSMEs to informal sources of finance with high borrowing cost. *(source: knnindia)*

NBFCs are converting this challenge into an opportunity and have become a major source of financing working capital demand of MSMEs due to innovative products and timely disbursements with the help of technology and accurate understanding of the customer/business need. NBFCs focus on cash flow based financing unlike Banks, who have traditionally relied on collateral-backed lending and historical statements. This has provided additional advantage to NBFCs to fund MSMEs.

#### Role of NBFC in automobile loans financing

India has become the fourth largest automobile market globally (Source: <https://economic.times.india.times.com> The Indian auto industry is on the cusp of transformation, moving from BS-IV to BS-VI and later to electric vehicles. The industry touched a new point in higher sales in the FY18 despite issues related to GST and lack of clarity on the electric vehicle policy. Some of the facts highlighting the milestones include

*(source: times of india. india times)*

Production of passenger vehicles crossed the 4 million mark of which 19% of was exported.

1. Recorded highest-ever passenger vehicles sales
2. Production of two-wheelers surged by 16.12 per cent to 23 million. The production of scooters crossed 7 million and motorcycles crossed 15 million.
3. Recorded highest ever sale of two-wheeler with 20.2 million units
4. Recorded highest-ever two-wheeler exports of 2.8 million with a growth of 20.29 per cent. Scooters and motorcycles individually touched exports peak at 314,000 and 2.4 million, respectively.
5. Recorded highest ever domestic commercial vehicles sales to 856,453 units
6. Recorded highest-ever three-wheelers production touching the 1 million mark
7. Recorded highest ever three-wheeler sales, a surge by 24%

An improving macroeconomic environment coupled with higher government focus on infrastructure will contribute to growth in automobile production and sales . The market opportunity for NBFCs will further stem from the Government's proposed Voluntary Vehicle Modernisation Programme. It is expected that this will help NBFCs to grow close to 15% CAGR in vehicle loans over the next three fiscals . Increasing disposable incomes, sharper focus on Tier II/III cities, growing consumer preference for higher-value UVs and improving penetration of formal finance are further expected to propel growth.

## MANAGEMENT DISCUSSION AND ANALYSIS

### ANNEXURE 3 (Contd.)

#### Role of NBFC in gold loans

In India, gold has been considered as a liquid asset and a universally accepted commodity with continuous value appreciation. It enjoys a special connection with Indians in terms of financial security, social status and rich cultural legacy in addition to emotional value. Due to these quotients, a large section of the population prefers to pledge its physical gold holdings as collateral and secure short-term loan against it instead of selling the gold. Loan against gold are offered both by Formal sector (banks, NBFCs and co-operatives) and informal sector (pawnbrokers, local moneylenders). The interest rate offered by banks/NBFCs is much lower than that of informal sector. In addition, the following reasons make Gold loans from NBFCs attractive:

1. **Credibility and credentials:** Borrowers would obviously entrust their physical gold to lenders in the locality who would ensure safekeeping and would return these intact upon the loan being settled. The NBFCs extending loan against gold have branches in urban/semi urban areas with sufficient security measures to safe keep the gold offered by customers. Besides, NBFCs insure the gold against theft and other unforeseen events. Periodic audits and inspections confirm the continued integrity of the holdings. Handling and storage is also done carefully, so as not to damage the ornaments.
2. **Standard KYC checks:** NBFCs ensure proper KYC (know your customer) as well as Fair Practice Codes in order to confirm the identity of borrowers and offer them a fair deal. In the event of loan default, auctions are resorted to, but only after giving the borrowers notice of such action and a chance to repay before auction.
3. **Convenience:** NBFCs having branch in urban/semi urban areas offer the advantage of proximity to the borrower, thereby helping him avoid carrying gold and cash to a distant place.

At present, NBFCs have a 32% share of the total gold loan market and the volumes are expected to grow in future. (source: <https://www.moneycontrol.com>.)

#### Role of NBFCs in housing loan

Buying a home is now a closer reality, with housing finance loans gaining prominence. Housing Finance constitutes a large part of disbursements for NBFCs besides being a critical segment for job creation, thus accounting for 5-6% of India's GDP and capital formation. Increase in a young working population, rapid nuclearisation of families and strong latent demand will further drive the housing demand.

Affordable housing has been attracting the interest of more developers. The Government has taken several noteworthy steps towards generating greater credit off take and supplies in affordable housing including implementation of Real Estate (Regulation and Development) Act or RERA. RERA is a milestone step towards stronger governance and greater transparency. It is a well-timed initiative to ensure industry development and a catalyst to meet the objectives of 'Housing for All by 2022'.

In view of growth in affordable housing, there would be greater credit demand for this segment, which would be a key growth driver for the housing finance companies (HFCs). In the consumer index pyramid, there is a huge demand for housing, especially at the lower and middle-income groups. Emergence of HFCs will make the industry broad-based, enhance demand and expand financial inclusion. During FY18, the National Housing Board (NHB) amended its risk weight age rules for loans given by HFCs, thereby increasing the availability of funds with HFCs to lend. This move would also reduce the gap in the cost of funds to HFCs vis-a-vis banks for the purpose of giving home loans. NBFCs are well positioned to leverage their large distribution networks and dedicated customer service, to handle the voluminous business.

#### Personal Loan

India's personal loan scenario has been changing constantly. The lending and borrowing processes are getting easier and quicker. With the increasing popularity of digital finance in the country, personal loans have become accessible to almost every person. Personal loans account for about 22% of the overall bank credit given in the country. And, a major portion of this is given for housing. Even as all major sub-segments such as credit to industry, services and agriculture have shown either low or negative growth, personal loans (for housing, auto, education, as well as general) have begun to look up.

#### Company review

Incorporated in 1986, Shriram City Union Finance Limited ("Company") is amongst the major players in providing retail finance with an AUM of ₹ 27,461 crores and employee base of 28,665 as on March 31, 2018. It offers multiple loan products to small business owners and for acquiring assets such as two wheelers, commercial vehicles, passenger vehicles, loan against gold and personal loans. The Company operates across India with 969 branches.

## MANAGEMENT DISCUSSION AND ANALYSIS

### ANNEXURE 3 (Contd.)

#### Product wise performance review

Type loan	Disbursement during the year (₹ in crores)	Growth in disbursement over last year (%)	Asset under management (₹ in crores)	Growth in AUM over last year (%)
MSMEs	10,346	13	15,472	22
2-Wheeler	5,059	22	5022	24
Gold Loans	6722	1	3374	(2)
Personal	1924	38	2140	37
Auto	871	(16)	1453	2

#### Core Competencies

- Experienced Management
- Strong credit appraisal techniques
- Hub & Spoke model
- Consistent growth
- Shriram group strength
- Stringent risk-management framework

#### RISK MANAGEMENT

Shriram City Union Finance Limited has built a robust risk management framework over the years. Engaged, as it is, in retail financing, the Company has to manage various risks, including credit risk, market risk and operational risk. The Audit and Risk Management Committee review and monitor these risks on a regular basis. The Company manages credit risk through stringent credit norms established through several decades of experience in retail lending and continues to follow the time tested practice of personally assessing every borrower, before committing to a credit exposure.

Risk management is therefore made an integral part of the company's effective management practice.

#### Credit risk:

Credit risk arises when a borrower is unable to meet financial obligations to the lender. This could be either because of wrong assessment of the borrower's payment capabilities or due to uncertainties in future. The effective management of credit risk requires the establishment of appropriate credit risk policies and processes.

The Company has comprehensive and well-defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes detailed risk assessment of the borrowers, tele verifications and field visits. The Company has a robust post sanction monitoring process to identify credit portfolio

trends and early warning signals. This enables it to implement necessary changes to the credit policy, whenever the need arises. The Company developed a business decision model with support of McKinsey for credit assessment of its retail MSME portfolio

#### Market risk:

Market Risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates and other asset prices. The Company's exposure to market risk is a function of asset liability management activities. The Company is exposed to interest rate risk and liquidity risk.

The Company continuously monitors these risks and manages them through appropriate risk assessments. The Asset Liability Management Committee

(ALCO) reviews market-related trends and risks and adopts various strategies related to assets and liabilities, in line with the Company's risk management framework.

#### Operational risk:

Operational risks arise from inadequate or failed internal processes, people and systems or from external events. These 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 activities 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.

The Company also undertakes Risk based audits on a regular basis across all business units / functions. While examining the effectiveness of control framework through self-assessment, the risk-based audit would assure effective implementation of self-certification and internal financial controls adherence, thereby, reducing enterprise exposure. The Company has put in place a robust Disaster Recovery (DR) plan, which is periodically tested. Business Continuity Plan (BCP) is further put in place to ensure seamless continuity of operations including services to customers, when confronted with adverse events such as natural disasters, technological failures, human errors, terrorism, etc. Periodic testing is carried out to address gaps in the framework, if any. DR and BCP audits are conducted on a periodical basis to provide assurance regarding the effectiveness of the Company's readiness. The Company is continuously engaged in creating risk awareness and culture across the organisation through training on risk management tools.

## MANAGEMENT DISCUSSION AND ANALYSIS

### ANNEXURE 3 (Contd.)

#### INTEREST RATE RISK MANAGEMENT

Rate of interest of the various borrowings cannot be completely under control and cannot be only 'during course correction'. Various risk management techniques are adopted viz managing the business after assessing the various risks involved, to evaluate the interest rate risks & tolerance levels to manage the risks. Based on expected movement of interest rate in future, the types of funding i.e. wholesale, retail, fixed rate instruments, floating rate instruments etc are decided by taking into consideration the enhancement of relationship, the long term interest.

Interest rate risk management also involves Analysis & monitoring of the risk profiles forecasts by considering the effects of various possible changes in market conditions related to the balance sheet and arrive at the action needed to be within the internal limits.

#### Resources Risk Management and Liquidity Risk Management

Liquidity is the ability to meet liabilities as they become due. Liquidity can have impact on profitability in an adverse situation. Management of Assets and liabilities largely depend upon the interest rates, liquidity and respective risk profiles. Measuring and managing interest risks and liquidity risks are vital. Liquidity has to be tracked through maturity or cash flow mismatches.

For measuring and managing liquidity risk, the use of a maturity ladder and calculation of cumulative surplus/ deficit of funds at selected maturity dates is adopted as a standard tool. Not only the liquidity position is measured on an ongoing basis but same is done under various scenarios at various stressed levels.

#### Human Resource Risk Management:

The Company believes in crafting a workspace where people from diverse background can thrive and come together to contribute. The ever-changing customer needs is one of the key factors that dictates the direction of the People framework. The Company constantly works towards providing the best suited framework in partnership with business leadership. We have utilised the insights from the current, past and potential employees. These have helped us craft the employee value proposition for the organisation. The Company is committed towards its people's development with adequate training and institutionalisation of the people review process. Employees at each level are encouraged for openness and for developmental conversations. The work force planning is strategically done. This has helped us create a long-term road map for gaining and managing future capabilities in the most optimum manner. The Company enjoyed a cordial relation with employees with no unrest. The Company is an equal opportunity provider and has implemented policy on prevention of sexual harassment of women employees at work place. Total number of employees as on March 31, 2018 was 28665.

#### CYBER RISK MANAGEMENT

Cyber security is a major concern for small businesses, individuals, large enterprises, the government and essentially anyone who participates in modern society.

Cyber Security at SCUF has set up an effective governance framework to manage cyber security. A suitable organisational structure has been put in place to monitor various cyber security threats and minimise them.

In order to protect critical assets from cyber-attacks, the Cyber Security Operations Center (SoC) operates on a 24/7 basis. In the year under review, SCUF further enhanced SoC to manage, respond and resolve cyber security.

In order to supplement the cyber security practice SCUF also conducts:

- Regular vulnerability assessments and penetration tests to assess/ remedy vulnerabilities in applications and IT infrastructure.
- Anti-phishing services have been subscribed to ensure that the phishing sites are observed in a timely manner and customers prevented from being lured to fraudulent sites.
- Risk engine and process monitoring systems are implemented to analyze and validate potential flow of transactions on Internet and other channels.
- The critical websites of the organisation are scanned and monitored continuously for early detection of any malware.
- Humans being the weakest link in cyber security, continuous awareness is carried out among employees and associates.

A testimony to the organisation crisis preparedness is that it has secured ISO 27001 certification for its critical information assets. Particularly in the year under review, SCUF made significant initiatives in strengthening protection against Distributed Denial of Service (DDoS) attacks and Web Application Firewall (WAF). The organisation also performs regular and strict cyber security drills to identify weak links and strengthen defense. It will continue to invest further in the coming years in the areas of cyber security to take it to the next level. During the year under review, it implemented a multi-faced disaster recovery solution for its backbone ERP application in case of a cyber-attack. This ensured that Core Business Application went without any prolonged outage. In addition, the Company has a well-rehearsed disaster recovery set-up, so as to ensure 99.5% up-time of important applications.

#### INFORMATION TECHNOLOGY RISK MANAGEMENT

Information Technology risk seeks to establish stringent information security structure to prevent data loss and threats.

## MANAGEMENT DISCUSSION AND ANALYSIS

### ANNEXURE 3 (Contd.)

The Company has implemented a robust IT Policy & Information Security Policy. These policies are in line with international best practices. They are reviewed periodically and suitably strengthened to address emerging threats.

Regular security drills and employee awareness programs are conducted to ensure security and increase awareness. The Company is a forerunner in setting up of a state of art Security Operations Centre (SoC) for 24 x 7 monitoring of various attacks and threats on its IT infrastructure.

#### **The SoC has the following attributes:**

Visibility over the security threats from within and outside of the organisation and improves Incident Reporting and Management.

Disaster Recovery Drills are conducted regularly as an initiative to achieve best in class RPO (Recovery Point Objective) and RTO (Recovery Time Objective).

In addition, the Company has a stringent security reviews before launching an application in order to ensure no potential loss to the users and also for the organisation.

In a dynamic environment where threat perceptions keep changing every moment the SoC is geared up to mitigate the risk and address the challenges continuously under the principles of confidentiality integrity and availability.

#### **Liquidity Risk Management**

The Company has Asset Liability Management ("ALM") Policy and it operates within the policy frame work .The ALM Committee constituted by the Board of Directors of the Company reviews the different liquidity positions (Structural ,Dynamic etc) of the Company periodically.

#### **INTERNAL AUDIT**

The Company's Internal Audit department performs independent and objective assessment to monitor adequacy, effectiveness and adherence to the internal controls, processes and procedures instituted by the management and extant regulations. This function supports Company's role in safeguarding its assets. The function has adopted a Risk-based approach of Internal Audit (RBIA). The primary focus of the audit is on key risk areas, which are of substantial importance to the Company. The RBIA approach has been thoughtfully structured taking into account the RBI guidelines and internationally established practices.

The Internal Audit department reports to the Managing Director & CEO for day-to-day activities and to the Audit Committee for Audit Planning & Reporting. All audit reports are circulated to the relevant management teams and 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.

#### **INTERNAL CONTROL OVER FINANCIAL REPORTING**

The Company has documented its internal financial controls considering the essential components of various critical processes, physical and operational. This includes its design, implementation and maintenance along with periodical internal review of operational effectiveness and sustenance which are commensurate with the nature of its business and the size and complexity of its operations.

This ensures orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention of errors, accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

The internal financial controls with reference to the financial statements were adequate and operating effectively.

#### **CAUTIONARY STATEMENT**

Statements made in this Management Discussion and Analysis Report may contain certain forward-looking statements based on various assumptions on the Company's present and future business strategies and the environment in which it operates. Actual results may differ substantially or materially from those expressed or implied due to risk and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and abroad, volatility in interest rates and in the securities market, new regulations and Government policies that may impact the Company's businesses as well as the ability to implement its strategies. The information contained herein is as of the date referenced and the Company does not undertake any obligation to update these statements. The Company has obtained all market data and other information from sources believed to be reliable or its internal estimates, although its accuracy or completeness cannot be guaranteed.

## COMPLIANCE CERTIFICATE BY CEO / CFO

### ANNEXURE 4

**TO**  
**THE BOARD OF DIRECTORS**  
**SHRIRAM CITY UNION FINANCE LIMITED**  
Chennai

We, Duruvasan Ramachandra, Managing Director and Chief Executive Officer and Ramasubramanian Chandrasekar, Executive Director and Chief Financial Officer of M/s Shriram City Union Finance Limited ("Company") issue this certificate pursuant to Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. To the best of our knowledge and belief, we certify that

- (i) we have reviewed the Balance Sheet as at March 31, 2018, Statement of Profit and Loss for the year ending on same date, Cash Flow statement as on the same date and the notes there to (together known as financial statements).
- (ii) these financial statements do not contain any materially untrue statement or omit any material fact or they contain statements that might be misleading.
- (iii) these financial statements and other financial information included in this report present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (iv) there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (v) we accept responsibility for establishing and maintaining internal controls for financial reporting.
- (vi) we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting.
- (vii) there are no deficiencies in the design or operation of internal controls which are to be disclosed to the auditors and/or to the Audit and Risk Management Committee.
- (viii) we have indicated to the auditors of the Company and the Audit and Risk Management Committee that there were
  - a) no significant changes in internal control over financial reporting during the year covered by this report;
  - b) no significant changes in accounting policy has been made during the year covered by this report;
  - c) no significant instances of fraud detected during the year except the frauds reported in note no -29 of Notes to Accounts.

**Duruvasan Ramachandra**

Managing Director and Chief Executive Officer  
DIN - 00223052  
Place : Chennai  
Date : April 26, 2018

**Ramasubramanian Chandrasekar**

Executive Director and Chief Financial Officer

## FORM NO. AOC - 2

### ANNEXURE 5

(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 ARM'S LENGTH BASIS

Sl. No.	Particulars	Remarks
a)	Name (s) of the related party and nature of relationship	-
b)	Nature of contracts/arrangements/transactions	-
c)	Duration of the contracts/ arrangements/ transactions	-
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	-
e)	Justification for entering into such contracts or arrangements or transactions	-
f)	Date(s) of approval by the Board	Not applicable
g)	Amount paid as advances, if any	-
h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	Not applicable

#### 2. DETAILS OF MATERIAL CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS AT ARM'S LENGTH BASIS

Sl. No.	Particulars	Remarks
a)	Name (s) of the related party and nature of relationship	-
b)	Nature of contracts/arrangements/transactions	-
c)	Duration of the contracts/ arrangements/ transactions	-
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	-
e)	Date(s) of approval by the Board	Not applicable
f)	Amount paid as advances, if any	-



**FORM NO. MGT - 9**  
**ANNEXURE 6****EXTRACT OF ANNUAL RETURN**  
**as on the financial Year ended on March 31, 2018****[Pursuant to section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]****I. REGISTRATION AND OTHER DETAILS :**

i) CIN	L65191TN1986PLC012840
ii) Registration Date	March 27, 1986
iii) Name of the Company	Shriram City Union Finance Limited
iv) Category/Sub- Category of the Company	Non Banking Finance Company
v) Address of the Registered Office and contact details	123, Angappa Naicken Street, Chennai - 600 001, Tel No. +91 44 2534 1431
vi) Whether listed company	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Integrated Enterprises (India) Limited 2 <sup>nd</sup> Floor, "Kences Towers", No.1 Ramakrishna Street, North Usman Road, T Nagar, Chennai - 600 017 Tel No.: +91 44 2814 0801 - 03

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

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Non Banking Financial Services	64990	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable section of the Companies Act, 2013
1	Shriram Housing Finance Limited	U65929TN2010PLC078004	Subsidiary	77.25	2 (87)

**IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE TO TOTAL EQUITY)****i) Category-wise share holding**

Sl. No.	Category of shareholders	No. of shares held at the beginning of the Year				No. of shares held at the end of the Year				% Change during the Year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A.</b>	<b>PROMOTERS</b>									
<b>1.</b>	<b>Indian</b>									
	a) Individual/ HUF	-	-	-	-	-	-	-	-	-
	b) Central Govt	-	-	-	-	-	-	-	-	-
	c) State Govt (s)	-	-	-	-	-	-	-	-	-
	d) Bodies Corporate	22,268,877	-	22,268,877	33.77	22,268,877	-	22,268,877	33.76	-
	e) Banks/FIs	-	-	-	-	-	-	-	-	-
	f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1)</b>		<b>22,268,877</b>	<b>-</b>	<b>22,268,877</b>	<b>33.77</b>	<b>22,268,877</b>	<b>-</b>	<b>22,268,877</b>	<b>33.76</b>	<b>-</b>



## FORM NO. MGT - 9

### ANNEXURE 6 (Contd.)

Sl. No.	Category of shareholders		No. of shares held at the beginning of the Year				No. of shares held at the end of the Year				% Change during the Year
			Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
2.	<b>Foreign</b>										
	a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
	b)	Other- Individuals	-	-	-	-	-	-	-	-	-
	c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
	d)	Banks / FIs	-	-	-	-	-	-	-	-	-
	e)	Any other	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A) (2)</b>		-	-	-	-	-	-	-	-	-
	<b>Total Shareholding of Promoter (A) = (A) (1) + (A) (2)</b>		<b>22,268,877</b>	<b>-</b>	<b>22,268,877</b>	<b>33.77</b>	<b>22,268,877</b>	<b>-</b>	<b>22,268,877</b>	<b>33.76</b>	<b>-</b>
B.	<b>PUBLIC SHAREHOLDING</b>										
1.	<b>Institutions</b>										
	a)	Mutual Funds	3,526,314	-	3,526,314	5.35	3,506,801	-	3,506,801	5.32	(0.03)
	b)	Banks / FI	142,108	-	142,108	0.22	24,749	-	24,749	0.04	(0.18)
	c)	Central Govt.	-	-	-	-	-	-	-	-	-
	d)	State Govt (s)	-	-	-	-	-	-	-	-	-
	e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
	f)	Insurance Companies	-	-	-	-	-	-	-	-	-
	g)	FIs / FPI	17,075,727	-	17,075,727	25.89	17,161,345	-	17,161,345	26.02	0.13
	h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
	i)	Others (specify) Qualified Foreign Portfolio Investor									
		Alternative Investment Fund	264,831	-	264,831	0.40	436,959	-	436,959	0.66	0.26
	<b>Sub-total (B) (1)</b>		<b>21,008,980</b>	<b>-</b>	<b>21,008,980</b>	<b>31.86</b>	<b>21,129,854</b>	<b>-</b>	<b>21,129,854</b>	<b>32.03</b>	<b>0.18</b>
2.	<b>Non - Institutions</b>										
	a)	Bodies Corporate									
	i)	Indian	7,057,472	2,400	7,059,872	10.71	6,927,086	1,950	6,929,036	10.50	(0.20)
	ii)	Overseas	-	-	-	-	-	-	-	-	-
	b)	Individuals									
	i)	Individual shareholders holding nominal Share Capital upto ₹ 1 lac	1,198,806	242,593	1,441,399	2.19	1,104,369	182,827	1,287,196	1.95	(0.23)
	ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lac	471,587	-	471,587	0.72	590,460	-	590,460	0.90	0.18

## FORM NO. MGT - 9

### ANNEXURE 6 (Contd.)

Sl. No.	Category of shareholders			No. of shares held at the beginning of the Year				No. of shares held at the end of the Year				% Change during the Year
				Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
		c)	Others (specify)									
			Clearing Members	58,291	-	58,291	0.09	4,819	-	4,819	0.01	(0.08)
			Trusts	5,014	-	5,014	0.01	5,600	-	5,600	0.01	0.00
			NRI	163,976	-	163,976	0.25	255,889	-	255,889	0.39	0.14
			Limited Liability Partnership	40,017	-	40,017	0.06	23,804	-	23,804	0.04	(0.02)
			Corporate Bodies (Foreign Bodies)	134,21,889	-	13,421,889	20.35	13,421,889	-	13,421,889	20.35	0.00
			Unclaimed Securities Suspense A/c	3,500	-	3,500	0.01	550	-	550	0.00	(0.00)
			IEPF Authority	-	-	-	-	47,788	-	47,788	0.07	0.07
			Sub-total (B) (2)	22,420,552	244,993	22,665,545	34.37	22,382,254	184,777	22,567,031	34.21	(0.15)
Total Public Shareholding(B) = (B) (1) + (B) (2)				43,429,532	244,993	43,674,525	66.23	43,512,108	184,777	43,696,885	66.24	0.03
C.	SHARES HELD BY CUSTODIAN FOR GDRS & ADRS			-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)				65,698,409	244,993	65,943,402	100.00	65,780,985	184,777	65,965,762	100.00	0.03

#### ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the Year			No. of shares held at the end of the Year			% Change in shareholding during the Year
		No. of shares	% of total shares of the Company	% of Share Pledged / Encumbered to total shares	No. of Shares	% of total shares of the Company	% of Share Pledged / Encumbered to total shares	
1.	Shriram Capital Limited	22268877	33.77	-	22268877	33.76	-	0.00

#### iii) Change in Promoters' Shareholding (please specify, if there is no change) - There is no change in the Promoters' shareholding.

Sl. No.		Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	At the beginning of the Year	22268877	33.77	22268877	33.76
	Date wise Increase/ Decrease in Promoters Share holding during the Year specifying the reasons for increase/decrease (e.g. Allotment/ transfer/ bonus/ sweat equity etc)	-	-	-	-
	At the end of the Year	22268877	33.77	22268877	33.76

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### ANNEXURE 6 (Contd.)

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

Sl. No.	Name of the shareholder	Shareholding at the beginning (April 1, 2017)/ End of the Year (March 31, 2018)					Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company	Date	Increase/Decrease in shareholding during the Year specifying the reasons	Reasons	No. of Shares	% of total shares of the Company
1	Dynasty Acquisition FPI Ltd	13,421,889	20.354	Apr 1, 2017	-	Acquisition of shares from TPG India Investments I INC in off market transaction	13,421,889	20.354
		13,421,889	20.354	Mar 31, 2018	-		13,421,889	20.354
2	Piramal Enterprises Limited	6,579,840	9.978	Apr 1, 2017	-	-	6,579,840	9.978
		6,579,840	9.978	Mar 31, 2018	-	-	6,579,840	9.978
3	East Bridge Capital Master Fund Limited	2,562,364	3.886	Apr 1, 2017	-	-	2,562,364	3.886
		2,562,364	3.886	Mar 31, 2018	-	-	2,562,364	3.886
4	Matthews India Fund	1,873,192	2.841	Apr 1, 2017	-	-	1,873,192	2.841
		1,873,192	2.841	Mar 31, 2018	-	-	1,873,192	2.841
5	Morgan Stanley Asia (Singapore) Pte.	1,508,220	2.287	Apr 1, 2017	-	-	1,508,220	2.287
				Apr 7, 2017	-1,1465	Transfer	1,496,755	2.270
				Jun 9, 2017	-347	Transfer	1,496,408	2.269
				Jun 23, 2017	-624	Transfer	1,495,784	2.268
				Jul 14, 2017	-1,3594	Transfer	1,482,190	2.248
				Sep 22, 2017	-96	Transfer	1,482,094	2.248
				Mar 31, 2018	-	-	1,482,094	2.248
				Mar 31, 2018	-	-	1,386,991	2.103
6	Aditya Birla Sun Life Trustee Private Limited (under various sub accounts)	1,386,991	2.103	Apr 1, 2017	-	-	1,386,991	2.103
				Apr 7, 2017	7,0500	Transfer	1,457,491	2.210
				Apr 21, 2017	-107,906	Transfer	1,349,585	2.047
				May 5, 2017	-95,000	Transfer	1,254,585	1.903
				Jul 14, 2017	-58,400	Transfer	1,196,185	1.814
				Aug 04, 2017	-18,600	Transfer	1,177,585	1.786
				Sep 08, 2017	58,410	Transfer	1,235,995	1.874
				Sep 22, 2017	48,023	Transfer	1,284,018	1.947
				Sep 30, 2017	67,000	Transfer	1,351,018	2.049
				Nov 03, 2017	3,400	Transfer	1,354,418	2.054
				Dec 01, 2017	-3,400	Transfer	1,351,018	2.049
				Mar 30, 2018	1,100	Transfer	1,352,118	2.050
				Mar 31, 2018	-	-	1,352,118	2.050
7	Cornalina Acquisition (FII) Limited	1,223,810	1.856	Apr 1, 2017	-	-	1,223,810	1.856
		1,223,810	1.856	Mar 31, 2018	-	-	1,223,810	1.856
8	Bank Muscat India Fund	1,050,000	1.592	Apr 1, 2017	-	-	1,050,000	1.592
				Aug 04, 2017	-100,000	Transfer	950,000	1.441
				Nov 03, 2017	-105,107	Transfer	844,893	1.281
				Mar 31, 2018	-	-	844,893	1.281
9	Acacia Partners, LP	1,000,000	1.592	Apr 1, 2017	-	-	1,000,000	1.592
		1,000,000	1.592	Mar 31, 2018	-	-	1,000,000	1.592
10	SBI Mutual Funds (under various sub accounts)	901028	1.366	Apr 1, 2017	-	-	901,028	1.366
				Apr 14, 2017	(8,900)	Transfer	892,128	1.353
				May 12, 2017	8,7317	Transfer	979,445	1.485
				May 19, 2017	10,081	Transfer	989,526	1.501
				Sep 01, 2017	(1,334)	Transfer	988,192	1.499
				Sep 08, 2017	(15,794)	Transfer	972,398	1.475
				Mar 31, 2018	-	-	972,398	1.475
11	WF Asian Smaller Companies Fund Limited	512862	0.778	Apr 1, 2017	-	-	512,862	0.778
				Apr 14, 2017	100,335	Transfer	613,197	0.930
				Apr 21, 2017	86,112	Transfer	699,309	1.060
				May 12, 2017	92,609	Transfer	791,918	1.201
				May 19, 2017	38,172	Transfer	830,090	1.259
				Jul 14, 2017	263,499	Transfer	1,093,589	1.658
				Jul 21, 2017	20,000	Transfer	1,113,589	1.689
				Mar 31, 2018	-	-	1,113,589	1.689

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### ANNEXURE 6 (Contd.)

#### Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name	Shareholding at the beginning (April 1, 2017)/ End of the Year (March 31, 2018)					Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company	Date	Increase/Decrease in shareholding during the Year specifying the reasons	Reasons	No. of Shares	% of total shares of the Company
1	Sri Duruvasan Ramachandra, MD& CEO	-	-	Apr 1, 2017	-	-	-	-
		-	-	Mar 31, 2018	-	-	-	-
2	Sri Ramasubramanian Chandrasekar, CFO	-	-	Apr 1, 2017	-	-	-	-
		-	-	Mar 31, 2018	-	-	-	-
3	Sri C R Dash, CS	8277	0.00	Apr 1, 2017			8,277	0.00
		8277	0.00	Mar 31, 2018			8,277	0.00

Managing Director and Chief Executive Officer ("MD & CEO"), Chief Financial Officer ("CFO"), Company Secretary ("CS"). None of the Directors hold any shares in the Company.

#### V. INDEBTEDNESS

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

₹ in crores

		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness as on April 1, 2017	i) Principal Amount	10,795.24	3,025.54	3,346.83	17,167.61
	ii) Interest due but not paid	-	-	-	-
	iii) Interest accrued but not due	135.26	256.26	285.05	676.57
	<b>Total (i+ii+iii)</b>	<b>10,930.50</b>	<b>3,281.80</b>	<b>3,631.88</b>	<b>17,844.18</b>
Change in Indebtedness during the financial Year	Addition	28,602.22	6,697.71	1,341.88	36,641.81
	Reduction	25,154.71	6,367.36	1,693.44	33,215.51
<b>Net Change</b>		<b>3,447.51</b>	<b>330.35</b>	<b>(351.56)</b>	<b>3,426.30</b>
Indebtedness at the end of the financial Year	Principal Amount	14,242.75	3,355.89	2,995.27	20,593.91
	Interest due but not paid	-	-	-	-
	Interest accrued but not due	136.52	227.80	231.96	596.28
	<b>Total (i+ii+iii)</b>	<b>14,379.27</b>	<b>3,583.69</b>	<b>3,227.23</b>	<b>21,190.19</b>

#### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

₹ in crores

Sl. No.	Particulars of Remuneration	Sri Duruvasan Ramachandra*	Total Amount
<b>1.</b>	<b>Gross Salary</b>		
(a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	0.598	0.598
(b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961		
(c)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
5.	Others, please specify	-	-
<b>Total (A)</b>		<b>0.598</b>	<b>0.598</b>

\*Managing Director

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### ANNEXURE 6 (Contd.)

#### B. Remuneration to other directors:

₹ in crores

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Sri Debendranath Sarangi	Smt Maya S Sinha	Sri PranabPrakash Pattanayak	Sri Subramaniam Krishnamurthy	Sri Venkataraman Murali	Sri VipenKapur	
I	Independent Directors							
	Fee for attending Board Committee Meetings	0.0700	0.0540	0.0600	0.0665	0.0665	0.0555	0.3725
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	<b>Total (I)</b>							
II	Other Non-Executive Directors							
	Fee for attending Board Committee meetings	-	-	-	-	-	-	-
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	<b>Total (II)</b>	-	-	-	-	-	-	-
	<b>Total (B) = (I+II)</b>	<b>0.0700</b>	<b>0.0540</b>	<b>0.0600</b>	<b>0.0665</b>	<b>0.0665</b>	<b>0.0555</b>	<b>0.3725</b>
	<b>Total Managerial Remuneration (A + B)</b>	-	-	-	-	-	-	<b>0.9705</b>

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

₹ in crores

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1.	<b>Gross Salary</b>				
(a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961		0.421	0.480	0.901
(b)	Value of perquisites u/s 17(2) Income Tax Act, 1961		-	-	-
(c)	Profits in lieu of salary under section 17(3) of Income Tax, 1961		-	-	-
2.	<b>Stock Option</b>		-	-	-
3.	<b>Sweat Equity</b>		-	-	-
4.	<b>Commission</b>		-	-	-
5.	<b>Others, please specify</b>		-	-	-
	<b>Total</b>		<b>0.421</b>	<b>0.480</b>	<b>0.901</b>

Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), Company Secretary ("CS"). Sri Duruvasan Ramanchandra is the Managing Director and CEO of the Company. Since the remuneration paid to him is mentioned in the table A above, it is not mentioned here again.

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**ANNEXURE 6 (Contd.)****VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of the Penalty/ Punishment/ Compounding/ fees imposed	Authority [RD/ NCLT/ Court]	Appeal made, if any (give details)
A. Company		Penalty	Nil		
Penalty		Punishment			
Punishment		Compounding			
Compounding					
B. Directors		Penalty			
Penalty		Punishment			
Punishment		Compounding			
Compounding					
C. Other Officers in default		Penalty			
Penalty		Punishment			
Punishment		Compounding			
Compounding					

## ANNEXURE 7

Disclosure pursuant to the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as at March 31, 2018.

Particulars	SCUF Employees Stock Option Scheme, 2006
Date of shareholder's approval	October 30, 2006
a) Options Granted	1,355,000 equity shares of ₹ 10/- each
Vesting requirements	Options granted shall be vested after the period of one Year
b) Exercise price or pricing formula	₹ 35/- per option
Maximum term of options granted	Options granted can be vested after the gap of a one Year and the vested options can be exercised within a period 10 Years
Source of shares	Primary
c) Options vested	1,355,000
d) Options exercised	1,304,880
Number of options outstanding at the beginning of the period	72,480
Number of options granted during the Year	-
Number of options forfeited / lapsed during the Year	-
Number of options vested during the Year	-
Number of options exercised during the Year	22,360
e) Number of shares arising as a result of exercise of option	22,360
f) Options lapsed	-
g) Variation of terms of options	-
h) Money realized by exercise of options	₹ 45,670,800
Number of options outstanding at the end of the Year	50,120
Number of options exercisable at the end of the Year	-
i) Total number of options in force	-
j) Employee wise details of options granted to:	
i) Senior Management Personnel	-
ii) Any other employee who receives a grant of option amounting to 5% or more of option granted	-
iii) identified employees who were granted option equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	-
k) Diluted earnings per share (EPS) pursuant to issue of Shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'	₹ 100.71
i) Method of calculation of employee compensation cost	Intrinsic value method
ii) Difference between the employee compensation cost so calculated at (i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the Options	Fair Value method (Using Black Scholes Model): ₹ 30.82 crores Intrinsic Value method: ₹ 30.69 crores Difference in cost : ₹ 0.13 crores
iii) The impact of this difference on profits and on EPS of the Company	Fair Value method - (Using Black Scholes Model) Intrinsic Value method - Impact on Profit - Impact on Diluted EPS -
l) Weighted average exercise price	₹ 35.00
Weighted average fair value	₹ 227.42
m) Fair value of options based on Black Scholes methodology	
Assumption risk free rate	7.67%
Expected life of options (in Years)	5 Years
Expected volatility (based on Monthly Volatility of the Company's stock price on the NSE)	55.36%
Expected Dividends per share	₹ 3.00
Closing market price of share at NSE on date of option granted	₹ 261.45

## ANNEXURE 8

To,  
**THE MEMBERS,**  
**SHRIRAM CITY UNION FINANCE LIMITED**

**G.D. Apte & Co.**  
Chartered Accountants

This is to certify that the 'SCUF Employees Stock Options Scheme 2006' of Shriram City Union Finance Limited (CIN - L65191Tn1986PLC012840), has been implemented in accordance with the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and in accordance with the resolutions passed by the company at its Extraordinary General Meeting held on October 30, 2006 wherein the aforesaid scheme was approved by the shareholders.

This Certificate is issued under Regulation 13 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

For **G D Apte & Co.,**  
Chartered Accountants  
Firm Registration No 100515W

**U. S. Abhyankar**  
Partner  
Membership No 113053  
Place: Chennai,  
Date: April 26, 2018

**Pune Office:** GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune - 411 038, Phone - 020 - 25280081, Fax - 020 - 25280275;  
Email - audit@gdaca.com

**Mumbai Office:** Office No. 83-87, 8th Floor, Mittal Tower, B-wing, Nariman Point, Mumbai - 400 021, Phone - 022 - 4922 0555, Fax - 022 - 4922 0504;



## ANNEXURE 9

### DISCLOSURE UNDER RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

₹ in crores

S. No.	Name	Designation	Category	Remuneration FY18	Remuneration FY17	% of increase	Ratio to median remuneration of employees
1	Sri Debendranath Sarangi	Chairman	NE, I	0.0700	0.050	40.00	5.45
2	Sri Gerrit Lodewyk Van Heerde	Director	NE, NI	-	-	-	-
3	Sri Khushru Burjor Jijina	Director	NE, NI	-	-	-	-
4	Smt. Maya S Sinha	Director	NE, I	0.0540	0.039	38.46	4.21
5	Sri Pranab Prakash Pattanayak	Director	NE, I	0.0600	0.040	50.00	4.67
6	Sri Ranvir Dewan	Director	NE, NI	-	-	-	-
7	Sri Shashank Singh	Director	NE, NI	-	-	-	-
8	Sri Subramaniam Krishnamurthy	Director	NE, I	0.0665	0.039	70.51	5.18
9	Sri Venkataraman Murali	Director	NE, I	0.0665	0.039	70.51	5.18
10	Sri Vipen Kapur	Director	NE, I	0.0555	0.023	141.30	4.32
11	Sri Duruvasan Ramachandra	MD and CEO	E, NI, KMP	0.598	0.578	3.52	46.57
12	Smt Subhasri Sriram	CFO	KMP	-	0.093	331.73	-
13	Sri Ramasubramanian Chandrasekar	CFO	KMP	0.480	0.018	-	-
14	Sri C R Dash	CS	KMP	0.421	0.351	20.00	-

Financial year 2017-18 ("FY18") and Financial year 2016-17 ("FY17")

The percentage increase in the median remuneration of employees in FY18 was 16.30 (FY 17: 2.22)

The total number of employees on the rolls of the Company as on March 31, 2018 was 28,665 (March 31, 2017 : 26,783).

The average percentile increase in salaries of employees of the Company other than key managerial personnel in FY18 was 19.48. Average increase in key managerial remuneration was 44.16%. The increase in average salary of key managerial personnel was more than the average increase in salary of employees other than Key Managerial Personnel was for aligning the remuneration of Key Managerial Personnel with the market. There were no exceptional circumstances for increase in the key managerial remuneration.

### INFORMATION AS REQUIRED UNDER RULE 5 (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

#### Employees in receipt of remuneration of not less than ₹ 1.02 crores per annum

Name of the employee	Designation	Remuneration (₹ in crores)		Nature of employment, whether contractual or otherwise	Qualifications	Experience (in Years)	Date of commencement of employment	Age (in Years)	Last employment held before joining the Company	Relationship with Director/ Manager of the Company
		FY18	FY17							
Sri Subramaniam Jambunathan	Executive Director	1.314	1.17	P	BE, PGDBM	25	September 6, 2010	48	Hong Kong and Shanghai Banking Corporation	No
Sri Gouse Mohiddin Jilani	Executive Director	1.948	1.22	P	B.Sc	26	July 1, 2014	50	Shriram Chits (Maharashtra) Pvt. Ltd	No

None of the above said employees held not less than 2% of the equity shares of the Company.

**ANNEXURE 9 (Contd.)****INFORMATION AS REQUIRED UNDER RULE 5 (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 (CONTD.)****Top 10 Employees in terms of remuneration drawn**

Sl. No.	Name of the employee	Designation	Remuneration (₹ in crores)		Nature of employment, whether contractual or otherwise	Qualifications	Experience (in Years)	Date of commencement of employment	Age (in Years)	Last employment held before joining the Company	Relationship with Director/ Manager of the Company
			FY18	FY17							
1	Sri Gouse Mohiddin Jilani	ED	1.95	1.22	P	B.Sc	26	July 1, 2014	50	Shriram Chits (Maharashtra) Pvt. Ltd.	No
2	Sri Subramaniam Jambunathan	ED	1.31	1.17	P	BE, PGDBM	25	September 6, 2010	48	Hong Kong and Shanghai Banking Corporation	No
3	Sri Ramchandran Nair	P	1.01	0.73	P	BA, PGDBM	24	March 12, 2010	49	Fullerton India Credit Co Ltd.	No
4	Sri Siddhartha Pakrasi	P	0.91	0.63	P	B.Com, PGDM	20	June 27, 2011	43	Hong Kong and Shanghai Banking Corporation	No
5	Sri Praveen Kumar V	ED	0.82	-	P	B.Com, PGDPM	24	June 1, 2007	47	Shriram Chits P Ltd.	No
6	Sri Gaurav Sangal	VP	0.71	0.62	P	BE	15	May 12, 2010	38	Fullerton India Credit Co. Ltd.	No
7	Sri Jayaraman R	AVP	0.70	-	P	M.Com, MBA	28	May 3, 2010	54	Shriram Chits (Tamil Nadu) Pvt. Ltd.	No
8	Sri Lakshmi Narasimhan V	ED	0.69	0.50	P	FCS, PGDBM	28	April 2, 2015	55	Magma Fincorp Limited	No
9	Sri Rajesh Tiwari	VP	0.65	0.44	P	M.Com, PGDBM	16	July 13, 2010	38	Fullerton India Credit Co. Ltd.	No
10	Sri Duruvasan Ramachandra	MD	0.60	0.58	P	B.Com	27	June 6, 2012	56	Shriram Chits P Ltd	No
11	Smt Krithika Doraiswamy	AVP	-	0.42	P	BCS, M.Com	13	October 25, 2004	35	Shriram Transport Finance Co. Ltd.	No
12	Sri Vinod Kumar Bhandari	Head EF North	-	0.40	P	Diploma in Mechanical Engineering	33	April 4, 2012	56	Fullerton India Credit Co. Ltd.	No

Managing Director ("MD"), Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") Company Secretary ("CS"), Executive ("E"), Non Executive ("NE"), Non Independent ("NI") and Independent ("I"), Key Managerial Personnel ("KMP"), Executive Director ("ED"), President ("P"), Vice President ("VP"), Assistant Vice President ("AVP"), Permanent ("P"), Enterprise Finance ("EF")

## ANNEXURE 10

### ANNUAL REPORT ON CSR ACTIVITIES

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

Shriram City Union Finance Limited ("Company") has formulated CSR Policy aligned with the requirements of the Companies Act, 2013. CSR projects/activities are undertaken by the Company as per its CSR Policy. CSR projects/activities approved from time to time by the Company's CSR committee

are in accordance with the CSR Policy. CSR projects are carried out by the Company directly and through Implementing Agency. The CSR policy is available on the website of the Company [https://www.nseprimeir.com/z\\_SHRIRAMCIT/pdf\\_files/CORPORATE\\_SOCIAL\\_RESPONSIBILITY\\_\(CSR\)\\_POLICY.zip](https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/CORPORATE_SOCIAL_RESPONSIBILITY_(CSR)_POLICY.zip) CSR Committee approved to spend on Education, Health care and Skill Development through the implementing agency during the year ended March 31, 2018.

**2. The Composition of the CSR Committee**

S No	Name of the Director	DIN	Type of Director	Position
i	Smt Maya S Sinha	03056226	NE, I	Chairperson
ii	Sri Debendranath Sarangi	01408349	NE, I	Member
iii	Sri Khushru Burjor Jijina	00209953	NE, NI	Member

Non Executive ("NE"), Non Independent ("NI"), Independent ("I")

**3. Average net profit of the Company for last three financial years : ₹ 838.57crores**

**4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 16.77 crores**

**5. (a) Details of CSR spent during the financial year 2017-18 : ₹ 14.00 crores**

(b) Total amount to be spent for the financial year : ₹ 16.77 crores

(c) Amount unspent if any : ₹ 2.77 crores

(d) Manner in which the amount spent during the financial year is detailed below

(₹ in crores)

Sl. No	CSR project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs sub heads (1) Direct Expenditure (2) Overheads (*)	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing Agency
1	Sri Sri Vidya Mandir	Education	Anaikoil, Nagapattinam District, Tamil Nadu	1.22	1.13	1.13	Implementing Agency
2	Shriram Pragya Bharati Vidya Kendra		Nittur village, Shimoga District, Karnataka	0.22	0.15	0.15	Implementing Agency
3	Shriram Matriculation School,		Mangalagiri, Guntur District, Andhra Pradesh	0.72	0.54	0.54	Implementing Agency
4	Shriram Matriculation School, Tiruneermalai		Tiruneermalai, Chennai, Tamil Nadu	2.21	2.06	2.06	Implementing Agency
5	Mission 25		Krishna District, Andhra Pradesh	3.00	2.10	2.10	Implementing Agency

## ANNEXURE 10 (Contd.)

### ANNUAL REPORT ON CSR ACTIVITIES

(₹ in crores)

Sl. No	CSR project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs sub heads (1) Direct Expenditure (2) Overheads (*)	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing Agency
6	Sri Sri Industrial School-Electrical and welding tech	Skill development and livelihood	Anaikoil, Nagapattinam District, Tamil Nadu	0.14	0.13	0.13	Implementing Agency
7	Pratham - Hospitality and Bedside attendant programs		Across India in multiple locations	4.41	3.75	3.75	Implementing Agency
8	Two wheeler mechanic program		Multiple locations in UP, Chattisgarh and Telengana				Implementing Agency
9	Commercial Tailoring program		Vijayawada, Krishna District, Andhra Pradesh	0.12	0.02	0.02	Implementing Agency
10	Lotus Blind Welfare Trust		Chennai, Tamil Nadu	0.01	0.01	0.01	Implementing Agency
11	Advocates for Babies in Crisis	Child Welfare	Hyderabad, Telegana	0.12	0.12	0.12	Implementing Agency
12	South India Club, New Delhi	Art and culture	New Delhi	4.00	4.00	4.00	Direct
13	Modular toilets	Health Care	Kuthambakkam, Tiruvallur	0.06	-	-	
14	Projects to be identified		Across India	0.44	-	-	
<b>Total</b>				<b>16.67</b>	<b>14.00</b>	<b>14.00</b>	

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

The Company had spent ₹ 14.00 crores during the year ended March 31, 2018 (2016-17 : ₹ 6.89 crores). There was a short fall of ₹ 2.77 crores in the CSR spend due to the time taken in identifying the CSR projects, working out modalities and identifying training partners. The Company is committed to spend on CSR.

We hereby affirm that the CSR Policy ("Policy") of the Company as approved by the Board of Directors of the Company is monitored by the CSR Committee and the CSR activities have been implemented in accordance with the Policy.

**Duruvasan Ramachandra**

DIN - 00223052

Managing Director

Place : Chennai

Date : April 26, 2018

**Maya S Sinha**

DIN - 03056226

Chairperson - CSR Committee

## ANNEXURE 11

### DECLARATION ON CERTIFICATE OF INDEPENDENCE FROM INDEPENDENT DIRECTORS

I hereby confirm that the Company has received from all the independent directors namely Sri Debendranath Sarangi, Smt Maya S Sinha, Sri Pranab Prakash Pattanayak, Sri Subramaniam Krishnamurthy, Sri Venkataraman Murali and Sri Vipen Kapur a certificate stating their independence as required under section 149 (6) of the Companies Act, 2013.

**Duruvasan Ramachandra**

DIN- 00223052

Managing Director and CEO

Place : Chennai

Date : April 26, 2018

## ANNEXURE 12

### DECLARATION ON COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT

I hereby confirm that the Company has obtained from all the members of the Board and designated senior management employees of the Company affirmation that they have complied with "Code of Conduct for Board Members and Senior Management" ("Code") of the Company during the Year ended March 31, 2018.

**Duruvasan Ramachandra**

DIN- 00223052

Managing Director and CEO

Place : Chennai

Date : April 26, 2018

**ANNEXURE 13****POLICY ON APPOINTMENT, REMUNERATION AND DIVERSITY OF BOARD****1. BACKGROUND :**

Companies Act 2013 ("Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulation") require the Nomination and Remuneration Committee ("Committee") to formulate a Policy on Appointment, Remuneration and Diversity of Board ("Policy"). Section 178 of the Act mandates for a policy on identification, laying down criteria for appointment, recommendation to the Board for appointment/removal of Directors/senior management of the Company and independence of directors. Regulation 25 of the Regulation requires the appraisal of non-independent directors and the board of directors as a whole. The Company is required to ensure accurate disclosure of material matters on time. One of the functions of the Board is to monitor and review the Board evaluation framework. Regulation 19 (4) of the Regulations requires formulation of a policy on diversity of board of directors. Accordingly, the Committee of Shriram City Union Finance Limited ("Company") has formulated the Policy and it is approved by the Board of Directors of the Company ("Board").

**2. APPLICABILITY :**

This Policy covers the appointment, remuneration of Directors, Key Managerial Personnel ("KMP"), Senior Management personnel of the Company and performance appraisal of the Directors.

**3. DEFINITION :**

All terms used in the Policy shall have the same meaning as ascribed to them under Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**4. OBJECTIVES :**

The objective of this policy is to stipulate criteria for

- Appointment, re-appointment, removal of Directors, KMPs and Senior Executives.
- Remuneration payable to the Directors, KMP and Senior Management personnel.
- Retain, motivate and promote talent in the Company
- Ensure long term sustainability of talented managerial persons and create competitive advantage to run the operations of the Company successfully.

- Ensure the remuneration is directly proportional to the effort, performance, dedication and achievement relating to the Company's operations of the concerned individual.
- Strike the balance between fixed component and variable incentive package for meeting the Company's vision and mission.
- Increase diversity at Board level and to make maximum use of the skills and industry experience of the directors.

**5. CRITERIA FOR APPOINTMENT :**

The appointment shall be based on the following criteria.

- Qualification, expertise and relevant experience for the concerned position
- Age, number of years of service, specialised expertise and period of employment or association with the Company.
- Special achievements and Operational Efficiency which contributed to growth in business in the relevant functional area.
- Remuneration in the market & Competition
- Constructive and active participation in the affairs of the Company.
- Exercising the responsibilities in a bona fide manner in the interest of the Company.
- Sufficient devotion of time to the assigned tasks.
- Diversity of the Board keeping in view the skills, qualification, experience in varied fields of finance, banking, administrative etc. of directors in different industry and other related matters.
- The Company shall issue appointment letter to each of the independent director appointed by the Company.

**CRITERIA FOR REMUNERATION:**

The remuneration shall be based on the criteria of appointment mentioned above and shall be subjected to the limits mentioned below. The remuneration mentioned below can be changed by the Board from time to time.

## ANNEXURE 13 (Contd.)

### POLICY ON APPOINTMENT, REMUNERATION AND DIVERSITY OF BOARD (Contd.)

Category	Remuneration	Remarks
Whole-time Director & Managing Director	Basic Pay, allowances, Perquisites, Retirement benefits, ESOP and reimbursement of expenses incurred in performance of office duties	Subject to the ceiling limits prescribed under the Act/ approval of Shareholders.
Director (other than Independent Director)	Sitting Fees and reimbursement of reasonable expenses for attending the meetings of Board and Committees, where such director is a member as decided by the Board from time to time.	Sitting Fees are subject to the applicable ceiling limits prescribed under the Act.
Independent Directors	Sitting Fees of ₹ 50,000/- per meeting of the Board, Audit and Risk Management Committee, Nomination and Remuneration Committee and Meeting of Independent Directors attended.  Sitting Fees of ₹ 25,000 per meeting of the Committees other than the Committees mentioned above (except Stakeholders Relationship Committee) and General Meetings, attended,  Sitting Fees of ₹ 10,000 per meeting of Stakeholders Relationship Committee attended.	
Senior Management Personnel/ KMP	Basic Pay, allowances, Perquisites, retirement benefits, ESOP, reimbursement of expenses incurred in performance of office duties.	To be decided by the Managing Director based on appointee

The Managing Director shall decide about the remuneration of the executives based on the criteria mentioned above, subject to ceiling fixed under any applicable law at the time of appointment and shall decide about reasonable annual increase keeping in view the prevailing market condition, statutory requirements and the objectives/criteria mentioned above. The following matters shall be brought to the attention of the Committee for evaluation and recommendation.

- Remuneration to any person in excess of Rupees two crores per annum
- Appointment / remuneration of Directors, KMPs, Senior management personnel.

The maximum remuneration payable to all the Directors/managerial personnel shall be capped as provided under Section 197, 198, Schedule V of the Act.

#### PROCESS OF EVALUATION:

The evaluation of the Board, Committee and flow of information shall be done by the independent directors. The evaluation of performance of each independent director shall be done by all the directors except the independent director evaluated. The review of performance of non-independent directors, the Board as a whole, the Chairperson of the Company, quantity and timeliness of flow of information shall be done by independent directors of the Company. These evaluations shall be carried out once in a year. It shall be carried out through an evaluation sheet based on qualification, experience, age, participation, attendance, knowledge, quality of discussion, beneficial contribution etc. The evaluation and the results thereof shall be confidential.

#### PERFORMANCE EVALUATION OF THE BOARD/COMMITTEE:

Each director shall be provided with rating sheet on the pre set criteria. The rating sheet shall be filled in by each director with scores awarded by him/her and shall be handed over to the Company Secretary. The total score given by all the directors participating in the evaluation shall be totaled up

and averaged out by dividing the total score with number of participating directors. Based on the average score, the Board may decide on the necessary improvemental activities to be undertaken.

#### PERFORMANCE EVALUATION OF THE DIRECTORS:

Each director shall be provided with rating sheet on the preset criteria. The rating sheet shall be filled in by each director for all the directors except himself/herself with necessary details with scores awarded by him/her. The filled in rating sheet shall be handed over to the Company Secretary. The total score given by all the directors participating in the evaluation shall be totaled up and averaged out by dividing the total with number of participating directors. Based on the average score of each director, necessary discussion shall be made.

#### EFFECT AND REVISION:

This policy shall come into effect from April 1, 2018 and shall remain in force till amended by the Board with recommendation of the Committee. Any regulatory changes affecting this Policy shall prevail over this Policy.

**ANNEXURE 13 (Contd.)****DIVIDEND DISTRIBUTION POLICY****1. PREAMBLE :**

Dividend is the payment made by a company to its shareholders, usually in the form of distribution of its profits. The profits earned by a company can either be retained in business and or be used for acquisitions, expansion, diversification, business growth or it can be distributed to the shareholders. A company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend. This Policy aims to balance between these. This Dividend Distribution Policy ("Policy") will guide dividend declaration and its pay-out by the Shriram City Union Finance Limited ("Company") in accordance with the provisions of Companies Act 2013 ("CA13"), Rules thereunder ("Rule"), Secretarial Standard ("SS"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") and any other applicable rules and regulations. The objective of this policy is to ensure a regular dividend income for the shareholders and long term capital appreciation for all shareholders of the Company. The Board of Directors of the Company ("Board") will refer to the policy for declaring/ recommending dividends. This policy is framed as required under SEBI Circular No. SEBI/ LAD-NRO/ GN/ 2016-17/008 dated July 8, 2016.

**2. APPLICABILITY AND REVIEW :**

It shall come into force with effect from April 1, 2018. Any change in applicable law, regulation shall prevail over this Policy. This policy shall be reviewed by the Board periodically for any changes or amendments. The Company has issued only Equity Shares and no Preference shares issued by the Company are outstanding.

**3. DEFINITIONS :**

- i. Company : Shriram City Union Finance Limited
- ii. Board : Board of Directors of the Company
- iii. Current Financial Year : The financial year for which the dividend is declared/ recommended
- iv. Dividend : Distribution of any sums to Members out of Profits of the Company and included both interim and final dividend
- v. Dividend Pay Out Ratio : The percentage of dividend paid/recommended bears to Profit determined for Dividend purposes.
- vi. Interim Dividend: Dividend declared by the Board
- vii. Final Dividend: Dividend recommended by the Board and declared by the Members at an Annual General Meeting of the Company.

**4. CATEGORY OF DIVIDENDS :**

The CA13 provides for two forms of Dividend - Interim and Final.

**(i) Interim Dividend**

The Board shall have the absolute power to declare interim dividend during a financial year, as and when

it considers fit. The Board may endeavor to declare an interim dividend one or more times in a financial year after finalisation of quarterly/half yearly/yearly financial accounts based on the profits of the Company.

**(ii) Final Dividend**

The Final dividend shall be recommended to the shareholders/members of the Company by the Board after the annual financial statements are approved by the Board. The Board shall recommend the payment of Final Dividend to the shareholders/members for their approval as an ordinary business item of the Annual General Meeting. If the Board declares more than one interim dividend in a financial year, the Board may recommend to the shareholder to treat the last interim dividend as a final Dividend.

**5. FACTORS TO BE CONSIDERED FOR DECLARING DIVIDEND :**

The payment/recommendation of dividend is to determine the amount of profit to be distributed among shareholders and amount of profit to be retained in business. The Board will endeavour to take a decision with an objective to enhance shareholders wealth and market value of the shares. The Board considers a stable dividend to constitute an important element of the Company's investment attractiveness and shareholder return. As a leading Non-banking finance Company operating in rapidly developing, yet volatile, markets, its primary need is to maintain sufficient resources and financial flexibility to meet financial and operational requirements. The retained earnings strengthen the Company's net owned funds. It will further help in maintaining Capital Adequacy Ratio (CAR) for the Company. The Board from time to time will decide utilisation of the retained earnings for organic/inorganic growth, market competition, creating long term shareholder value etc. The Board will ensure judicious balancing of these factors in the interest of the Company and its stakeholders. The decision regarding recommendation/declaration of dividend will depend upon various external and internal factors including the following:

**(i) External Factors:-**

**State of Economy** - in case of uncertain or recessionary economic and business conditions, the Board will endeavour to retain larger part of profits to build up reserves to absorb future shocks.

**Capital Markets** - when the markets are favourable, dividend pay-out can be liberal. However, in case of unfavourable market conditions, Board may resort to a conservative dividend pay-out in order to conserve cash outflows.

**Statutory and Contractual Restrictions**- The Board needs to keep in mind the restrictions imposed under the Act and any other laws, the regulatory developments with regard to declaration of dividend, the Company's contractual obligations under the loan agreements / debenture trust deed and other agreements, documents, writings, limiting / putting restrictions on dividend pay-out



## ANNEXURE 13 (Contd.)

### DIVIDEND DISTRIBUTION POLICY (Contd.)

- (ii) **Internal Factors:-** In addition to the matters mentioned in CA13, regulations and this Policy, the following factors shall be considered.

Profitability, cash flow, cost of funds, business growth/expansion, diversification, additional investments, acquisition of business, modernisation and any other matter as may be decided by the Board from time to time.

The Shareholders of the Company may or may not expect dividend for a financial year(s) in the circumstances of (a) challenging/sluggish market conditions, (b) tough liquidity position, (c) losses /no profits/inadequate profits.

#### 6. QUANTUM OF DIVIDEND :

Dividend shall be recommended/declared by the Board out of profits of the Current Financial Year of the Company. It shall not be recommended/paid out of Free Reserves or Profits of earlier financial years or both. No dividend shall be declared/paid if there is default in redemption of debentures, payment of interest on debentures, creation of debenture redemption reserve, creation of capital redemption reserve, payment of dividend declared. The following matters shall be considered for determining the quantum of dividend. Company shall declare/recommend and disclose the Dividend on per share basis only

- i) Current financial year's profit as determined for the purpose of Dividend in terms of applicable provisions of CA13.
- ii) Transfer to reserves such amount as may be prescribed under the CA13, RBI regulation and other applicable regulation.

The determination of dividend pay-out shall depend upon regulatory, internal and external factors. The Board may maintain a Dividend pay-out ratio (including the applicable dividend distribution tax) in the range of 20 - 25% or such other range as may be decided by the Board from time to time of profits after tax (PAT).

#### 7. PROCESS PAYMENT OF DIVIDEND :

- The Company will give prior intimation of 2 working days to Stock Exchanges (excluding the date of intimation and the date of the Board meeting) of date of Board Meeting in which the declaration / recommendation of dividend will be considered.

- The Company will inform about the decision taken by Board regarding dividend to Stock Exchange within 30 minutes of the closure of the Board Meeting.
- The Company will fix **Record date** for the purpose of determination for list of shareholders eligible to receive dividend. Persons appearing as members in the register of members or benpose of the Company shall be entitled for Dividend.
- The intimation for fixing **Record date** shall be given to exchange at least seven working days in advance (excluding the date of intimation and the record date).
- Payment of Dividend shall be made through electronic mode or cheques or payable at par warrants. If exc, the payable at par warrants or cheques shall be sent by speed post, if it exceeds one thousand five hundred rupees. The Company shall be discharged of its responsibility of payment of Dividend on the amount debited to the Dividend Banking account of the Company with such dividend paying Bank.
- The dividend declared shall be deposited in a scheduled bank in a separate account within five days from the date of declaration of such dividend.

#### 8. UNCLAIMED/UNPAID DIVIDEND :

- Dividend declared by a Company remaining unpaid or unclaimed within 30 days from the date of declaration of Dividend, the Company shall within 7 days from the date of expiry of the said period of thirty days transfer to a special account to be opened by the Company in any Scheduled bank to be called the Unpaid Dividend Account.
- Any money transferred to the Unpaid Dividend Account of a Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company along with Interest accrued, if any, thereon to the Fund established by the Central Government called the Investor Education and Protection Fund (IEPF).
- Unclaimed Dividend shall not be forfeited before the claim becomes barred by law.

**ANNEXURE 14****BUSINESS RESPONSIBILITY REPORT****Business Responsibility Report for the year ended on March 31,2018****Section A : General Information About The Company**

1	Corporate Identity Number (CIN) of the Company	L65191TN1986PLC012840
2	Name of the Company	Shriram City Union Finance Limited
3	Registered address	123, Angappa Naicken Street, Chennai - 600 001
4	Website	www.shriramcity.in
5	E-mail id	sect@shriramcity.in
6	Financial Year reported	2017-18
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	NIC Code-64990
8	List three key products/services that the Company manufactures/ provides (as on March 31, 2018)	Please refer "PRODUCT OFFERINGS" on page no 3 of this Annual Report
9	Total number of locations where business activity is undertaken by the Company	
a)	Number of International Locations (Provide details of major 5)	Nil
b)	Number of National Locations	969
10	Markets served by the Company - Local /State/National / International	National

**SECTION B : FINANCIAL DETAILS OF THE COMPANY**

1	Paid up Capital (INR in lacs) (Consolidated)	6,596.98
2	Total Turnover (INR in lacs)(Consolidated)	537,353.17
3	Total profit after taxes (INR in lacs) (Consolidated)	68,710.86
4	Total Spending on Corporate Social Responsibility (CSR) as a percentage of profit after tax (%)	1.63%
5	List of activities in which expenditure in 4 above has been incurred	Education, Health care,Welfare and Culture and skill development

**SECTION C : OTHER DETAILS**

1	Does the Company have any Subsidiary Company / Companies	Yes. M/s. Shriram Housing Finance Limited
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 (ies)	The Subsidiary does not participate in the BR initiatives of the Company
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 other entity participates in the BR initiatives of the Company

**SECTION D : BR INFORMATION**

1	Details of Director/Directors responsible for BR	Sri Duruvasan Ramanchandra, Managing Director, DIN-00223052, Telephone No. +91 44 4392 5300, Email id - md@shriramcity.com
a)	Details of the Director/Director responsible for implementation of the BR policy/policies	
b)	Details of BR Head	

## ANNEXURE 14 (Contd.)

### 2. Principle-wise (as per NVGs) compliance with BR Policy (ies)

Sl	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders	Y	N	Y	N	N	Y	N	N	N
3	Does the policy conform to any national/international standards? If yes, specify(50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy been approved by the Board ? If yes, has it been signed by MD/owner/CEO/appropriate Board Director	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board /Director official to oversee implementation of the policy	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online	Refer to the Note below								
7	Has the policy been formally communicated to all relevant internal and external stakeholders	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy / policies	Y	Y	Y	Y	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	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	Y	Y	Y	Y	Y	Y	Y	Y	Y

Yes ("Y") ,No ("N")

P1 Business should conduct and govern themselves with Ethics, Transparency and Accountability

P2 Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

P3 Business should promote the wellbeing of all employees

P4 Business should respect the interest of and be responsive towards all stake holders, especially those who are disadvantaged, vulnerable and marginalised

P5 Business should respect and promote human rights

P6 Business should respect, protect and make efforts to restore the environment

P7 Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner

P8 Business should support inclusive growth and equitable development

P9 Business should engage with and provide value to their customers and consumers in a responsible manner

If answer to the question at serial number 1 against any principle, is 'No', please explain why : (Tick up to 2 options)

Answers to the question at 1 in the above table for all the Principles is Yes. So, explanation is not required.

Sl	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
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 next 1 year									
6	Any other reason (please specify)									

Notes for Sl no 3 to the above table : The policies are formulated based on applicable regulations/general practices and therefore the policies conform to national standards

Note for Sl no 6 to the above table: The web link for the policies of the Company are as follows <https://www.shriramcity.in/Investors→Company Information→Policies>. The remaining policies are not displayed on the web site as they are internal to the Company

**ANNEXURE 14 (Contd.)****3. GOVERNANCE RELATED TO BR**

The Business Responsibility Policy constitute different policies of the Company. Those policies were implemented and the compliance of such policies were discussed in the meeting of the Board of Directors of the Company each quarter during the Year. This report will be available on the link [https://www.nseprimeir.com/z\\_SHRIRAMCIT/files/SCUF\\_ANNUAL\\_REPORT\\_2017-18.zip](https://www.nseprimeir.com/z_SHRIRAMCIT/files/SCUF_ANNUAL_REPORT_2017-18.zip)

SECTION E : PRINCIPLE - WISE PERFORMANCE		
1	P1	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?
2		Yes. It extends to Company only
2	P1	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.
1	P2	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/ or opportunities
2		The Company is in financial services. This is 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)
		Not Applicable
		a Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain
		Not Applicable
		b Reduction during usage by customers (energy, water) has been achieved since the previous year
		Not Applicable
3		Does the Company have procedures in place for sustainable sourcing (including transportation)
		Not Applicable
		a If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.
		Not Applicable
4	P3	Has the Company taken any steps to procure goods and services from local & Small producers, including communities surrounding their place of work
		The Company is in financial services and prefers employment of local Persons. Goods are also procured locally
	P3	If yes, what steps have been taken to improve their capacity and capability of local and small vendors
5	P3	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.
		No. Not Applicable.
1	P3	Please indicate the Total number of employees
		28,665
2		Please indicate the Total number of employees hired on temporary/ contractual/ casual basis
		232 as on March '18 Consultants on Contract, Temporary and Casual - <b>NIL</b>
3		Please indicate the Number of permanent women employees
		3,755
4		Please indicate the Number of permanent employees with disabilities
	P3	54
5		Do you have an employee associated that is recognized by management
	P3	No
6		What percentage of your permanent employees is members of this recognized employee association
	P3	Not applicable
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 end of the financial year
	P3	Nil

## ANNEXURE 14 (Contd.)

SECTION E : PRINCIPLE - WISE PERFORMANCE		
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 New Joinees and, (a) Permanent Employees - 50% of existing employees (b) Permanent Women Employees- 53% of existing employees (c) Casual/Temporary/Contractual Employees - NA (d) Employees with disabilities - 52% of existing employees
1	P4	Has the Company mapped its internal and external stakeholders
2		Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders
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.
1	P5	Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs / Others
2		How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management
1	P6	Does the policy related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others
2		Does the Company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc. If yes, please give hyperlink for webpage etc.
3		Does the Company identify and assess potential environment risks
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
5		Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. If yes, please hyperlink for web page etc.
6		Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB / SPCB for the financial year being reported
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
1	P7	Is your Company a member of any trade and chamber or association ? If yes, Name only those major ones that your business deals with
2		Have you advocated/lobbied through above associations for the advancement or improvement of public good? 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)

**ANNEXURE 14 (Contd.)**

SECTION E : PRINCIPLE - WISE PERFORMANCE			
1	P8	Does the Company have specified programmes/initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.	Yes. Refer Note below
2		Are the programmes/projects undertaken through in-house team/own foundation /external NGO/government structures / any other organisation?	Programmes/Projects are undertaken by the Company, in house, external NGOs and combination of these.
3		Have you done any impact assessment of your initiative	Yes
4		What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken	Please refer "ANNUAL REPORT ON CSR"
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.	Steps have been taken for community development through our lending activities and by our CSR activities
1	P9	What percentage of customer complaints / consumer cases are pending as on the end of financial year.	Please refer note no. 51 of notes to accounts this Annual Report
2		Does the Company display product information on the product label, over and above what is mandated as per local laws	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

**Notes**

P4.3: A significant number of our borrowers belong to low income group and persons not having access to formal line of credit. This is our special initiative to identify such borrowers and meet their credit requirement. We also meet the education and welfare need of marginalised persons through our corporate social responsibility activity.

P8.1: The Company is driven by one of its objective of financial inclusiveness, in which the financial needs of persons not having access to formal banking system are provided with finance. This in turn contributes to inclusive growth and equitable development

**SECTION E****PRINCIPLE -WISE PERFORMANCE**

The Company's vision on Business Responsibility ("BR"), embraces the principles of National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business ("NVG"). To enable it further, the Company has got Policies, Framework, Codes, Management Systems and Monitoring tools. The BR matters are monitored by the respective persons as authorized by the Board of Directors of the Company.

**Principle 1: Businesses should conduct and govern themselves with Ethics, transparency and accountability**

The Company is governed with ethics, transparency and with accountability. The Company is governed in compliance with applicable laws. Corporate Governance of the Company reflects ethics, transparency and accountability. The Code of Conduct for Board Members and Senior Management ("Code") depicts the Conduct of Directors and Senior Management personnel. The Directors and senior management team confirm adherence to the Code annually. These are reviewed and upgraded regularly. The Company maintains transparency in its communication with members, security holders, other agencies and public at large. The Whistle Blower Policy of the Company is aimed at bringing out unethical conducts and thereby making transactions ethical and transparent. The fair familiarisation programme conducted for independent directors makes activities transparent. The roles of Chairman and CEO are held by different individuals bringing in more transparency and ethics. The Chairman of the Board is Non-Executive Independent Director.

## ANNEXURE 14 (Contd.)

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

The Company is engaged in the business of financing and provides loans to its borrowing and accepts deposits from depositors. The products and services provided by the Company, not being physical in nature are safe and sustainable. The Company as a whole works towards reducing our environmental foot prints.

### **Principle 3: Businesses should promote wellbeing of employees**

The Company is an equal opportunity provider to all employees starting from their recruitment irrespective of their caste, creed, gender, race, religion, language, disability or sexual orientation. Our employees belong to all parts of the country and are selected based on individual merit without any discrimination or preference. We encourage the capable employees reaching senior positions and be a part of Company's decision making process. Employee welfare measures on counselling on stress free living, medical and eye check up, yoga etc. were conducted during the year. We maintain cordial relationship with our employees. We train our employees on upgrading functional and soft skills. In order to ensure healthy working conditions and prevent sexual harassment of women employees, we have constituted Internal Complaint Redressal Committee at various workplaces with a Policy on Prevention of Sexual Harassment at Workplace for Women in force. Employee continuing policies and compliance with regulation have promoted wellbeing of employees.

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

We respond to grievances of stake holders at the earliest and resolve them within reasonable time. Our customers, investors, shareholders, securities/deposit holders, regulators, market intermediaries, lenders, employees, communities and society at large have been guide posts of our activities. A Committee of the Board which meets quarterly oversees this. Our policy is to treat all customers in fair manner. The loan recovery and collection operation are in-house, which ensures relationship based recovery procedures well-suited to our customers. We have track record of consistent payment of Dividend, high credit rating, timely servicing fixed deposit holders with reasonable rate of interest, timely servicing of interest/principal to our lenders/ FD holders/NCD holders. Our CSR programmes are focused on disadvantaged, vulnerable and marginalized (please refer to Report on CSR Activities Annexure - 10 )

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

We respect the human rights. We pay fair wages to our employees and do not discriminate. They are treated equally

with dignity and are given equal opportunities, rights and benefits. We comply and adhere to all the human rights laws and guidelines.

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

The Company has established a comprehensive system to identify and assess potential environmental risks and opportunities in its operations. We continue to create awareness about environment protection among employees & customers. The Company adheres to all pollution control. We appeal to our shareholders, security holders, NCD/FD holders, borrowers for dealing with us electronically (demat, email, direct credit to bank a/c etc), thereby reducing use of paper. We use electronic methods of communication within and outside our offices and avoid use of paper as far as possible.

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

The Company actively participates in industrial and professional forums to represent larger interest of the industry. We voice our concern and make our suggestion on the issues and matters our business interest to regulatory and government bodies directly as well as through our business associations i.e. Confederation of Indian Industries (CII) and Federation of Indian Chambers of Commerce and Industry (FICCI) .

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

We cater to the financing needs of persons of areas generally to the regions where banking services are not easily available. We have our branches at semi urban and rural areas. We also mobilize FDs from these areas. We promote the "financial inclusion" which is the focus point of all welfare initiatives of the government. Our this activity contributes to inclusive growth and development. Our CSR activities contribute the development and growth of persons in semi urban and rural areas. Please refer to the Director's Report (Annexure - 10 ) containing our CSR projects undertaken for the benefit of financially weaker and vulnerable sections of the society.

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

Our customers are majorily in semi-urban/ rural areas. Our aim is to upgrade their lives by providing suitable finance for their business needs. Our customers have derived value by being associated with us in achieving advancement, progress, growth in their business through our innovative financing. We engage with our customers to understand their need in order to offer a suitable product to them on timely basis. The redressal of customer grievances within reasonable time helps us to serve our customers in responsible manner. In addition, we provide other services like insurance, settlement of their insurance claims etc. to our customers.



## FORM NO.MR-3

### ANNEXURE 15

#### SECRETARIAL AUDIT REPORT

FINANCIAL YEAR ENDED MARCH 31, 2018

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

To,  
**THE MEMBERS,**  
**SHRIRAM CITY UNION FINANCE LIMITED**  
CHENNAI -600001

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Shriram City Union Finance Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon. Based on my verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 complied with the statutory provisions listed here under 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 the Company for the financial year ended on March 31, 2018 according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;
- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (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 (Listing Obligation and Disclosure Requirements) Regulations, 2015
- 6) Reserve Bank of India Act, 1934
- 7) Non- Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007
- 8) Non- Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions. 1998
- 9) Non- Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.



We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Equity Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;
- (iii) The Debt Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;

During the period under review the Company has complied-with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**I further report that**

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions were carried out with unanimous approval of the Board and there was no instance of dissent voting by any member during the period under review.

I have examined the systems and processes established by the Company to ensure the compliance with general laws including Labour Laws, Employees Provident Funds Act, Employees State Insurance Act & other State Laws, considering and relying upon representations made by the Company and its Officers for systems and mechanisms formed by the Company for compliance under these laws and other applicable sector specific Acts, Laws, Rules and Regulations applicable to the Company and its observance by them.

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

**I further report** that during the audit period, there were no specific events / actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc.

For **M/s P. Sriram & Associates**

**P. Sriram**

Proprietor

Certificate of Practice No. - 3310

Membership No. - 4862

Place : Chennai

Date : April 26, 2018

To

**THE MEMBERS,**

**SHRIRAM CITY UNION FINANCE LIMITED**

My report of event date is to be read along with this supplementary testimony.

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 our 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, the Company had followed provide are reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever 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 to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **M/s P. Sriram & Associates**

**P. Sriram**

Proprietor

Certificate of Practice No. - 3310

Membership No. - 4862

Place : Chennai

Date : April 26, 2018

#### **A. PROMOTER**

Shriram Capital Limited

#### **B. PROMOTER GROUP**

The followings are the entities in Promoter Group as defined under section 2 (1) (t) of SAST Regulations, 2011:

1. Shriram Ownership Trust 2. Shriram Financial Ventures (Chennai) Private Limited 3. Shriram Transport Finance Company Limited 4. Shriram Asset Management Company Limited 5. Shriram Life Insurance Company Limited 6. Shriram General Insurance Company Limited 7. Shriram Credit Company Limited 8. Bharat Reinsurance Brokers Private Limited 9. Shriram Overseas Investments Private Limited 10. Shriram Investments Holdings Limited 11. Bharat Investments Pte. Limited, Singapore 12. Shriram Fortune Solutions Limited 13. Shriram Wealth Advisors Limited 14. Shriram Insight Share Brokers Limited 15. Shriram Financial Products Solutions (Chennai) Private Limited 16. Insight Commodities and Futures Private Limited 17. Shrelekha Business Consultancy Private Limited 18. Shriram Seva Sankalp Foundation 19. SGI Philippines General Insurance Co Inc.

#### **C. PAC**

The followings are the entities in Persons Acting in Concert (PAC) as defined in the SAST Regulations, 2011 for the purpose of Regulation 10 of SAST Regulations, 2011: 1. Shriram Housing Finance Limited 2. Sanlam Emerging Markets (Mauritius) Limited 3. Shriram Mutual Fund (SMF) 4. Sri Subramaniam Krishnamurthy (Trustee of SMF) 5. Sri S M Prabhakaran (Trustee of SMF) 6. Sri V N Shivashankar (Trustee of SMF) 7. Dr. Qudsia Gandhi (Trustee of SMF) 8. Sri Mani Sridhar (Trustee of SMF) 9. Sanlam Life Insurance Limited.

#### **D. Except Shriram Capital Limited none of the entities mentioned above holds shares in SCUF (TC).**

#### **E. All the entities mentioned in above said note are PG/PACs for not less than three years except the entities at SI No 17 (under Promoter Group) and SI No 8 (under PAC Category).**




# FINANCIAL STATEMENTS

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## INDEPENDENT AUDITOR'S REPORT

### To the Members of Shriram City Union Finance Limited

#### REPORT ON THE STANDALONE FINANCIAL STATEMENTS

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

#### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

#### OPINION

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, its profit, and its cash flows for the year ended on that date.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

## INDEPENDENT AUDITOR'S REPORT (Contd.)

- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;
- (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No. 27 to the standalone financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For G D Apte & Co**

Chartered Accountants  
Firm Registration No. 100515W

**U.S. Abhyankar**

Partner  
Membership No. : 113053

Place: Chennai  
Date: April 26, 2018

## ANNEXURE 1

referred to in paragraph 1 under the heading ‘Report on Other Legal and Regulatory Requirements’ of our report of even date to the members of the Company for the year ended March 31, 2018.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment/ fixed assets are held in the name of the company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company and hence not commented upon.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) Based on the audit procedures conducted by us and according to the information and explanations given to us, we are of the opinion that the provisions of section 185 of the Act have been complied with by the Company and the provisions of section 186 of the Act are not applicable to the Company.
- (v) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of section 73 to 76 and other relevant provisions of the Act and the rules framed there under, to the extent applicable, have been complied with. We were informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vi) According to the information and explanations given to us, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, goods and services tax, duty of customs, value added tax, cess and other material statutory dues applicable to it. According to the information and explanations given to us and from the records of the Company, there were no undisputed statutory dues as at the last day of the financial year which were outstanding for a period of more than six months from the date they became payable.

- (b) According to the records of the Company, the dues outstanding of income-tax, value added tax and service tax dues disputed by the Company, are as follows:

Name of the statute	Nature of dues	Amount (Rs. In lacs)	Period to which the amount relates	Forum where dispute is pending
Kerala Value Added Tax, 2003	Value Added Tax	4.65	AY 2007-08	Dy. Commissioner (Appeals) Ernakulum, Kerala
Kerala Value Added Tax, 2003	Value Added Tax	0.72	AY 2011-12	Dy. Commissioner (Appeals) Ernakulum, Kerala
Finance Act, 1994	Service Tax	3,630.00	April 2008 to September 2014	Customs, Excise and Service Tax Appellate Tribunal

## ANNEXURE 1 (Contd.)

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer. Further, monies raised by the Company by way of debt instruments and term loans were applied for the purpose for which those were raised, though funds which were not required for immediate utilization were invested during intervening period.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, we report that no fraud by the Company or fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given to us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company.
- (xiii) According to the information and explanations given to us, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

**For G D Apte & Co**

Chartered Accountants  
Firm Registration No. 100515W

**U.S.Abhyankar**

Partner  
Membership No. : 113053

Place: Chennai  
Date: April 26, 2018



## ANNEXURE 2

### TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SHRIRAM CITY UNION FINANCE LIMITED

#### REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of Shriram City Union Finance Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone 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 the 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 on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included

obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

#### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

## ANNEXURE 2 (Contd.)

### OPINION

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

### For G D Apte & Co

Chartered Accountants  
Firm Registration No. 100515W

### U.S.Abhyankar

Partner  
Membership No. : 113053

Place: Chennai  
Date: April 26, 2018

# STANDALONE BALANCE SHEET

as at March 31, 2018

₹ in lacs

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share capital	3	6,596.58	6,594.34
(b) Reserves and surplus	4	550,024.00	496,246.51
(c) Share application money pending allotment		0.96	0.09
		<b>556,621.54</b>	<b>502,840.94</b>
<b>2. Non-current liabilities</b>			
(a) Long-term borrowings	5	1,159,060.68	981,425.92
(b) Other long-term liabilities	6	32,760.41	35,046.56
(c) Long-term provisions	7	158,150.48	115,891.97
		<b>1,349,971.57</b>	<b>1,132,364.45</b>
<b>3. Current liabilities</b>			
(a) Short-term borrowings	8	463,921.17	381,301.95
(b) Trade payables			
- Total outstanding dues of micro enterprise and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprise and small enterprises		701.41	490.14
(c) Other current liabilities	6	518,802.81	430,698.24
(d) Short-term provisions	7	6,822.69	5,950.44
		<b>990,248.08</b>	<b>818,440.77</b>
<b>Total</b>		<b>2,896,841.19</b>	<b>2,453,646.16</b>
<b>II. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Fixed assets	9		
(i) Tangible assets		7,577.70	6,974.96
(ii) Intangible assets		312.08	841.14
(b) Non-current investments	10	46,741.18	48,535.69
(c) Deferred tax assets - Net	11	7,245.89	4,422.47
(d) Long-term loans and advances	12	1,336,628.71	992,796.27
(e) Other non-current assets	13	5,145.50	1,532.39
		<b>1,403,651.06</b>	<b>1,055,102.92</b>
<b>2. Current assets</b>			
(a) Current Investments	14	26,057.40	22,915.89
(b) Cash and bank balances	15	53,209.56	63,713.44
(c) Short-term loans and advances	12	1,412,062.17	1,303,341.46
(d) Other current assets	13	1,861.00	8,572.45
		<b>1,493,190.13</b>	<b>1,398,543.24</b>
<b>Total</b>		<b>2,896,841.19</b>	<b>2,453,646.16</b>

Significant accounting policies

2.1

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date

**For G D Apte & Co**

Chartered Accountants

Firm Registration No.100515W

For and on behalf of the Board of Directors of

**Shriram City Union Finance Limited**

**U.S.Abhyankar**

Partner

Membership No.113053

**Duruvasan Ramachandra**

Managing Director & CEO

DIN: 00223052

**Subramaniam Krishnamurthy**

Director

DIN: 00140414

Place: Chennai

Date: April 26, 2018

**C R Dash**

Company Secretary

**R Chandrasekar**

Chief Financial Officer



## STANDALONE STATEMENT OF PROFIT & LOSS

for the year ended March 31, 2018

₹ in lacs

Particulars	Note No.	Year ended March 31, 2018	Year ended March 31, 2017
<b>Income</b>			
Revenue from operations	16	508,330.80	443,162.42
Other income	17	1,826.07	290.57
<b>Total</b>		<b>510,156.87</b>	<b>443,452.99</b>
<b>Expenses</b>			
Employee benefits expenses	18	70,354.11	55,028.92
Finance costs	19	166,771.09	153,441.60
Depreciation and amortisation expense	9	3,325.93	3,462.17
Other expenses	20	62,556.86	55,103.44
Provisions & write-offs	21	105,370.61	91,052.60
<b>Total</b>		<b>408,378.60</b>	<b>358,088.73</b>
<b>Profit before tax</b>		<b>101,778.27</b>	<b>85,364.26</b>
Tax expense:			
- Current tax		38,129.64	30,459.91
- Deferred tax		(2,823.42)	(701.64)
<b>Total</b>		<b>35,306.22</b>	<b>29,758.27</b>
<b>Profit after tax from continuing operations</b>		<b>66,472.05</b>	<b>55,605.99</b>
<b>Earnings per Equity share</b>	22		
Equity shares of par value ₹ 10/- each			
Basic (₹)		100.79	84.34
Diluted (₹)		100.71	84.24

Significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For G D Apte & Co**

Chartered Accountants

Firm Registration No.100515W

For and on behalf of the Board of Directors of

**Shriram City Union Finance Limited**

**U.S.Abhyankar**

Partner

Membership No.113053

**Duruvasan Ramachandra**

Managing Director & CEO

DIN: 00223052

**Subramaniam Krishnamurthy**

Director

DIN: 00140414

Place: Chennai

Date: April 26, 2018

**C R Dash**

Company Secretary

**R Chandrasekar**

Chief Financial Officer

## STANDALONE CASH FLOW STATEMENT

for the year ended March 31, 2018

₹ in lacs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before Taxes	101,778.27	85,364.26
<b>Adjustments for :</b>		
Depreciation and amortisation	3,325.93	3,462.17
(Profit)/Loss on sale of fixed assets (net)	27.45	7.64
Public issue expenditure for non-convertible debentures	300.75	366.48
Provision for Non-performing assets and bad debts written off	102,868.76	89,007.09
Contingent provision for standard assets	2,501.85	2,045.51
(Gain)/Loss on sale of investments	(1,505.31)	-
Dividend Income	(144.50)	(128.43)
Amortisation of Govt Securities premium	249.39	-
<b>Operating profit before working capital changes</b>	<b>209,402.59</b>	<b>180,124.72</b>
<b>Movements in Working capital:</b>		
(Increase) / decrease in assets under financing activities	(514,760.10)	(426,961.88)
(Increase) / decrease in Short-term loans and advances	1,015.28	(567.13)
(Increase) / decrease in Long-term loans and advances	(1,803.51)	836.15
(Increase) / decrease in Other current assets	6,534.30	3,593.14
(Increase) / decrease in Other non-current assets	(4,470.37)	1,687.33
(Increase) / decrease in Investments	(1,735.64)	13,829.26
Increase / (decrease) in other current liabilities	88,306.20	(41,613.66)
Increase / (decrease) in other non-current liabilities	(1,456.96)	(16,273.04)
<b>Cash generated from operations</b>	<b>(218,968.21)</b>	<b>(285,345.11)</b>
Direct taxes paid (net of refunds)	(38,129.64)	(30,459.91)
<b>Net Cash from/(used in) operating activities (A)</b>	<b>(257,097.85)</b>	<b>(315,805.02)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets including intangible assets	(3,450.90)	(2,827.07)
Capital advance for assets	7.90	(10.88)
Proceeds from sale of fixed assets	23.85	26.32
Purchase of investments	-	(4,643.10)
Proceeds from sale of investments	1,463.21	1,326.53
Dividend Income	144.50	128.43
Gain/(Loss) on sale of investments	1,505.31	-
<b>Net Cash from/(used in) investing activities (B)</b>	<b>(306.13)</b>	<b>(5,999.77)</b>



## STANDALONE CASH FLOW STATEMENT

for the year ended March 31, 2018 (Contd.)

₹ in lacs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity share capital including securities premium and share application money	8.70	5.77
Increase / (decrease) of long-term borrowings	177,634.76	54,671.59
Increase / (decrease) of short-term borrowings	82,619.22	281,274.37
Dividend Paid	(10,542.37)	(9,880.26)
Tax on dividend	(2,148.14)	(2,013.37)
<b>Net Cash from/(used in) financing activities (C)</b>	<b>247,572.17</b>	<b>324,058.10</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(9,831.81)</b>	<b>2,253.31</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>43,258.26</b>	<b>41,004.95</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>33,426.45</b>	<b>43,258.26</b>

₹ in lacs

Components of cash and cash equivalents	As at March 31, 2018	As at March 31, 2017
Cash on hand	6,134.11	5,562.57
<b>Balances with banks in :</b>		
Current accounts	27,049.78	36,662.77
Unclaimed dividend accounts	92.56	82.92
Deposits with maturity of less than 3 months	150.00	950.00
<b>Total Cash and cash equivalents (Note No 15)</b>	<b>33,426.45</b>	<b>43,258.26</b>

### Notes

- The above cash flow statement have been prepared under the indirect method set out in accounting standard AS-3 Cash Flow Statement notified pursuant to the companies (Accounts) Rules, 2014.
- Direct Taxes paid is treated as arising from operating activities and are not bifurcated between investment and financing activities.

As per our report of even date  
**For G D Apte & Co**  
Chartered Accountants  
Firm Registration No.100515W

For and on behalf of the Board of Directors of  
**Shriram City Union Finance Limited**

**U.S.Abhyankar**  
Partner  
Membership No.113053

**Duruvasan Ramachandra**  
Managing Director & CEO  
DIN: 00223052

**Subramaniam Krishnamurthy**  
Director  
DIN: 00140414

Place: Chennai  
Date: April 26, 2018

**C R Dash**  
Company Secretary

**R Chandrasekar**  
Chief Financial Officer

## NOTES

### forming part of Standalone Financial Statements for the year ended March 31, 2018

#### 1. CORPORATE INFORMATION

Shriram City Union Finance Limited (the Company) is a Public Company domiciled in India and is incorporated under the provisions of the Companies Act, 1956. The Corporate Identification Number (CIN) is L65191TN1986PLC012840. Its shares are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The Company is a Deposit Accepting Non-Banking Finance Company (NBFC) registered with Reserve Bank of India (RBI) with registration number 07-00458 as loan Company. The Company operates in India.

#### 2. BASIS OF PREPARATION

The financial statements have been prepared in conformity with generally accepted accounting principles to comply in all material respects with the notified Accounting Standards (AS) under section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 and the guidelines issued by the Reserve Bank of India (RBI) as applicable to a Non-Banking Finance Company (NBFC). The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except for the change in accounting policies explained below. The complete financial statements have been prepared along with all disclosures.

##### 2.1 Summary of significant accounting policies

###### a. Change in accounting policy

Pursuant to Reserve Bank of India (RBI) notification no. DNBR 011/CGM(CDS) dated March 27, 2015, the Company has revised its recognition norms of Non-Performing Assets (NPA) from 120 days to 90 days and increased provision on standard assets from 0.35% to 0.40%. Had the Company continued to use the earlier policy of classification of NPA and provision for standard asset, provisions and write offs for the year ended March 31, 2018 would have been lower by ₹ 14,099.36 lacs, income from operations for the same period would have been higher by ₹ 2,934.73 lacs and profit before tax for the same period would have been higher by ₹ 17,034.09 lacs.

###### b. Current / Non-current classification of assets / liabilities

The Company has classified all its assets / liabilities into current / non-current portion based on the time frame of 12 months from the date of financial statements. Accordingly, assets/ liabilities expected to be realised /settled within 12 months from the date of financial statements are classified as current and other assets/ liabilities are classified as non-current.

###### c. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and results of operations during the reporting year end. Although these estimates are based on the management's best knowledge of current events and actions, actual results could differ from these estimates prospectively. The said difference is recognised in the books of accounts in the year in which the results materialise.

###### d. Fixed Assets, Depreciation/Amortisation & Impairment

###### (i) Tangible Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises of the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing cost relating to acquisition of assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to put to use.

###### (ii) Depreciation on tangible fixed assets

Depreciation on tangible fixed asset is provided on Straight Line basis ('SLM') using the rates arrived at based on the useful lives estimated by the management. The Company has used the following useful life to provide depreciation on its fixed assets.

Particulars	Useful life as prescribed by Schedule II of the Companies Act 2013	Useful life estimated by the Company
Building	60 years	60 years
Plant and Machinery	15 years	15 years
Electrical Equipment	10 years	10 years
Generator	10 years	10 years
Furniture and Fixtures	10 years	10 years
Air Conditioner	10 years	10 years
Office Equipment	5 years	5 years
Motor Car	8 years	8 years

## NOTES

forming part of Standalone Financial Statements for the year ended March 31, 2018

Particulars	Useful life as prescribed by Schedule II of the Companies Act 2013	Useful life estimated by the Company
Vehicles	10 years	10 years
Server and Networking	6 years	6 years
Computer	3 years	3 years

Leasehold improvement is amortised on SLM over the lease term subject to a maximum period of 60 months.

Depreciation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss till the date of acquisition/sale.

### (iii) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Amortisation is provided on Straight Line Method ('SLM'), which reflect the management's estimate of useful life of the intangible asset.

Particulars	Rates (SLM)
Computer software	33.33%

Amortisation on assets acquired /sold during the year is recognised on pro-rata basis to the statement of profit & Loss till the date of acquisition/sale.

### (iv) Impairment of fixed assets

The Carrying amount of assets is reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the assets.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in the circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment. The reversal of impairment is recognised in Statement of Profit and Loss, unless the same is carried at revalued amount and treated as revaluation reserve.

### e. Borrowing costs

Borrowing costs includes interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and are charged to the Statement of Profit and Loss. Ancillary and other borrowing costs are also charged to statement of profit and loss in the year in which they are incurred.

### f. Investments

Investments intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary in the value of such investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

### g. Provision / Write-off of assets

Provision for standard assets and Non-performing assets are made as per estimates of the management, subject to the minimum provision required as per RBI Directions as modified from time to time.

### h. Loans

Loans are stated at the amount advanced including finance charges accrued and expenses recoverable, as reduced by the amounts received up to the date of balance sheet and loans securitised.



## NOTES

### forming part of Standalone Financial Statements for the year ended March 31, 2018

#### i. Leases

##### Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

#### j. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The revenue recognition are as under:

- (i) Income from financing activities is recognised on the basis of internal rate of return.
- (ii) Additional finance charges / additional interest are treated to accrue on realisation due to uncertainty of its realisation.
- (iii) Gain arising on securitisation/direct assignment of assets is recognised over the tenure of agreements. Pre securitisation Expenditure or Loss, is recognised upfront.
- (iv) Income from services is recognised as per the terms of the contract on accrual basis.
- (v) Interest Income on deposit accounts with banks is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- (vi) Dividend is recognised as income in the year in which right to such dividend is established.
- (vii) Profit/loss on sale of investments is recognised at the time of actual sale / redemption.

#### k. Foreign currency transaction and balances

- i) Initial recognition : Foreign currency transactions are recorded in Indian rupee, by applying to the foreign currency amount the exchange rate between the Indian rupee and the foreign currency at the date of the transaction.
- ii) Conversion : Foreign currency monetary items at Balance Sheet date are retranslated to Indian rupees by using the exchange rate prevailing at the Balance Sheet date.
- iii) Exchange differences : All exchange differences are dealt in the Statement of Profit and Loss.

#### l. Income taxes

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

The carrying value of the deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

The un-recognised deferred tax assets are re-assessed by the Company at each balance sheet date and are recognised to the extent it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

#### m. Segment reporting

The Company has only one reportable segment of operation and therefore disclosure as required by Accounting Standard AS 17 issued by ICAI is not applicable for the Company.

#### n. Employee stock compensation cost

In accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India, the Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

## NOTES

forming part of Standalone Financial Statements for the year ended March 31, 2018

### o. Retirement and other employee benefits

#### (i) Provident Fund

All the employees of the Company are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future Provident Fund benefits other than its annual contribution and recognises such contributions as an expense in the year it is incurred.

#### (ii) Gratuity

The Company provides for gratuity, a defined benefit retirement plan covering all eligible employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated year mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date. The Company recognises the net obligation of the gratuity plan in the Balance Sheet as an asset or liability, respectively in accordance with AS-15 'Employee Benefits'. Actuarial gain / losses are immediately taken to Statement of Profit and Loss and are not deferred. The Company has funded gratuity scheme managed through "SCUF Employees' Group Gratuity Trust".

#### (iii) Leave Encashment

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

### p. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

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

### q. Debentures issue expenses

Expenses for private placement of debentures are charged to Statement of Profit and Loss in the year in which they are incurred.

Expenses incurred on public issue of debentures other than brokerage are charged off on straight line basis over the weighted average tenor of the underlying debentures. The brokerage incurred on issue of debenture is treated as expenditure in the year in which it is incurred.

### r. Provisions

A provision is recognised when the Company has a present obligation as a result of past event. It is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

### s. Cash and cash equivalents

Cash and cash equivalents include cash-in-hand, cash at bank, cheque in hand, remittances in transit and short term investments with an original maturity period of three months or less.

### t. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

## NOTES

forming part of Standalone Financial Statements for the year ended March 31, 2018

### 3. SHARE CAPITAL

₹ in lacs

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Authorised Capital</b>		
118,500,000 (March 31, 2017: 118,500,000) equity shares of ₹ 10/- each	11,850.00	11,850.00
4,000,000 (March 31, 2017: 4,000,000) cumulative redeemable preference shares of ₹ 100/- each	4,000.00	4,000.00
<b>Total</b>	<b>15,850.00</b>	<b>15,850.00</b>
<b>Issued, Subscribed and Fully Paid-up</b>		
<b>Equity Shares</b>		
65,965,762 (March 31, 2017: 65,943,402) shares of ₹ 10/- each	6,596.58	6,594.34
<b>Total Issued, Subscribed and fully Paid-up share capital</b>	<b>6,596.58</b>	<b>6,594.34</b>

#### 3.1 Reconciliation of the equity shares outstanding at the beginning and at the end of the Reporting Period

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares	₹ in lacs	Number of shares	₹ in lacs
At the beginning of the year	65,943,402	6,594.34	65,927,152	6,592.72
Issued during the year - ESOP(Refer Note no-24)	22,360	2.24	16,250	1.62
<b>Outstanding at the end of the year</b>	<b>65,965,762</b>	<b>6,596.58</b>	<b>65,943,402</b>	<b>6,594.34</b>

#### 3.2 Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of the equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

For the year ended March 31, 2018, the amount of per equity share dividend proposed in total for distributions to equity shareholders is ₹ 18.00 (March 31, 2017 : ₹ 15.00). Out of the said total dividend proposed for the year ended March 31, 2018, amount of interim dividend paid during the year was ₹ 6.00 (March 31, 2017 : ₹ 5.00) per equity share and amount of final dividend proposed by the Board of Directors is ₹ 12.00 (March 31, 2017 : ₹ 10.00) per equity share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### 3.3 Details of shareholders holding more than 5% equity shares in the Company

Name of the shareholders	As at March 31, 2018		As at March 31, 2017	
	Number of Shares	% of Holding	Number of Shares	% of Holding
<b>Equity share of ₹ 10 each fully paid</b>				
Shriram Capital Limited	22,268,877	33.76	22,268,877	33.78
Dynasty Acquisition FPI Limited	13,421,889	20.35	13,421,889	20.36
Piramal Enterprises Limited	6,579,840	9.97	6,579,840	9.98

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders/members regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

## NOTES

forming part of Standalone Financial Statements for the year ended March 31, 2018

### 3. SHARE CAPITAL (Contd.)

#### 3.4 Shares reserved for issue under option:

For details of share reserved for issue under the Employees Stock Option Plan (ESOP) [Refer note no-24]

- 3.5 The Company has issued 138,540 equity shares (March 31, 2017: 315,311) during the period of five years immediately preceding the reporting date on exercise of options granted under ESOP, wherein a part of the consideration was received in form of employee service.

### 4. RESERVES & SURPLUS

₹ in lacs

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Capital Reserve</b>	7,871.88	7,871.88
<b>Capital Redemption Reserve</b>	2,328.98	2,328.98
<b>Securities Premium Account</b>		
Opening balance	175,369.25	175,328.39
Add : Securities premium received	56.22	40.86
<b>Closing balance</b>	<b>175,425.47</b>	<b>175,369.25</b>
<b>Debenture Redemption Reserve</b>		
Opening balance	6,422.54	7,412.07
Add: Transfer from surplus in the statement of profit and loss	2,059.53	2,247.40
Less: Amount transferred to General reserve on Redemption	(3,996.04)	(3,236.93)
<b>Closing balance</b>	<b>4,486.03</b>	<b>6,422.54</b>
<b>Share Options Outstanding Account</b>		
Employee stock option outstanding	164.13	200.93
Less: Utilised during the year	(50.63)	(36.80)
<b>Closing balance</b>	<b>113.50</b>	<b>164.13</b>
<b>Statutory reserve (in pursuant to section 45-IC of the RBI Act, 1934)</b>		
Opening balance	75,135.30	64,013.30
Add: Transfer from surplus in the statement of profit and loss	13,296.00	11,122.00
<b>Closing balance</b>	<b>88,431.30</b>	<b>75,135.30</b>
<b>General Reserve</b>		
Opening balance	62,697.35	53,899.42
Add: Transfer from surplus in the statement of profit and loss	6,648.00	5,561.00
Add: Transfer from Debenture redemption reserve	3,996.04	3,236.93
<b>Closing balance</b>	<b>73,341.39</b>	<b>62,697.35</b>
<b>Surplus in the Statement of Profit and Loss</b>		
Opening balance	166,257.08	133,514.07
Add: Net profit for the year	66,472.05	55,605.99
<b>Less: Appropriations</b>		
- Interim dividend		
- FY 2016-17	-	(3,297.28)
- FY 2017-18	(3,957.50)	-
- Tax on interim dividend	(805.65)	(635.30)
- Final Equity dividend (FY 2016-17)	(6,594.51)	-
- Tax on final Equity dividend (FY 2016-17)	(1,342.49)	-
- Transfer to Statutory reserve (in pursuant to section 45-IC of the RBI Act, 1934)	(13,296.00)	(11,122.00)
- Transfer to General reserve	(6,648.00)	(5,561.00)
- Transfer to Debenture redemption reserve	(2,059.53)	(2,247.40)
<b>Net surplus in the Statement of Profit and Loss</b>	<b>198,025.45</b>	<b>166,257.08</b>
<b>Total</b>	<b>550,024.00</b>	<b>496,246.51</b>

## NOTES

forming part of Standalone Financial Statements for the year ended March 31, 2018

### 5. LONG-TERM BORROWINGS

₹ in lacs

Particulars	Non-current portion		Current maturities	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
<b>Secured</b>				
Privately placed redeemable non-convertible debentures-Retail	-	515.98	515.98	2,473.56
Privately placed redeemable non-convertible debentures-Institutional	176,700.00	42,800.00	24,600.00	35,786.67
Public issue of redeemable non-convertible debentures:				
Issued in 2012	-	-	-	11,116.35
Issued in 2013	-	7,900.60	7,900.60	658.77
Issued in 2014	9,514.02	9,514.02	-	4,274.50
Term loan from Banks	751,282.60	640,577.05	208,997.10	95,408.81
Term loan from Financial Institutions	19,800.00	25,000.00	3,550.00	19,500.00
<b>Total</b>	<b>957,296.62</b>	<b>726,307.65</b>	<b>245,563.68</b>	<b>169,218.66</b>
<b>Unsecured</b>				
Fixed deposits	158,262.38	165,575.88	127,487.48	160,014.96
Subordinated debts	43,501.68	89,542.39	46,040.71	12,236.43
<b>Total</b>	<b>201,764.06</b>	<b>255,118.27</b>	<b>173,528.19</b>	<b>172,251.39</b>
Amount disclosed under the head "other current liabilities" [Refer note no-6]	-	-	(419,091.87)	(341,470.05)
<b>Total</b>	<b>1,159,060.68</b>	<b>981,425.92</b>	<b>-</b>	<b>-</b>

#### 5.1 Secured Loans - Long Term Borrowings

##### A. Secured Redeemable Non-Convertible Debentures

##### (i) Privately Placed Redeemable Non - Convertible Debentures (NCDs) of ₹ 1,000/- each - Unquoted-Retail

Terms of repayment as at March 31, 2018

Non-Current Portion-NIL

Current Maturities

₹ in lacs

Redeemable at par within	Rate of interest			
	< 10%	>= 10% < 12%	>= 12% < 14%	Total
12 months	2.80	513.18	-	515.98
<b>Total current maturities</b>	<b>2.80</b>	<b>513.18</b>	<b>-</b>	<b>515.98</b>
<b>Grand Total</b>	<b>2.80</b>	<b>513.18</b>	<b>-</b>	<b>515.98</b>

Terms of repayment as at March 31, 2017

₹ in lacs

Redeemable at par within	Rate of interest			
	< 10%	>= 10% < 12%	>= 12% < 14%	Total
12-24 months	2.80	513.18	-	515.98
<b>Total non-current portion</b>	<b>2.80</b>	<b>513.18</b>	<b>-</b>	<b>515.98</b>
12 months	7.94	2,144.26	321.36	2,473.56
<b>Total current maturities</b>	<b>7.94</b>	<b>2,144.26</b>	<b>321.36</b>	<b>2,473.56</b>
<b>Grand Total</b>	<b>10.74</b>	<b>2657.44</b>	<b>321.36</b>	<b>2,989.54</b>

**NOTES**

forming part of Standalone Financial Statements for the year ended March 31, 2018

**5. LONG-TERM BORROWINGS (Contd.)****Nature of security**

The redemption of principal amount of secured redeemable non-convertible debentures with all interest there on are secured by a mortgage on the specified immovable property and by way of charge on the Company's specifically identified movable assets such as book debts / loan receivables in favour of the Trustees appointed.

These secured redeemable non-convertible debentures are redeemable at par over a period of 12 months to 60 months from the date of allotment depending on the terms of the agreement.

**(ii) Privately Placed Redeemable Non-Convertible Debenture-Institutional****Details of Privately Placed Redeemable Non-Convertible Debenture (NCDs) of ₹ 1,000,000/- each - Quoted**

₹ in lacs

Rate of Interest	Non-current portion		Current maturities		Redeemable/ Redeemed on
	As at March 31,		As at March 31,		
	2018	2017	2018	2017	
8.90%	11,500.00	-	-	-	27-Mar-23
8.09%	8,000.00	-	-	-	05-Dec-22
10.75% *	200.00	300.00	100.00	100.00	04-Feb-21
7.97%	30,000.00	-	-	-	27-Oct-20
7.97%	20,000.00	-	-	-	06-Oct-20
8.15%	500.00	-	-	-	30-Jun-20
9.30%	5,000.00	5,000.00	-	-	22-Jun-20
9.30%	5,000.00	5,000.00	-	-	17-Jun-20
8.15%	35,000.00	-	-	-	27-May-20
8.20%	11,500.00	11,500.00	-	-	16-Apr-20
8.25%	10,000.00	10,000.00	-	-	07-Oct-19
8.33%	40,000.00	-	-	-	23-Jul-19
7.95%	-	-	13,500.00	-	24-Dec-18
8.95%	-	7,500.00	7,500.00	-	30-Oct-18
9.07%	-	3,500.00	3,500.00	-	10-Aug-18
9.10%	-	-	-	10,000.00	27-Mar-18
8.85%	-	-	-	17,500.00	22-Mar-18
10.60%	-	-	-	2,500.00	13-Dec-17
10.50%	-	-	-	666.67	23-Nov-17
10.75%	-	-	-	1,000.00	26-Jul-17
10.75%	-	-	-	2,150.00	12-Jul-17
9.18%	-	-	-	270.00	10-Jul-17
9.00%	-	-	-	1,600.00	01-Jun-17
Total	176,700.00	42,800.00	24,600.00	35,786.67	

\* Repaid in instalments.

**Nature of security**

The redemption of principal amount of secured redeemable non-convertible debentures with all interest there on are secured by a mortgage on the specified immovable property and by way of charge on the company's specifically identified movable assets such as book debts / loan receivables in favour of the Trustees appointed.

Secured redeemable non-convertible debenture may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

## NOTES

forming part of Standalone Financial Statements for the year ended March 31, 2018

### 5. LONG-TERM BORROWINGS (Contd.)

#### (iii) Public Issue of Redeemable Non-Convertible Debentures (NCDs) of ₹ 1,000/- each - Quoted

##### a. Issued in 2012

Non-Current portion-NIL

Current Maturities

₹ in lacs

Option Detail	Rate of Interest	As at March 31,		Redeemed on
		2018	2017	
Option II	11.75%	-	7,539.12	06-Oct-17
	10.75%	-	107.07	06-Oct-17
Option IV	11.75%	-	3,468.46	06-Oct-17
	10.75%	-	1.70	06-Oct-17
<b>Total</b>		-	<b>11,116.35</b>	

##### Nature of security

The repayment of secured redeemable non convertible debentures of ₹ 1,000/- each at face value on maturity together with interest thereon are secured by mortgage of immovable property and by way of charge on the company's specifically identified movable assets such as book debts / loan receivables in favour of the Trustees appointed.

##### b. Issued in 2013

Non-current portion

₹ in lacs

Option Detail	Rate of Interest	As at March 31,		Redeemable on
		2018	2017	
Series III	10.75%	-	503.40	04-Jan-19
	11.50%	-	4,515.94	04-Jan-19
Series VI	10.75%	-	289.65	04-Jan-19
	11.50%	-	2,526.14	04-Jan-19
Series VII	10.75%	-	0.13	04-Jan-19
	11.25%	-	65.34	04-Jan-19
<b>Total</b>		-	<b>7,900.60</b>	

##### Current Maturities

₹ in lacs

Option Detail	Rate of Interest	As at March 31,		Redeemed / Redeemable on
		2018	2017	
Series II	10.75%	-	6.40	04-Jan-18
	11.25%	-	310.78	04-Jan-18
Series III	10.75%	522.74	-	04-Jan-19
	11.50%	4,496.60	-	04-Jan-19
Series V	10.75%	-	16.74	04-Jan-18
	11.25%	-	259.39	04-Jan-18
Series VI	10.75%	288.72	-	04-Jan-19
	11.50%	2,527.07	-	04-Jan-19
Series VII	10.75%	0.13	0.13	04-Jan-19
	11.25%	65.34	65.33	04-Jan-19
<b>Total</b>		<b>7,900.60</b>	<b>658.77</b>	

**NOTES**

forming part of Standalone Financial Statements for the year ended March 31, 2018

**5. LONG-TERM BORROWINGS (Contd.)****Nature of security**

The repayment of secured redeemable non convertible debentures of ₹ 1,000/- each at face value on maturity together with interest thereon are secured by mortgage of immovable property and by way of charge on the company's specifically identified movable assets such as book debts / loan receivables in favour of the Trustees appointed.

**c. Issued in 2014****Non-current portion**

₹ in lacs

Option Detail	Rate of Interest	As at March 31,		Redeemable on
		2018	2017	
Series III	10.85%	3,027.35	3,017.20	03-May-19
	11.75%	5,036.20	5,046.35	03-May-19
Series VI	10.85%	516.52	510.66	03-May-19
	11.75%	933.95	939.81	03-May-19
<b>Total</b>		<b>9,514.02</b>	<b>9,514.02</b>	

**Current Maturities**

₹ in lacs

Option Detail	Rate of Interest	As at March 31,		Redeemable on
		2018	2017	
Series II	10.75%	-	7.04	03-May-17
	11.50%	-	3,501.72	03-May-17
Series V	10.75%	-	9.19	03-May-17
	11.50%	-	756.55	03-May-17
<b>Total</b>		<b>-</b>	<b>4,274.50</b>	

**Nature of security**

The repayment of secured redeemable non convertible debentures of ₹ 1,000/- each at face value on maturity together with interest thereon are secured by mortgage of immovable property and by way of charge on the company's specifically identified movable assets such as book debts / loan receivables in favour of the Trustees appointed.

**B. TERM LOAN****(i) Term Loan From Banks****Terms of repayment as at March 31, 2018**

₹ in lacs

Tenor	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
48-60 months	8.10% to 9.10%	1 to 60 installments of quarterly, half yearly and yearly frequency	82,421.58	8,277.78
36-48 months	8.20% to 9.70%	1 to 48 installments of bullet, quarterly and half yearly frequency	622,236.02	158,868.89
24-36 months	8.15% to 9.15%	1 to 36 installments of bullet, quarterly, half yearly and monthly frequency	25,625.00	31,850.43
12-24 months	7.90% to 8.70%	Bullet repayment	21,000.00	10,000.00
			<b>751,282.60</b>	<b>208,997.10</b>



## NOTES

forming part of Standalone Financial Statements for the year ended March 31, 2018

### 5. LONG-TERM BORROWINGS (Contd.)

Terms of repayment as at March 31, 2017

₹ in lacs				
Tenor	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
48-60 months	8.15% to 10.20%	1 to 60 installments of bullet, half yearly and yearly frequency	85,707.92	8,277.78
36-48 months	8.40% to 10.00%	1 to 48 installments of bullet, half yearly and yearly frequency	482,369.67	18,625.00
24-36 months	8.40% to 10.00%	1 to 36 installments of bullet & quarterly frequency	72,499.46	57,506.03
12-24 months	7.95%	1 to 24 installments of bullet, monthly, quarterly and half yearly frequency	-	11,000.00
			<b>640,577.05</b>	<b>95,408.81</b>

#### Nature of Security

Term Loans from banks are secured by an exclusive charge by way of hypothecation of specific assets under financing.

#### (ii) Term Loan From Financial Institutions

Terms of repayment as at March 31, 2018

₹ in lacs				
Tenor	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
48-60 months	9.15%	1 to 60 installments of quarterly frequency	19,800.00	3,550.00
<b>Grand Total</b>			<b>19,800.00</b>	<b>3,550.00</b>

Terms of repayment as at March 31, 2017

₹ in lacs				
Tenor	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
48-60 months	8.00% to 10.00%	1 to 60 installments of quarterly frequency	25,000.00	-
Upto 12 months	8.00% to 10.00%	1 to 12 installments of half yearly & yearly frequency	-	19,500.00
<b>Grand Total</b>			<b>25,000.00</b>	<b>19,500.00</b>

#### Nature of security

Term loans from institutions are secured by an exclusive charge by way of hypothecation of specific assets under financing.



## NOTES

forming part of Standalone Financial Statements for the year ended March 31, 2018

### 5. LONG-TERM BORROWINGS (Contd.)

#### 5.2 Unsecured Loan - Long Term Borrowings

##### A. Details of Fixed Deposits

As at March 31, 2018

₹ in lacs

Redeemable at par within	Rate of interest			Total
	>= 6% < 8%	>= 8% < 10%	>= 10% < 12%	
48-60 months	8,850.08	9,790.84	-	18,640.92
36-48 months	2,353.49	9,920.02	-	12,273.51
24-36 months	44,957.60	14,693.21	82.02	59,732.83
12-24 months	27,975.36	31,503.64	8,136.12	67,615.12
<b>Total non-current portion</b>	<b>84,136.53</b>	<b>65,907.71</b>	<b>8,218.14</b>	<b>158,262.38</b>
12 months	44,753.53	79,307.98	3,425.97	127,487.48
<b>Total current maturities</b>	<b>44,753.53</b>	<b>79,307.98</b>	<b>3,425.97</b>	<b>127,487.48</b>
<b>Grand Total</b>	<b>128,890.06</b>	<b>145,215.69</b>	<b>11,644.11</b>	<b>285,749.86</b>

As at March 31, 2017

₹ in lacs

Redeemable at par within	Rate of interest			Total
	>= 6% < 8%	>= 8% < 10%	>= 10% < 12%	
48-60 months	1,073.92	9,508.01	-	10,581.93
36-48 months	155.08	10,144.32	82.02	10,381.42
24-36 months	12,160.27	32,342.93	8,380.44	52,883.64
12-24 months	6,469.57	81,819.50	3,439.82	91,728.89
<b>Total non-current portion</b>	<b>19,858.84</b>	<b>133,814.76</b>	<b>11,902.28</b>	<b>165,575.88</b>
12 months	30,726.06	28,904.56	100,384.34	160,014.96
<b>Total current maturities</b>	<b>30,726.06</b>	<b>28,904.56</b>	<b>100,384.34</b>	<b>160,014.96</b>
<b>Grand Total</b>	<b>50,584.90</b>	<b>162,719.32</b>	<b>112,286.62</b>	<b>325,590.84</b>

##### B. Privately Placed Subordinated Debts

Terms of repayment as at March 31, 2018

#### (i) Privately Placed Subordinated Debts of ₹ 1,000/- Each - Unquoted

₹ in lacs

Redeemable at par within	Rate of interest		Total
	< 10%	>= 10% < 12%	
24-36 months	-	14,272.81	14,272.81
12-24 months	-	21,728.87	21,728.87
<b>Total non-current portion</b>	-	<b>36,001.68</b>	<b>36,001.68</b>
12 months	9.03	25,511.68	25,520.71
<b>Total current maturities</b>	<b>9.03</b>	<b>25,511.68</b>	<b>25,520.71</b>
<b>Grand Total</b>	<b>9.03</b>	<b>61,513.36</b>	<b>61,522.39</b>

## NOTES

forming part of Standalone Financial Statements for the year ended March 31, 2018

### 5. LONG-TERM BORROWINGS (Contd.)

- (ii) Privately Placed Subordinated Debts of ₹ 100,000/- each - Quoted  
Non-current Portion-NIL

₹ in lacs

Redeemable at par within	Rate of interest	
	>= 10% < 12%	Total
12 months	20,520.00	20,520.00
<b>Total current maturities</b>	<b>20,520.00</b>	<b>20,520.00</b>

- (iii) Privately Placed Subordinated Debts of ₹ 1,000,000/- each - Quoted

₹ in lacs

Redeemable at par within	Rate of interest	
	>= 10% < 12%	Total
12-24 months	7,500.00	7,500.00
<b>Total non-current portion</b>	<b>7,500.00</b>	<b>7,500.00</b>

Terms of repayment as at March 31, 2017

- (i) Privately Placed Subordinated Debts of ₹ 1,000/- each - Unquoted

₹ in lacs

Redeemable at par within	Rate of interest		
	< 10%	>= 10% < 12%	Total
36-48 months	-	14,272.81	14,272.81
24-36 months	-	21,728.87	21,728.87
12-24 months	9.03	25,511.68	25,520.71
<b>Total non-current portion</b>	<b>9.03</b>	<b>61,513.36</b>	<b>61,522.39</b>
12 months	1,230.54	8,490.89	9,721.43
<b>Total current maturities</b>	<b>1,230.54</b>	<b>8,490.89</b>	<b>9,721.43</b>
<b>Grand Total</b>	<b>1,239.57</b>	<b>70,004.25</b>	<b>71,243.82</b>

- (ii) Privately Placed Subordinated Debts of ₹ 100,000/- each - Quoted

₹ in lacs

Redeemable at par within	Rate of interest	
	>= 10% < 12%	Total
12-24 months	20,520.00	20,520.00
<b>Total non-current portion</b>	<b>20,520.00</b>	<b>20,520.00</b>
12 months	2,515.00	2,515.00
<b>Total current maturities</b>	<b>2,515.00</b>	<b>2,515.00</b>

## NOTES

forming part of Standalone Financial Statements for the year ended March 31, 2018

### 5. LONG-TERM BORROWINGS (Contd.)

(iii) Privately Placed Subordinated Debts of ₹ 1,000,000/- each - Quoted

₹ in lacs

Redeemable at par within	Rate of interest	
	>= 10% < 12%	Total
24-36 months	7,500.00	7,500.00
<b>Total non-current portion</b>	<b>7,500.00</b>	<b>7,500.00</b>

### 6. OTHER LIABILITIES

Temporary Credit balance in bank accounts

₹ in lacs

Particulars	Long-term		Short-term	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Current maturities of long-term borrowings [Refer note no-5]	-	-	419,091.87	341,470.05
Interest accrued but not due on borrowings	32,294.25	34,520.21	33,503.25	36,689.71
Unclaimed dividends	-	-	92.56	82.92
Unclaimed matured deposits and interest accrued thereon	-	-	13,776.77	9,092.22
Unclaimed matured debentures and interest accrued thereon	-	-	1,493.89	2,695.26
Unclaimed matured Subordinate debts and interest accrued thereon	-	-	2,046.55	775.00
Temporary credit balance in bank accounts	-	-	31,892.55	24,591.54
Tax deducted at source	-	-	942.46	560.72
Statutory due pertaining to employees	-	-	577.04	546.56
Unrealised gain on securitisation *	466.16	526.35	606.24	1,657.98
Retention and other liabilities	-	-	14,779.63	12,536.28
<b>Total</b>	<b>32,760.41</b>	<b>35,046.56</b>	<b>518,802.81</b>	<b>430,698.24</b>

\* Unrealised gain on securitisation comprises of future interest receivable under par structure of securitisation / assignment.

### 7. PROVISIONS

₹ in lacs

Particulars	Long-term		Short-term	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
<b>Provision for Employee benefits:</b>				
Provision for gratuity	-	-	796.48	427.87
Provision for leave encashments	1,231.92	104.32	412.73	1,079.75
<b>Other provisions:</b>				
Provision for Non performing assets	152,571.64	112,690.16	-	-
Contingent provision for standard assets	4,346.92	3,015.73	5,613.48	4,442.82
Provision for Diminution in the value of Investments	-	81.76	-	-
<b>Total</b>	<b>158,150.48</b>	<b>115,891.97</b>	<b>6,822.69</b>	<b>5,950.44</b>

## NOTES

forming part of Standalone Financial Statements for the year ended March 31, 2018

### 8. SHORT TERM BORROWINGS

₹ in lacs		
Particulars	As at March 31, 2018	As at March 31, 2017
<b>Secured</b>		
Term loan from Financial Institutions	25,000.00	35,000.00
Cash Credit from Banks	114,521.17	112,401.95
Working capital Demand loan from Banks	80,400.00	33,900.00
<b>Total</b>	<b>219,921.17</b>	<b>181,301.95</b>
<b>Unsecured</b>		
Term loan from banks	19,000.00	-
Commercial papers	225,000.00	200,000.00
<b>Total</b>	<b>244,000.00</b>	<b>200,000.00</b>
<b>Grand Total</b>	<b>463,921.17</b>	<b>381,301.95</b>

#### 8.1 Term Loan from Institutions

₹ in lacs			
Rate of Interest	Repayment Details	As at March 31,	
		2018	2017
8.90%	Bullet Payment at the end of 1 year	-	10,000.00
8.85%	Bullet Payment at the end of 1 year	15,000.00	-
8.75%	Bullet Payment at the end of 1 year	10,000.00	10,000.00
8.30%	Bullet Payment at the end of 1 year	-	15,000.00
<b>Total</b>		<b>25,000.00</b>	<b>35,000.00</b>

#### Nature of Security

Term Loans from Financial Institutions are secured by an exclusive charge by way of hypothecation of specific assets under financing.

#### 8.2 Cash Credit from Banks

₹ in lacs		
Particulars	Rate of Interest	As at March 31, 2018
Secured with exclusive charge by way of hypothecation of specific assets under financing.	8.15% to 11.25%	114,521.17
<b>Total</b>		<b>114,521.17</b>

₹ in lacs		
Particulars	Rate of Interest	As at March 31, 2017
Secured with exclusive charge by way of hypothecation of specific assets under financing.	8.20% to 11.25%	112,401.95
<b>Total</b>		<b>112,401.95</b>



## NOTES

forming part of Standalone Financial Statements for the year ended March 31, 2018

### 8.3. Working capital Demand loan from Banks

₹ in lacs

Particulars	Rate of Interest	As at March 31,	
		2018	
Secured with exclusive charge by way of hypothecation of specific assets under financing.	8.15% to 8.50%	80,400.00	
<b>Total</b>		<b>80,400.00</b>	

₹ in lacs

Particulars	Rate of Interest	As at March 31,	
		2017	
Secured with exclusive charge by way of hypothecation of specific assets under financing.	7.85% to 8.95%	33,900.00	
<b>Total</b>		<b>33,900.00</b>	

### 8.4 Term Loan from Banks

₹ in lacs

Rate of Interest	Repayment Details	As at March 31,	
		2018	2017
7.76% to 7.85%	Bullet Payment at the end of 1 year	19,000.00	-
<b>Total</b>		<b>19,000.00</b>	-

### 8.5 Commercial Papers

₹ in lacs

Rate of Interest	Repayment Details	As at March 31,	
		2018	2017
7.40% to 8.50%	Bullet Payment on maturity	225,000.00	200,000.00
<b>Total</b>		<b>225,000.00</b>	<b>200,000.00</b>

## NOTES

forming part of Standalone Financial Statements for the year ended March 31, 2018

### 9. TANGIBLE AND INTANGIBLE FIXED ASSETS

₹ in lacs

Particulars	Gross Block			Depreciation / Amortisation			Net Block	
	As at April 1, 2017	Additions during the year	Deletions during the year	As at March 31, 2018	As at April 1, 2017	For the year	Deletions	As at March 31, 2018
<b>Tangible Assets</b>								
<b>Assets for Own Use</b>								
Land - Freehold	2.31	-	-	2.31	-	-	-	2.31
<b>Buildings</b>	12.94	-	-	12.94	3.50	0.18	-	9.26
<b>Plant and Equipment</b>								
Computer	6,309.36	1,226.85	602.69	6,933.52	4,929.52	708.15	572.32	1,868.17
Electrical Installations and Equipment	2,416.65	454.44	34.06	2,837.03	892.93	245.21	16.56	1,715.45
<b>Furniture and Fixtures</b>								
Furniture and Fixtures	2,104.07	266.82	8.54	2,362.35	1,089.69	178.22	7.03	1,101.47
Office Equipment	2,976.43	114.18	18.07	3,072.54	2,177.64	297.86	16.41	613.45
Vehicles	32.71	24.76	0.20	57.27	14.45	5.36	0.06	37.52
Leasehold Improvement	10,009.30	1,275.61	11.54	11,273.37	7,781.08	1,273.65	11.43	2,230.07
<b>Total Tangible Assets</b>	<b>23,863.77</b>	<b>3,362.66</b>	<b>675.10</b>	<b>26,551.33</b>	<b>16,888.81</b>	<b>2,708.63</b>	<b>623.81</b>	<b>7,577.70</b>
<b>Intangible Assets</b>								
Computer Software	3,640.65	88.24	-	3,728.89	2,799.51	617.30	-	312.08
<b>Total Intangible Assets</b>	<b>3,640.65</b>	<b>88.24</b>	<b>-</b>	<b>3,728.89</b>	<b>2,799.51</b>	<b>617.30</b>	<b>-</b>	<b>312.08</b>
<b>Grand Total</b>	<b>27,504.42</b>	<b>3,450.90</b>	<b>675.10</b>	<b>30,280.22</b>	<b>19,688.32</b>	<b>3,325.93</b>	<b>623.81</b>	<b>7,889.78</b>
<b>Year Ended March 31, 2017</b>	<b>24,949.39</b>	<b>2,827.07</b>	<b>272.04</b>	<b>27,504.42</b>	<b>16,464.22</b>	<b>3,462.17</b>	<b>238.07</b>	<b>7,816.10</b>
<b>Note :</b>								

The assets which are shown under the Intangible Assets are not internally self generated assets.

## NOTES

forming part of Standalone Financial Statements for the year ended March 31, 2018

### 10. NON-CURRENT INVESTMENTS

₹ in lacs		
Particulars	As at March 31, 2018	As at March 31, 2017
<b>Long-Term Investment</b>		
<b>A. Trade Investment</b>		
<b>Investment in subsidiary (valued at cost unless stated otherwise)</b>		
<b>Unquoted Equity Instruments :</b>		
165,440,000 (March 31, 2017: 165,440,000) Equity shares of ₹ 10 /- each fully paid-up in Shriram Housing Finance Limited.	16,544.00	16,544.00
<b>Total</b>	<b>16,544.00</b>	<b>16,544.00</b>
<b>B. Other than Trade Investment</b>		
<b>1) Investment in Equity Instruments (valued at cost unless stated otherwise)</b>		
<b>Quoted Equity Instruments :</b>		
1,264,470 (March 31, 2017: 1,264,470) Equity shares at the FV of ₹ 776.50/- each fully paid-up in Ceylinco Insurance PLC (M.V. of ₹ 9,516.15 lacs)	9,877.38	9,877.38
<b>Total</b>	<b>9,877.38</b>	<b>9,877.38</b>
<b>Unquoted Equity Instruments :</b>		
(i) 963,265 (March 31, 2017: 963,265) Equity shares of ₹ 10/- each fully paid-up in Highmark Credit Information Services Private Limited.	118.00	118.00
(ii) 18,000 (March 31, 2017: 18,000) Equity shares of ₹ 10/- each fully paid-up in Shriram Seva Sankalp Foundation	1.80	1.80
(iii) 598,726 (March 31, 2017: 598,726) Equity shares of ₹ 10/- each fully paid-up in Visage Holdings & Finance Private Limited. (Sold during the year)	-	997.00
<b>Total</b>	<b>119.80</b>	<b>1,116.80</b>
<b>2) Investment in Approved Government Securities (valued at cost unless stated otherwise)</b>		
<b>Quoted Investments :</b>		
6.13% GOI 2028 (M.V of ₹ 89.14 lacs)	100.00	101.45
9.22% Gujarat SDL 2023 (M.V of ₹ 3,201.32 lacs)	3,000.00	3,175.64
9.55% Tamil Nadu SDL 2023 (M.V of ₹ 1,838.15 lacs)	1,700.00	1,833.24
9.25% Maharashtra SDL 2023 (M.V of ₹ 3,632.67 lacs)	3,400.00	3,605.33
8.27% GOI 2020 (M.V of ₹ 12,338.40 lacs)	12,000.00	12,281.85
<b>Total</b>	<b>20,200.00</b>	<b>20,997.51</b>
<b>Grand Total</b>	<b>46,741.18</b>	<b>48,535.69</b>
Aggregate amount of Unquoted Investments (cost of acquisition)	16,663.80	17,660.80
Aggregate amount of Quoted Investments (cost of acquisition)	30,077.38	30,874.89
Aggregate amount of Quoted Investments (market value)	30,615.83	30,293.46
Aggregate amount of provision for diminution in value of Investments	-	81.76

In accordance with the Reserve Bank of India circular no. RBI/2006-07/225 DNBS (PD) C.C No.87/03.02.2004/2006-07 dated January 4, 2007, the Company has created a floating charge on the statutory liquid assets comprising of investment in approved government securities being statutory liquid assets to the extent of ₹ 20,200.00 lacs (March 31, 2017: ₹ 20,997.51 lacs) in favour of trustees representing the public deposit holders of the Company.



## NOTES

forming part of Standalone Financial Statements for the year ended March 31, 2018

### 11. DEFERRED TAX ASSETS- Net

₹ in lacs

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Deferred Tax Asset</b>		
Timing difference on account of :		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting period	1,942.27	1,574.27
Contingent provision against standard assets	3,447.09	2,581.26
Provision for Gratuity	10.54	-
Provision for leave encashment	457.49	298.10
Provision for Lease rental	32.53	28.70
Provision for Bonus	1,355.97	43.98
Merger Expenses	-	0.24
<b>Gross deferred tax assets (A)</b>	<b>7,245.89</b>	<b>4,526.55</b>
<b>Deferred Tax Liabilities</b>		
Deferred expenses incurred for NCD mobilisation	-	104.08
<b>Gross deferred tax liabilities (B)</b>	<b>-</b>	<b>104.08</b>
<b>Deferred tax asset- Net (A-B)</b>	<b>7,245.89</b>	<b>4,422.47</b>

### 12. LOANS AND ADVANCES

₹ in lacs

Particulars	Long-term		Short-term	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
<b>Unsecured, Considered Good</b>				
Capital advances	47.24	-	-	55.14
Input Credit Receivable	-	-	1,488.69	83.58
Prepaid expenses	2.58	-	455.52	517.58
Interest paid in Advance	-	-	6,168.98	3,553.69
Security Deposits	1,960.96	1,575.85	503.31	551.48
Advances recoverable in cash or in kind or for value to be received	1,505.84	-	20.06	3,232.70
Investment through Pass through certificate - Own	2.33	92.35	70.15	1,782.96
<b>Loans and Advances</b>				
Assets under financing activities :				
- Secured, considered good	874,381.41	644,722.20	1,099,308.76	1,036,423.17
- Unsecured, considered good	212,362.77	192,728.10	304,046.70	257,141.16
- Doubtful	246,365.58	153,677.77	-	-
<b>Total</b>	<b>1,336,628.71</b>	<b>992,796.27</b>	<b>1,412,062.17</b>	<b>1,303,341.46</b>



## NOTES

forming part of Standalone Financial Statements for the year ended March 31, 2018

### 12. LOANS AND ADVANCES (Contd.)

Disclosure on loan against Gold as on March 31, 2018 Vide RBI notification DNBS.CC.PD.No.266/03.10.01/2011-12 dated March 26, 2012:

₹ in lacs

Particulars	As at March 31, 2018	As at March 31, 2017
Total Assets under Management	2,736,465.22	2,284,692.40
Total Loan against gold	337,381.39	342,681.28
Percentage of Gold Loan on Total Assets (on book)	12.33%	15.00%

### 13. OTHER ASSETS

₹ in lacs

Particulars	Non-current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Other Bank balances of non-current portion [Refer note no-15]	-	1,200.01	-	-
Public issue expenses for non-convertible debentures to the extent not written off or adjusted	-	-	-	300.75
Interest accrued on fixed deposit and other loan and advances	-	81.84	1,116.59	1,017.17
Securitisation-receivable	296.89	250.54	620.81	1,306.73
Advance Tax (net of provisions for tax)	4,505.86	-	-	5,947.80
Premium paid on Govt Securities	342.75	-	123.60	-
<b>Total</b>	<b>5,145.50</b>	<b>1,532.39</b>	<b>1,861.00</b>	<b>8,572.45</b>

### 14. CURRENT INVESTMENTS

₹ in lacs

Particulars	As at March 31, 2018	As at March 31, 2017
Treasury Bills	25,857.40	22,249.68
Mutual Fund	200.00	200.00
Small Business Loan Trust - Series I	-	466.21
<b>Total</b>	<b>26,057.40</b>	<b>22,915.89</b>

#### a) As at March 31, 2018

##### 14.1 Treasury Bills

₹ in lacs

Particulars	Date of Investment	Date of Maturity	Rate of Interest	Amount
364D T-Bill	18-Jan-18	10-Jan-19	6.50%	14,103.52
364D T-Bill	8-Mar-18	21-Feb-19	6.62%	11,753.88
<b>Total</b>				<b>25,857.40</b>

## NOTES

forming part of Standalone Financial Statements for the year ended March 31, 2018

### 14. CURRENT INVESTMENTS (Contd.)

#### 14.2. Mutual Fund

Since it is an equity and debt opportunities fund under the open ended scheme the maturity date will be considered as redemption date as and when required.

#### b) As at March 31, 2017

##### 14.1 Treasury Bills

₹ in lacs				
Particulars	Date of Investment	Date of Maturity	Rate of Interest	Amount
364D T-Bill	29-Jun-16	22-Jun-17	6.86%	3,279.34
364D T-Bill	20-Sep-16	8-Jun-17	6.57%	3,342.84
364D T-Bill	3-Jan-17	9-Nov-17	6.24%	2,374.18
364D T-Bill	14-Feb-17	18-Jan-18	6.24%	945.34
364D T-Bill	7-Mar-17	1-Feb-18	6.20%	12,307.98
<b>Total</b>				<b>22,249.68</b>

#### 14.2. Mutual Fund

Since it is an equity and debt opportunities fund under the open ended scheme the maturity date will be considered as redemption date as and when required.

### 15. CASH AND BANK BALANCES

₹ in lacs				
Particulars	Non-current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
<b>Cash and cash equivalents :</b>				
Balances with banks in :				
- Current accounts	-	-	27,049.78	36,662.77
- Unclaimed dividend	-	-	92.56	82.92
- Deposits with original maturity of less than 3 months	-	-	150.00	950.00
Cash on hand	-	-	6,134.11	5,562.57
	-	-	<b>33,426.45</b>	<b>43,258.26</b>
<b>Other bank Balances :</b>				
Deposits with original maturity for more than 3 months but less than 12 months	-	-	16,600.00	17,450.00
Margin money deposit *	-	1,200.01	3,183.11	3,005.18
	-	<b>1,200.01</b>	<b>53,209.56</b>	<b>63,713.44</b>
Amount disclosed under the head "other non-current asset" [Refer note- 13]	-	(1,200.01)	-	-
<b>Total</b>	-	-	<b>53,209.56</b>	<b>63,713.44</b>

\* Margin money deposit of ₹ 3,183.11 lacs as at March 31, 2018 (March 31, 2017 : ₹ 4,205.19 lacs) are pledged with banks as margin for securitisation.



## NOTES

forming part of Standalone Financial Statements for the year ended March 31, 2018

### 16. REVENUE FROM OPERATIONS

₹ in lacs

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Income from finance and other charges	496,377.31	428,225.23
Income on Long Term Securitisation / assignment *	2,443.49	4,388.97
Interest on Long Term Investment through PTC-Securitisation **	18.55	133.30
Interest on Margin money on securitisation / assignment	258.13	690.52
Bad debts recovery	4,536.96	4,733.75
Interest on deposit with bank	1,187.44	1,466.64
Interest on government securities	3,296.40	3,054.66
Other financial services- Commission	212.52	469.35
<b>Total</b>	<b>508,330.80</b>	<b>443,162.42</b>

\*Includes exempt income (subject to EIS tax u/s 115 TA of the Income Tax Act) for the year ended March 31, 2018 is NIL( March 31, 2017 : ₹ 33.90 lacs).

\*\*Includes exempt income for the period ending March 31, 2018 is NIL(March 31, 2017 : ₹ 3.08 lacs).

### 17. OTHER INCOME

₹ in lacs

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Dividend Income	144.50	128.43
Gain on sale of investments-Short Term	14.25	-
Gain on sale of investments- Long Term	1,491.06	-
Profit on sale of assets	9.73	12.64
Miscellaneous income	166.53	149.50
<b>Total</b>	<b>1,826.07</b>	<b>290.57</b>

### 18. EMPLOYEE BENEFITS EXPENSES

₹ in lacs

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Salaries and allowances	64,859.93	50,047.34
Contributions to Provident fund and ESI	4,197.11	3,610.09
Gratuity	368.61	622.07
Staff welfare expenses	928.46	749.42
<b>Total</b>	<b>70,354.11</b>	<b>55,028.92</b>

## NOTES

forming part of Standalone Financial Statements for the year ended March 31, 2018

### 19. FINANCE COSTS

Particulars	₹ in lacs	
	Year ended March 31, 2018	Year ended March 31, 2017
<b>Interest expense on :</b>		
Debentures	15,105.23	16,817.82
Subordinate debts	13,943.98	14,092.77
Fixed deposits	29,445.70	32,683.12
Loans from banks	86,762.23	76,123.26
Loans from institutions and others	5,632.60	3,554.24
Commercial Papers	12,974.08	7,829.12
<b>Other Borrowing Cost:</b>		
Bank Charges	1,138.85	956.96
Processing and other charges	563.46	218.88
Brokerage	1,204.96	1,165.43
<b>Total</b>	<b>166,771.09</b>	<b>153,441.60</b>

### 20. OTHER EXPENSES

Particulars	₹ in lacs	
	Year ended March 31, 2018	Year ended March 31, 2017
Rent	5,303.11	4,923.62
Power and Fuel expenses	900.05	867.93
Repairs & Maintenance to Buildings	1,201.84	1,287.50
Repairs & Maintenance to Office Equipment	45.19	57.54
Office upkeep expenses	1,049.01	1,133.10
Rates & taxes	1,734.95	1,313.25
Printing & stationery	2,345.78	1,925.20
Travelling & conveyance	5,141.69	5,768.40
Advertisement	1,232.67	957.11
Business promotion expenses	5,229.53	4,734.87
Commission	13,035.81	11,383.52
Royalty	5,583.92	4,908.45
Directors' sitting fees	42.25	26.43
Insurance	386.48	362.23
Communication expenses	2,989.43	3,034.47
<b>Payments to the auditor</b>		
(a) Audit fees	32.70	34.64
(b) Tax audit fees	-	6.89
(c) Certification	5.45	8.15
(d) Out of pocket	14.73	7.25
Professional charges	11,642.66	9,541.05
Legal & Professional fees	837.23	669.78
Donations	10.00	-
Public issue expenses for non-convertible debentures	300.75	366.48
Loss on sale of assets	37.18	20.28
CSR expenses	1,400.00	688.55
Miscellaneous expenses	2,054.45	1,076.75
<b>Total</b>	<b>62,556.86</b>	<b>55,103.44</b>

## NOTES

forming part of Standalone Financial Statements for the year ended March 31, 2018

### 21. PROVISIONS & WRITE-OFFS

₹ in lacs		
Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Provision for Non performing assets	39,881.48	44,380.89
Contingent provision for standard assets	2,501.85	2,045.51
Bad debts written off	62,987.28	44,626.20
<b>Total</b>	<b>105,370.61</b>	<b>91,052.60</b>

### 22. EARNINGS PER SHARE (EPS)

₹ in lacs		
Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Net profit after tax as per statement of profit and loss (₹ in lacs) (A)	66,472.05	55,605.99
Weighted average number of equity shares for calculating Basic EPS (No. in lacs) (B)	659.52	659.34
Weighted average number of equity shares for calculating Diluted EPS (No. in lacs) (C)	660.01	660.05
Basic earnings per equity share (in ₹) (Face value of ₹ 10/- per share) (A) / (B)	100.79	84.34
Diluted earnings per equity share (in ₹) (Face value of ₹ 10/- per share) (A) / (C)	100.71	84.24

₹ in lacs		
Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Weighted average number of equity shares for calculating EPS (No. in lacs)	659.52	659.34
Add : Equity shares for no consideration arising on grant of stock options under ESOP (No. in lacs)	0.49	0.71
Weighted average number of equity shares for calculating Diluted EPS (No. in lacs)	660.01	660.05

### 23. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

The Company has a funded defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for a gratuity on separation at 15 days basic salary (last drawn salary) for each completed year of service.

Consequent to the adoption of Accounting Standard 15 'Employee Benefits' (revised), the following disclosures are made as required by the standard:

#### Statement of Profit and Loss

Net Employee benefit expenses (recognised in the employee cost)

₹ in lacs		
Particulars	Gratuity	
	For the year ended March 31,	
	2018	2017
Current service cost	493.94	474.66
Interest cost on benefit obligation	30.80	180.49
Expected return on plan assets	N.A.	N.A.
Net actuarial (gain) / loss recognised in the year	(277.19)	(33.08)
Past service cost	121.06	-
<b>Net benefit expense</b>	<b>368.61</b>	<b>622.07</b>
Actual return on plan assets	175.76	N.A.

## NOTES

forming part of Standalone Financial Statements for the year ended March 31, 2018

### 23. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.)

#### Balance Sheet

Benefit asset/(liability)

₹ in lacs

Particulars	Gratuity	
	As at March 31,	
	2018	2017
Present value of the defined benefit obligation	3,045.11	2,732.94
Fair value of plan assets	(2,248.63)	(2,305.07)
<b>Total</b>	<b>796.48</b>	<b>427.87</b>
Less: Unrecognised past service cost	-	-
<b>Plan asset / (liability)</b>	<b>(796.48)</b>	<b>(427.87)</b>

Changes in the present value of the defined benefit obligation are as follows:

₹ in lacs

Particulars	Gratuity	
	As at March 31,	
	2018	2017
Opening defined benefit obligation	2,732.94	2,270.36
Interest cost	196.76	180.49
Current service cost	493.94	474.66
Past service cost	121.06	-
Transferred in liabilities	-	-
Transferred out liabilities	-	(20.02)
Benefits paid	(232.20)	(174.19)
Actuarial (gains) / losses on obligation	(267.39)	1.64
<b>Closing defined benefit obligation</b>	<b>3,045.11</b>	<b>2,732.94</b>

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

₹ in lacs

Particulars	Gratuity	
	As at March 31,	
	2018	2017
Investments with insurer	2,248.63	2,305.07

The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

Particulars	Gratuity	
	As at March 31,	
	2018	2017
Discount Rate	7.56%	7.20%
Increase in compensation cost	5.00%	5.00%
Employee Turnover	3% & 31%	2 % & 13%

The estimates of future salary increases, considered in actuarial valuation, are on account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

## NOTES

forming part of Standalone Financial Statements for the year ended March 31, 2018

### 23. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.)

Amounts for the current and previous four years are as follows:

₹ in lacs

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
Present value of defined benefit obligation	3,045.11	2,732.94	2,270.36	1,955.49	1,005.76
Plan assets	2,248.63	2,305.07	NA	NA	NA
Surplus / (deficit)	(796.48)	(427.87)	(2,270.36)	(1,955.49)	(1,005.76)
Experience adjustments on plan liabilities	(56.96)	(143.41)	(294.08)	(84.58)	(89.71)
Experience adjustments on plan assets	9.79	34.72	NA	NA	NA

The Company has a leave encashment policy. The leave encashment liability is computed based on actuarial valuation and stands at ₹ 1,644.65 lacs as on March 31, 2018 (March 31, 2017 : ₹ 1,184.07 lacs)

### 24. EMPLOYEE STOCK OPTION PLAN

24.1 The Company provides share-based payment schemes to its Employees. For the period ended March 31, 2018 an Employee Stock Option Plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below:

Date of Shareholder's approval	: October 30, 2006
Date of grant	: October 19, 2007
Date of Board Approval	: October 19, 2007
Number of options granted	: 1,355,000
Method of Settlement (Cash/Equity)	: Equity
Graded vesting period :	
After 1 years of grant date	: 10% of options granted
After 2 years of grant date	: 20% of options granted
After 3 years of grant date	: 30% of options granted
After 4 years of grant date	: 40% of options granted
Exercisable period	: 10 years from vesting date
Vesting Conditions	: On achievement of pre-determined targets

The details of Series 1 have been summarised below:

₹ in lacs

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of Shares	Weighted Average Exercise Price(in ₹)	Number of Shares	Weighted Average Exercise Price(in ₹)
Outstanding at the beginning of the year	72,480	35.00	88,730	35.00
Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	-	-	-	-
Less: Exercised during the year	22,360	35.00	16,250	35.00
Less: Expired during the year	-	-	-	-
Outstanding at the end of the period	50,120	35.00	72,480	35.00
Exercisable at the end of the period	-	-	-	-
Weighted average remaining contractual life (in years)	-	2.55	-	3.55
Weighted average fair value of options granted	-	227.42	-	227.42



## NOTES

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### 24. EMPLOYEE STOCK OPTION PLAN (Contd.)

The details of exercise price for stock options outstanding at the end of the period are:

As at March 31,	Range of exercise prices(in ₹)	No. of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average Exercise Price(in ₹)
<b>2018</b>	35.00	50,120	2.55	35.00
<b>2017</b>	35.00	72,480	3.55	35.00

#### Stock Options Granted

The weighted average fair value of stock options granted was ₹ 227.42. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

Particulars	2006	2007	2008	2009
Exercise Price (₹)	35.00	35.00	35.00	35.00
Expected Volatility (%)	55.36	55.36	55.36	55.36
Historical Volatility	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (₹)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	7.70	7.67	7.66	7.67
Expected dividend rate (%)	0.84	0.84	0.84	0.84

The expected volatility was determined based on historical volatility data equal to the NSE volatility rate of Bank NIFTY which is considered as a comparable peer group of the Company. To allow for the effects of early exercise it was assumed that the employees would exercise the options within six months from the date of vesting in view of the exercise price being significantly lower than the market price.

Effect of the employee share-based payment plans on the profit and loss account and on its financial position:

Particulars	₹ in lacs	
	As at March 31, 2018	2017
Compensation cost pertaining to equity-settled employee share-based payment plan included above	-	-
Liability for employee stock options outstanding as at end of period	113.50	164.13
Deferred compensation cost	Nil	Nil

## NOTES

forming part of Standalone Financial Statements for the year ended March 31, 2018

### 24. EMPLOYEE STOCK OPTION PLAN (Contd.)

Since the Company used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:

In March 2005, the ICAI issued a guidance note on "Accounting for Employees Share Based Payments" applicable to Employee based share plan, the grant date in respect of which falls on or after April 1 2005. The said guidance note requires that the proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note the impact on the reported net profit and earnings per share would be as follows:

Particulars	As at March 31,	
	2018	2017
Profit as reported (₹ in lacs)	66,472.05	55,605.99
Add: Employee stock compensation under intrinsic value method (₹ in lacs)	-	-
Less: Employee stock compensation under fair value method (₹ in lacs)	-	-
Proforma profit (₹ in lacs)	66,472.05	55,605.99
Less: Preference Dividend	-	-
Proforma Net Profit for Equity Shareholders (₹ in lacs)	66,472.05	55,605.99
Earnings per share		
Basic (₹)		
- As reported	100.79	84.34
- Proforma	100.79	84.34
Diluted (₹)		
- As reported	100.71	84.24
- Proforma	100.71	84.24

**24.2** A new ESOP scheme "SCUF Employees Stock Option Scheme 2013" was approved at an EGM on May 31, 2013. Accordingly 2,627,000 equity shares @ ₹ 10 each have been reserved under this scheme with an exercise price of ₹ 300 per option and with a maximum vesting period of five years from the date of grant.

### 25. SEGMENT INFORMATION

The Company has got a single reportable segment. Therefore, the segmentwise reporting has not been given.

### 26. RELATED PARTY DISCLOSURE

#### I) Key Managerial Personnel

- Mr. R Duruvasan, Managing Director & CEO
- Mr. R Chandrasekar, Chief Financial Officer
- Mr. C R Dash, Company Secretary - CRD

#### II) Subsidiary

- Shriram Housing Finance Limited -SHFL

#### III) Enterprises having significant influence

- Shriram Capital Limited-SCL
- Shriram Ownership Trust-SOT
- Dynasty Acquisition FPI Limited-DAFL
- Piramal Enterprises Limited-PEL

## NOTES

forming part of Standalone Financial Statements for the year ended March 31, 2018

### 26. RELATED PARTY DISCLOSURE (Contd.)

#### IV) Details of Transactions

₹ in lacs

Particulars	Enterprises having significant influence over the Company		Subsidiaries		Director/ Key Managerial Personnel		Total	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
<b>Payments/Expenses</b>								
Royalty to SOT	5,583.92	4,908.45	-	-	-	-	5,583.92	4,908.45
Reimbursement of rent and other expenses	518.00	476.49	-	-	-	-	518.00	476.49
License Fees to SCL	1,693.97	2,203.75	-	-	-	-	1,693.97	2,203.75
Rent and other expenses to SHFL	-	-	298.26	269.87	-	-	298.26	269.87
Equity dividend to SCL	3,563.02	3,340.34	-	-	-	-	3,563.02	3,340.34
Equity dividend to DAFI	2,147.50	2,013.28	-	-	-	-	2,147.50	2,013.28
Equity dividend to PEL	1,052.77	986.98	-	-	-	-	1,052.77	986.98
Equity dividend to CRD	-	-	-	-	1.32	1.24	1.32	1.24
Payments to Key Managerial Personnel	-	-	-	-	149.91	103.99	149.91	103.99
Security Deposits to SHFL	-	-	157.94	-	-	-	157.94	-
<b>Receipts/Income</b>								
Reimbursement of expenses from - SHFL	-	-	92.08	31.13	-	-	92.08	31.13
<b>Balance outstanding as at</b>								
Share Capital held by SCL	2,226.89	2,226.89	-	-	-	-	2,226.89	2,226.89
Share Capital held by DAFI	1,342.19	1,342.19	-	-	-	-	1,342.19	1,342.19
Share Capital held by PEL	657.98	657.98	-	-	-	-	657.98	657.98
Share Capital held by CRD	-	-	-	-	0.83	0.83	0.83	0.83
Investment of SCL	282.08	329.62	-	-	-	-	282.08	329.62
Investment in Shares of SHFL	-	-	16,544.00	16,544.00	-	-	16,544.00	16,544.00
Security deposits with SHFL	-	-	275.32	117.38	-	-	275.32	117.38
Outstanding Expenses to SHFL	-	-	-	25.04	-	-	-	25.04
Outstanding Receivable from SHFL	-	-	11.40	-	-	-	11.40	-
Outstanding Expenses to SCL	170.86	155.43	-	-	-	-	170.86	155.43
Outstanding Expenses to SOT	1,330.52	1,029.79	-	-	-	-	1,330.52	1,029.79

## NOTES

forming part of Standalone Financial Statements for the year ended March 31, 2018

### 27. CONTINGENT LIABILITIES AND COMMITMENTS TO THE EXTENT NOT PROVIDED FOR

#### I) Contingent Liabilities

₹ in lacs

Particulars	As at March 31,	
	2018	2017
a. Income Tax	2,990.65	2,990.65
b. Value Added Tax	137.52	131.02
c. Service Tax	3,802.12	-
d. Guarantees issued by the Company	2,500.00	2,500.00

The Income tax assessment of the Company has been completed by Assessing officer upto the Assessment Year 2015-16

Disputed Income tax demand are on account of Disallowance of Interest on Income Tax refund u/s 234D (A.Y.2010-11 to A.Y.2013-14) - ₹ 116.45 lacs and Disallowance u/s 40 a (ia) of the Income Tax Act (A.Y.2012-13 to A.Y.2014-15) - ₹ 2,874.20 lacs. The above demands are determinable only on receipt of judgements / decisions pending with various forums / authorities. The Company is of the opinion that above demands are not sustainable and expects to succeed in its appeals.

Disputed tax demand under Kerala Value Added Tax is on account of sale of seized vehicles for the assessment year 2007-08 is ₹ 4.65 lacs. The Company filed appeal before Dy.Commissioner ( Appeals ) Ernakulam, Kerala. For the assessment year 2011-12, the disputed tax under Kerala Value Added Tax is on account of goods in transit u/s 47 (6) is ₹ 0.72 lacs after adjusting the Security deposit of ₹ 0.72 lacs paid by the supplier. The Company has filed appeal before the Assistant commissioner ( Appeals ) Ernakulam, Kerala.

Disputed tax demand under Tamilnadu Value Added Tax is on account of sale of seized vehicles/ Sale of Gold Jewellery / Sale of Fixed Asset for the assessment year 2007-08 to 2014-15 is ₹ 125.65 lacs. The Company has paid the demand amount and filed appeal upto AY 2013-14 before Sales Tax Appellate Tribunal , Chennai. For the Assessment Year 2014-15. the Company would contest against the Order issued by Appellate Deputy Commissioner.

Disputed tax demand under Karnataka Value Added Tax is on account of sale of seized vehicles for the assessment year 2011-12 to assessment year 2012-13 is ₹ 6.50 lacs. The Company would contest against the Order.

Disputed tax demand under Service Tax is on service rendered towards provision of collection of receivables in respect of Securitisation / Direct Assignment for the period Apr' 08 - Sep' 14 is ₹ 3,802.12 lacs. The Company has filed an appeal with CESTAT.

The Company has issued a guarantee for ₹ 2,500.00 lacs against refinance obtained by Shriram Housing Finance Limited for NHB

#### II) Commitments

As at March 31, 2018, ₹ 305.32 lacs is the estimated amount of contracts remaining to be executed on capital account.

### 28. DISCLOSURE RELATING TO SECURITISATION / ASSIGNMENT

#### A. Securitisation

- (i) The information on securitisation of the Company as an originator in respect of securitisation transaction done during the year is given below

₹ in lacs

Particulars	As at	
	March 31, 2018	March 31, 2017
Total number of transactions under par structure	1	-
Total book value of assets	13,702.03	-
Sale consideration received	10,794.09	-

## NOTES

### forming part of Standalone Financial Statements for the year ended March 31, 2018

#### 28. DISCLOSURE RELATING TO SECURITISATION / ASSIGNMENT (Contd.)

(ii) The information on securitisation of the Company as an originator in respect of outstanding amount of securitised assets is given below

		₹ in lacs	
Particulars	As at March 31, 2018	As at March 31, 2017	
1 No of SPVs sponsored by the Company for securitisation transactions	3	3	
2 Total amount of securitised assets as per books of the SPVs sponsored by the Company	9,348.73	11,034.10	
3 Total amount of exposures retained by the Company to comply with MRR as on the date of balance sheet			
a) Off-balance sheet exposures			
First loss	-	-	
Others	-	-	
b) On-balance sheet exposures			
First loss	3,183.11	4,205.19	
Others	43.22	140.72	
4 Amount of exposures to securitisation transactions other than MRR			
a) Off-balance sheet exposures			
i) Exposure to own securitisations			
First loss	-	-	
Others	-	-	
ii) Exposure to third party securitisations			
First loss	-	-	
Others	-	-	
b) On-balance sheet exposures			
i) Exposure to own securitisations			
First loss	-	-	
Others	-	-	
ii) Exposure to third party securitisations			
First loss	-	-	
Others	-	-	

#### B. Direct Assignment

		₹ in lacs	
Particulars	Year ended March 31, 2018	Year ended March 31, 2017	
(i) No. of accounts	-	70,569	
(ii) Aggregate value (net of provisions) of accounts sold	-	23,963.46	
(iii) Aggregate consideration	-	20,022.18	
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	394.13	
(v) Aggregate gain / loss over net book value	-	1,060.43	

## NOTES

forming part of Standalone Financial Statements for the year ended March 31, 2018

### 29. DISCLOSURE OF FRAUDS REPORTED DURING THE YEAR ENDED MARCH 31, 2018

Vide DNBS. PD. CC NO. 256/03.10.042/2011-12 dated 02 MARCH, 2012

₹ in lacs

Particulars	Less than ₹ 1 lac		₹ 1 to 25 lacs		Greater than ₹ 25 lacs		Total	
	Number	Value	Number	Value	Number	Value	Number	Value
<b>A) Person involved</b>								
Staff	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-
Customer & Outsider	-	-	-	-	-	-	-	-
Staff, Customer & Outsider	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-
<b>B) Type of Fraud</b>								
Misappropriation and Criminal breach of trust	-	-	-	-	-	-	-	-
Fraudulent encashment/ manipulation of books of accounts	-	-	-	-	-	-	-	-
Unauthorised credit facility extended	-	-	-	-	-	-	-	-
Cheating and Forgery	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-

"- "represents Nil

### 30. DERIVATIVES- Nil

### 31. EXPOSURE TO CAPITAL MARKET

₹ in lacs

S.no	Particulars	As at March 31, 2018	As at March 31, 2017
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	26,741.18	27,738.18
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	43,171.29	48,468.26
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	556.91
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-

## NOTES

forming part of Standalone Financial Statements for the year ended March 31, 2018

### 31. EXPOSURE TO CAPITAL MARKET (Contd.)

		₹ in lacs	
S.no	Particulars	As at March 31, 2018	As at March 31, 2017
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows / issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total		69,912.47	76,763.35

### 31.2. EXPOSURE TO REAL ESTATE SECTOR

		₹ in lacs	
S.no	Particulars	As at March 31, 2018	As at March 31, 2017
i)	<b>Residential Mortgages</b> -Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	35,684.30	25,803.20
ii)	<b>Commercial Real Estate</b> -Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	63,497.29	34,313.10
iii)	<b>Investments in Mortgage Backed Securities(MBS) and other securitised exposures -</b>		
	Residential	-	-
	Commercial Real Estate	-	-
	<b>Total Exposure to Real Estate Sector</b>	99,181.58	60,116.30

32. Expenditure in Foreign Currency (Cash Basis) - Nil

33. The Company had no discontinuing operations during the year ended March 31, 2018.

34. The Company has taken various office premises under operating lease. The lease payments recognised in the statement of profit and loss account are ₹ 5,303.11 lacs (March 31, 2017 - ₹ 4,923.62 lacs). Certain agreements provide for cancellation by either party and certain agreements contain clauses for escalation and renewal of agreements. There are no restrictions imposed by lease arrangements. The future minimum lease payments in respect of non-cancellable operating leases as at the Balance sheet days are summarised below:

		₹ in lacs
Particulars	For the year ended March 31,	
	2018	2017
a. Not later than 1 year	428.43	403.83
b. More than 1 year and less than 5 years	1,061.59	1,081.11
c. Later than 5 years	261.75	349.03



## NOTES

forming part of Standalone Financial Statements for the year ended March 31, 2018

### 35. CAPITAL

S.no Particulars	As at March 31, 2018	As at March 31, 2017
i) CRAR (%)	21.37%	23.88%
ii) CRAR - Tier I Capital (%)	20.57%	22.22%
iii) CRAR - Tier II Capital (%)	0.79%	1.66%
iv) Amount of subordinated debt raised as Tier-II capital (₹ in lacs)	10,853.74	29,485.91
v) Amount raised by issue of Perpetual Debt Instruments	-	-

### 36. INVESTMENTS

₹ in lacs		
S.no Particulars	As at March 31, 2018	As at March 31, 2017
<b>1) Value of Investments</b>		
i) Gross Value of Investments		
a) In India	62,921.20	61,574.20
b) Outside India	9,877.38	9,877.38
ii) Provisions for Diminution		
a) In India	-	81.76
b) Outside India	-	-
iii) Value of Net Investments		
a) In India	62,921.20	61,492.44
b) Outside India	9,877.38	9,877.38
<b>2) Movement of provisions held towards diminution on investments</b>		
i) Opening Balance	81.76	81.76
ii) <b>Add</b> : Provisions made during the year	-	-
iii) <b>Less</b> : Write-off / write-back excess provisions during the year	81.76	-
iv) Closing Balance	-	81.76

37. Details of non-performing financial assets purchased / sold - Nil

38. Details of financing of parent company products - Nil

39. Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the Company - Nil

40. Registration obtained from other financial sector regulators - Nil

41. Details of Penalties imposed by RBI and other regulators - Nil



## NOTES

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### 42. PROVISIONS AND CONTINGENCIES

	₹ in lacs	
Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	Year ended March 31, 2018	Year ended March 31, 2017
Provisions for diminution on Investment	-	-
Provision towards NPA	39,881.48	44,380.89
Provision made towards Income tax	38,129.64	30,459.91
<b>Other Provisions and Contingencies (with details)</b>		
Contingent provision for Standard Assets	2,501.85	2,045.51
Provision for Gratuity	368.61	622.07
Provision for Leave encashment	479.01	508.34

### 43. Draw Down Reserves - Nil

### 44. CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURES AND NPAs

#### a. Concentration of Deposits

	₹ in lacs
Total Deposits of twenty largest depositors	7,382.11
Percentage of Deposits of twenty largest depositors to Total Deposits of the Company	2.58%

#### b. Concentration of Advances

	₹ in lacs
Total Advances to twenty largest borrowers	72,216.09
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	2.64%

#### c. Concentration of Exposures

	₹ in lacs
Total Exposure to twenty largest borrowers / customers	72,216.09
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Company on borrowers / customers	2.64%

#### d. Concentration of NPAs

	₹ in lacs
Total Exposure to top four NPA accounts	5,099.82

#### e. Sector-wise NPAs

S.no	Sector	Percentage of NPAs to Total Advances in that sector
1	Agriculture & allied activities	-
2	MSME / Corporate borrowers	9.68%
3	Services	-
4	Unsecured personal loans	10.82%
5	Auto loans	
	i) Auto Loans	10.85%
	ii) Two wheeler	10.03%
6	Other personal loans	
	i) Consumer Durable	-
	ii) Pledged Jewel	2.55%
7	Others	1.12%



## NOTES

forming part of Standalone Financial Statements for the year ended March 31, 2018

### 45. MOVEMENT OF NPAs

		₹ in lacs	
S.no	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
i)	Net NPAs to Net Advances (%)	3.43%	1.79%
ii)	Movement of NPAs (Gross)		
a)	Opening balance	153,677.77	98,008.30
b)	Additions during the year	173,605.79	112,915.95
c)	Reductions during the year	80,917.98	57,246.68
d)	Closing balance	246,365.58	153,677.77
iii)	Movement of Net NPAs		
a)	Opening balance	40,987.61	29,699.03
b)	Additions during the year	85,701.70	38,407.17
c)	Reductions during the year	32,895.38	27,118.58
d)	Closing balance	93,793.94	40,987.61
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
a)	Opening balance	112,690.16	68,309.27
b)	Provisions made during the year	87,904.08	74,508.79
c)	Write-off / write-back of excess provisions	48,022.60	30,127.90
d)	Closing balance	152,571.64	112,690.16

### 46. CORPORATE SOCIAL RESPONSIBILITY EXPENSES

Section 135 of the Companies Act, 2013, which mandates CSR for specified companies, applies to the Company. Accordingly the Company is required to spend atleast 2% of the average net profits of the Company made during the three immediately preceeding financial years, which amounts to ₹ 1,677.14 lacs for the year 2017-18 .The Company has spent ₹ 1,400.00 lacs during the year.

47. Overseas Assets (for those with Joint Ventures and Subsidiaries abroad) - Nil

48. Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms) - Nil

## NOTES

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### 49. ASSET LIABILITY MANAGEMENT MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES

Particulars	Upto 30/31 Days	Over 1 month upto 2 Months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 Months & up to 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits	25,909.97	10,179.75	11,588.43	31,424.35	62,161.76	127,347.94	30,914.43	-	299,526.63
Advances	157,492.46	111,217.04	106,998.25	345,074.14	682,573.56	824,837.11	230,068.73	125,632.29	2,583,893.58
Investments	200.00	-	-	-	25,857.40	12,000.00	-	34,741.18	72,798.58
Borrowings	20,154.40	90,147.43	81,188.01	73,529.31	525,939.40	813,869.30	186,929.00	-	1,791,756.85
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

₹ in lacs

### 50. RATING ASSIGNED BY CREDIT RATING AGENCIES AND MIGRATION OF RATINGS DURING THE YEAR

Rating Agency	Rating Instrument	As at March 31, 2018	As at March 31, 2017
India Ratings	Long-Term (NCDs)	IND AA / Stable	IND AA / Stable
	Short-Term (CP)	IND A1+	IND A1+
	Bank Loan Ratings	IND AA/ Stable	IND AA/ Stable
	Fixed deposit	IND tAA/ Stable	IND tAA/ Stable
CARE	Long-Term (NCDs)	CARE AA+ / Stable	CARE AA+
	Short-Term (CP)	CARE A1+	CARE A1+
	Subordinate Debt	CARE AA+ / Stable	CARE AA+
	Fixed deposit	CARE AA+ (FD) / Stable	CARE AA+ (FD)
ICRA	Long-Term (NCDs)	ICRA AA / stable	ICRA AA / stable
	Short-Term (CP)	ICRA A1+	ICRA A1+
	Fixed deposit	MAA+/ Stable	MAA+/ Stable
	Long-Term (NCDs)	CRISIL AA-/Positive	CRISIL AA-/Positive
CRISIL	Short-Term (CP)	CRISIL A1+	CRISIL A1+
	Subordinate Debt	CRISIL AA-/ Positive	CRISIL AA-/ Positive
	Fixed deposit	FAA /Positive	FAA /Positive

## NOTES

forming part of Standalone Financial Statements for the year ended March 31, 2018

### 51. CUSTOMER COMPLAINTS

S.no	Particulars	Count
(a)	No. of complaints pending at the beginning of the year	35
(b)	No. of complaints received during the year	3,063
(c)	No. of complaints redressed during the year	2,875
(d)	No. of complaints pending at the end of the year	223

52. Based on the intimation received by the Company, none of the suppliers have confirmed to be registered under "Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Therefore, the related information for this purpose stands to be Nil.

### 53. AUCTION DETAILS

The Company Auctioned 9,910 loan accounts (March 31, 2017: 7013 accounts) during the financial year and the outstanding dues on these loan accounts were ₹ 3,297.26 lacs (March 31, 2017: ₹ 1,936.69 lacs) till the respective dates of auction. The company realised ₹ 3,248.22 lacs (March 31, 2017 : ₹ 1,784.77 lacs) on auctioning of gold jewellery taken as security on these loans. The company confirms that none of its sister concerns participated in the above auctions.

54. Additional information in Form AOC-1 with respect to subsidiary as required under Section 129(3) of the Companies Act, 2013 is attached to the Financial Statement.

55. Previous year figures have been regrouped / rearranged, wherever considered necessary, to conform with current year presentation.

As per our report of even date  
**For G D Apte & Co**  
Chartered Accountants  
Firm Registration No.100515W

For and on behalf of the Board of Directors of  
**Shriram City Union Finance Limited**

**U.S.Abhyankar**  
Partner  
Membership No.113053

**Duruvasan Ramachandra**  
Managing Director & CEO  
DIN: 00223052

**Subramaniam Krishnamurthy**  
Director  
DIN: 00140414

Place: Chennai  
Date: April 26, 2018

**C R Dash**  
Company Secretary

**R Chandrasekar**  
Chief Financial Officer

## Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiary

₹ in lacs

S.no	Particulars	
1	Name of the subsidiary	Shriram Housing Finance Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	NA
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	NA
4	Share capital	21,416.00
5	Reserves & surplus	23,838.68
6	Total assets	197,950.87
7	Total Liabilities	197,950.87
8	Investments	9,934.45
9	Turnover	27,197.15
10	Profit before taxation	4,339.45
11	Provision for taxation	1,450.93
12	Profit after taxation	2,888.52
13	Proposed Dividend	NA
14	Percentage of shareholding	77.25%
<b>Notes:</b>		
1	Names of subsidiaries which are yet to commence operations.	NA
2	Names of subsidiaries which have been liquidated or sold during the year.	NA

### For Shriram City Union Finance Limited

**Duruvasan Ramachandra**

Managing Director & CEO

DIN: 00223052

**Subramaniam Krishnamurthy**

Director

DIN: 00140414

**C R Dash**

Company Secretary

**R Chandrasekar**

Chief Financial Officer

Place: Chennai

Date: April 26, 2018

**As per Master Direction - Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, Schedule to the Balance Sheet of a NBFC**

₹ in lacs

Particulars	As at March 31, 2018	
	Amount outstanding	Amount overdue
<b>S.no Liabilities side :</b>		
<b>(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:</b>		
(a) Debenture : Secured	231,893.66	1,493.89#
: Unsecured	-	-
(other than falling within the meaning of public deposits*)		
(b) Deferred Credits	-	-
(c) Term Loans	1,029,942.31	-
(d) Inter-corporate loans and borrowing	-	-
(e) Commercial Paper	218,831.02	-
(f) Public Deposits*	322,722.79	13,776.77#
(g) Other Loans - Subordinate Debts	120,477.49	2,046.55#
- Cash Credit (including working capital demand loan)	195,152.18	-
<b>Total (1)</b>	<b>2,119,019.45</b>	<b>17,317.21</b>
*Please see Note 1 below		
# Represent amount unclaimed.		
<b>(2) Break-up of (1)(f) above (Outstanding Public deposits inclusive of interest accrued thereon but not paid):</b>		
(a) In the form of Unsecured debentures	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
(c) Other public deposits	322,722.79	13,776.77#
<b>Total (2)</b>	<b>322,722.79</b>	<b>13,776.77</b>
*Please see Note 1 below		
# Represent amount unclaimed.		

₹ in lacs

Particulars	Amount outstanding
<b>Assets side :</b>	
<b>(3) Break-up of Loans and Advances including bills receivables (other than those included in (4) below ):</b>	
(a) Secured	2,175,291.15
(b) Unsecured	561,174.07
<b>Total (3)</b>	<b>2,736,465.22</b>
<b>(4) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>	
(i) Lease assets including lease rentals under sundry debtors :	
(a) Financial lease	-
(b) Operating lease	-
(ii) Stock on Hire including hire charges under sundry debtors :	
(a) Assets on hire	-
(b) Repossessed Assets	-
(iii) Other loans counting towards AFC Activities :	
(a) Loans where assets have been repossessed	-
(b) Loans other than (a) above	-
<b>Total (4)</b>	<b>-</b>

	₹ in lacs
<b>Assets side :</b>	<b>Amount outstanding</b>
<b>(5) Break-up of Investments :</b>	
Current Investments :	
1. Quoted :	
(i) Shares : (a) Equity	-
(b) Preference	-
(ii) Debenture and Bonds	-
(iii) Units of mutual funds	200.00
(iv) Government Securities	25,857.40
(v) Others (Please specify)	-
1. Certificate of deposits	-
2. Commercial Paper	-
2. Unquoted :	
(i) Shares: (a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (Investment in Pass Through Certificates)	-
Long Term investments :	
1. Quoted :	
(i) Shares : (a) Equity	9,877.38
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	20,200.00
(v) Others (Please specify)	-
2. Unquoted :	
(i) Shares: (a) Equity	16,663.80
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (Please specify)	-
<b>Total (5)</b>	<b>72,798.58</b>

**(6) Borrower group-wise classification of assets, financed as in (3) and (4) above :**

Please see Note 2 below

	₹ in lacs		
Category	Amount ( Net of provisions )		
	Secured	Unsecured	Total
1. Related Parties **			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	2,087,022.48	496,871.10	2,583,893.58
<b>Total (6)</b>	<b>2,087,022.48</b>	<b>496,871.10</b>	<b>2,583,893.58</b>

**(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**

Please see Note 3 below

₹ in lacs

Category	Market Value/break-up or fair value or NAV	Book Value(net of provisions)
1. Related Parties **		
(a) Subsidiaries	16,544.00	16,544.00
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	56,254.58	56,254.58
<b>Total (7)</b>	<b>72,798.58</b>	<b>72,798.58</b>

\*\* As per Accounting Standard of ICAI (Please see Note 3)

**(8) Other information**

	₹ in lacs
Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	246,365.58
(ii) Net Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	93,793.94
(iii) Assets acquired in satisfaction of debt	-

**Notes :**

- As defined in point xxvi of paragraph 3 of Chapter -2 of Master Direction - Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
- Provisioning norms shall be applicable as prescribed in Master Direction - Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (5) above.

**For Shriram City Union Finance Limited**

**Duruvasan Ramachandra**  
Managing Director & CEO  
DIN: 00223052

**Subramaniam Krishnamurthy**  
Director  
DIN: 00140414

**C R Dash**  
Company Secretary

**R Chandrasekar**  
Chief Financial Officer

Place: Chennai

Date: April 26, 2018



# INDEPENDENT AUDITOR'S REPORT

## To the Members of Shriram City Union Finance Limited

### REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Shriram City Union Finance Limited (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in

accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### OPINION

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at March 31, 2018, their consolidated profit and their consolidated cash flows for the year ended on that date.

### OTHER MATTER

We did not audit the financial statements and other financial information, in respect of the subsidiary, whose financial statements include total assets of ₹ 197,614.62 lacs as at March 31, 2018, and total revenues of ₹ 27,197.15 and net cash inflows of ₹ 45.82 lacs after elimination of inter group transaction, as considered in the consolidated financial statements.

These financial statement and other financial information have been audited by other auditor whose report has been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures

## INDEPENDENT AUDITOR'S REPORT (Contd.)

included in respect of the subsidiary 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 is based solely on the report of such other auditor.

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 report of the other auditor.

### 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 purpose of our audit;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the 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 Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its subsidiary, none of the directors of the Group companies, is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary, refer to our separate report in "Annexure 1" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, - Refer Note 27 to the consolidated financial statements;
  - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2018.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary, incorporated in India during the year ended March 31, 2018.

**For G D Apte & Co**

Chartered Accountants  
Firm Registration No. 100515W

**U.S.Abhyankar**

Partner  
Membership No. : 113053

Place: Chennai  
Date: April 26, 2018

## ANNEXURE 1

### TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SHRIRAM CITY UNION FINANCE COMPANY LIMITED

#### REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated financial statements of Shriram City Union Finance Company Limited as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Shriram City Union Finance Company Limited (hereinafter referred to as the "Holding Company") and its subsidiary Company, which is Company 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, which is Company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### AUDITOR'S RESPONSIBILITY

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

#### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

#### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

## ANNEXURE 1 (Contd.)

### OPINION

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

### OTHER MATTERS

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to the subsidiary Company, which is incorporated in India, is based on the corresponding report of the auditor of such subsidiary, incorporated in India.

**For G D Apte & Co**

Chartered Accountants  
Firm Registration No. 100515W

**U.S.Abhyankar**

Partner  
Membership No. : 113053

Place: Chennai  
Date: April 26, 2018

# CONSOLIDATED BALANCE SHEET

as at March 31, 2018

₹ in lacs

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders funds</b>			
(a) Share capital	3	6,596.58	6,594.34
(b) Reserves and surplus	4	568,179.44	512,163.14
(c) Share application money pending allotment		0.96	0.09
		<b>574,776.98</b>	<b>518,757.57</b>
<b>2. Minority Interest</b>		<b>10,218.80</b>	<b>9,559.48</b>
<b>3. Non-current liabilities</b>			
(a) Long-term borrowings	5	1,263,567.76	1,093,733.15
(b) Other long-term liabilities	6	32,760.41	35,411.03
(c) Long-term provisions	7	161,087.57	118,065.42
		<b>1,457,415.74</b>	<b>1,247,209.60</b>
<b>4. Current liabilities</b>			
(a) Short-term borrowings	8	489,825.61	381,485.51
(b) Trade payables			
- Total outstanding dues of micro enterprise and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprise and small enterprises		701.41	490.14
(c) Other current liabilities	6	537,820.21	466,015.36
(d) Short-term provisions	7	7,152.87	6,152.84
		<b>1,035,500.10</b>	<b>854,143.85</b>
<b>Total</b>		<b>3,077,911.62</b>	<b>2,629,670.50</b>
<b>II. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Fixed assets	9		
(i) Tangible assets		8,328.74	7,484.85
(ii) Intangible assets		441.75	844.48
(b) Non-current investments	10	37,529.11	37,797.91
(c) Deferred tax assets -Net	11	7,274.69	4,575.26
(d) Long-term loans and advances	12	1,503,734.43	1,159,645.76
(e) Other non-current assets	13	6,363.00	4,981.46
		<b>1,563,671.72</b>	<b>1,215,329.72</b>
<b>2. Current assets</b>			
(a) Current Investments	14	28,659.92	26,039.16
(b) Cash and bank balances	15	53,771.50	64,204.56
(c) Short-term loans and advances	12	1,424,049.82	1,314,488.24
(d) Other current assets	13	7,758.66	9,608.82
		<b>1,514,239.90</b>	<b>1,414,340.78</b>
<b>Total</b>		<b>3,077,911.62</b>	<b>2,629,670.50</b>

Significant accounting policies

2.1

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date

**For G D Apte & Co**

Chartered Accountants

Firm Registration No.100515W

For and on behalf of the Board of Directors of

**Shriram City Union Finance Limited**

**U.S.Abhyankar**

Partner

Membership No.113053

**Duruvasan Ramachandra**

Managing Director & CEO

DIN: 00223052

**Subramaniam Krishnamurthy**

Director

DIN: 00140414

Place: Chennai

Date: April 26, 2018

**C R Dash**

Company Secretary

**R Chandrasekar**

Chief Financial Officer

**CONSOLIDATED STATEMENT OF PROFIT & LOSS**

for the year ended March 31, 2018

₹ in lacs

Particulars	Note No.	Year ended March 31, 2018	Year ended March 31, 2017
<b>Income</b>			
Revenue from operations	16	535,282.73	470,359.28
Other income	17	2,070.44	542.25
<b>Total</b>		<b>537,353.17</b>	<b>470,901.53</b>
<b>Expenses</b>			
Employee benefits expenses	18	74,597.76	59,729.79
Finance costs	19	178,108.17	165,231.69
Depreciation and amortisation expense	9	3,519.03	3,571.21
Other expenses	20	67,636.35	58,853.77
Provisions & write-offs	21	107,181.47	93,828.28
<b>Total</b>		<b>431,042.78</b>	<b>381,214.74</b>
<b>Profit before tax</b>		<b>106,310.39</b>	<b>89,686.79</b>
Tax expense:			
- Current tax		39,639.64	31,884.99
- Deferred tax		(2,699.43)	(655.77)
<b>Total</b>		<b>36,940.21</b>	<b>31,229.22</b>
<b>Profit after tax from continuing operations</b>		<b>69,370.18</b>	<b>58,457.57</b>
<b>Less: Minority interest</b>		<b>659.32</b>	<b>648.73</b>
		<b>68,710.86</b>	<b>57,808.84</b>
<b>Earnings per Equity share</b>	22		
Equity shares of par value ₹ 10/- each			
Basic (₹)		104.18	87.68
Diluted (₹)		104.11	87.58

Significant accounting policies

2.1

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date

**For G D Apte & Co**

Chartered Accountants

Firm Registration No.100515W

For and on behalf of the Board of Directors of

**Shriram City Union Finance Limited****U.S.Abhyankar**

Partner

Membership No.113053

**Duruvasan Ramachandra**

Managing Director &amp; CEO

DIN: 00223052

**Subramaniam Krishnamurthy**

Director

DIN: 00140414

Place: Chennai

Date: April 26, 2018

**C R Dash**

Company Secretary

**R Chandrasekar**

Chief Financial Officer

## CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2018

₹ in lacs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before Taxes	106,310.39	89,686.79
<b>Adjustments for :</b>		
Depreciation and amortisation	3,519.03	3,571.21
(Profit)/Loss on sale of fixed assets (net)	27.99	8.82
Public issue expenditure for non-convertible debentures	300.75	366.48
Provision for Non-performing assets and bad debts written off	104,663.97	89,956.62
Contingent provision for standard assets	2,382.89	2,353.21
Provision no longer required	1.18	2.11
(Gain)/Loss on sale of investments	(1,608.40)	(228.31)
Provision for Lease rental	27.31	19.92
Dividend Income	(144.50)	(128.43)
Loss on sale of Loan and repossessed assets	134.62	1,518.45
Interest received (others)	(115.79)	-
Amortisation of Govt Securities premium	249.39	-
<b>Operating profit before working capital changes</b>	<b>215,748.82</b>	<b>187,126.87</b>
<b>Movements in Working capital:</b>		
(Increase) / decrease in assets under financing activities	(514,760.10)	(426,961.88)
(Increase) / decrease in Short-term loans and advances	168.77	(2,069.08)
(Increase) / decrease in Long-term loans and advances	(3,038.81)	(49,841.08)
(Increase) / decrease in Other current assets	1,678.66	2,577.60
(Increase) / decrease in Other non-current assets	(2,223.61)	(1,320.82)
(Increase) / decrease in Investments	(1,735.64)	13,829.26
Increase / (decrease) in other current liabilities	88,194.09	(44,666.14)
Increase / (decrease) in other non-current liabilities	(1,821.43)	(16,125.99)
<b>Cash generated from operations</b>	<b>(217,789.25)</b>	<b>(337,451.26)</b>
Direct taxes paid (net of refunds)	(39,654.83)	(32,273.47)
<b>Net Cash from/(used in) operating activities (A)</b>	<b>(257,444.08)</b>	<b>(369,724.73)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets including intangible assets	(4,012.25)	(3,211.35)
Capital advance for assets	7.90	(10.88)
Proceeds from sale of fixed assets	24.07	27.16
Investments in security receipts	(2,303.10)	-
Investments in PTC	(3,249.51)	-
Purchase of Investments	(25.00)	(4,643.10)
Interest received (others)	115.79	-
Proceeds from sale of investments	6,112.76	1,366.34
Dividend Income	144.50	128.43
Gain/(Loss) on sale of investments	1,505.31	-
<b>Net Cash from/(used in) investing activities (B)</b>	<b>(1,679.54)</b>	<b>(6,343.40)</b>

**CONSOLIDATED CASH FLOW STATEMENT**

for the year ended March 31, 2018 (Contd.)

₹ in lacs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity share capital including securities premium and share application money	8.70	5.77
Increase / (decrease) of long-term borrowings	157,758.29	113,252.42
Increase / (decrease) of short-term borrowings	104,261.15	276,169.89
Dividend Paid	(10,542.37)	(9,880.26)
Tax on dividend	(2,148.14)	(2,013.37)
<b>Net Cash from/(used in) financing activities (C)</b>	<b>249,337.63</b>	<b>377,534.45</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(9,785.99)</b>	<b>1,466.32</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>43,749.38</b>	<b>42,283.06</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>33,963.39</b>	<b>43,749.38</b>

₹ in lacs

Components of cash and cash equivalents	As at March 31, 2018	As at March 31, 2017
Cash on hand	6,137.67	5,752.94
Balances with banks in :		
Current accounts	27,583.16	36,963.52
Unclaimed dividend accounts	92.56	82.92
Deposits with maturity of less than 3 months	150.00	950.00
<b>Total Cash and cash equivalents (Note No 15)</b>	<b>33,963.39</b>	<b>43,749.38</b>

**Notes**

- 1) The above cash flow statement have been prepared under the indirect method set out in accounting standard AS-3 Cash Flow Statement notified pursuant to the companies (Accounts) Rules, 2014.
- 2) Direct Taxes paid is treated as arising from operating activities and are not bifurcated between investment and financing activities.

As per our report of even date

**For G D Apte & Co**

Chartered Accountants

Firm Registration No.100515W

For and on behalf of the Board of Directors of

**Shriram City Union Finance Limited****U.S.Abhyankar**

Partner

Membership No.113053

**Duruvasan Ramachandra**

Managing Director &amp; CEO

DIN: 00223052

**Subramaniam Krishnamurthy**

Director

DIN: 00140414

Place: Chennai

Date: April 26, 2018

**C R Dash**

Company Secretary

**R Chandrasekar**

Chief Financial Officer



## NOTES

### forming part of Consolidated Financial Statements for the year ended March 31, 2018

#### 1. BASIS OF PREPARATION

The consolidated financial statements relates to Shriram City Union Finance Limited ('the Company') and its subsidiary Company. The Company and its subsidiary Company constitute the group. The financial statements have been prepared in conformity with generally accepted accounting principles (Indian GAAP) including the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014, and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to a Non Banking Finance Company ('NBFC') and the guidelines issued by National Housing Bank (NHB) as applicable to a housing finance Company. The financial statements have been prepared under the historical cost convention on an accrual basis.

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year, except for the change in accounting policy explained below.

#### 2. BASIS OF CONSOLIDATION

- (i) The financial statements of the subsidiary company used in the consolidation are drawn up to the same reporting date as of the Company i.e. year ended March 31, 2018 and are prepared based on the accounting policies consistent with those used by the Company.
- (ii) The financial statements of the Company and its subsidiary company have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses after eliminating the intra-group balances and intra-group transactions in accordance with Accounting Standard (AS)- 21 "Consolidated Financial Statements".
- (iii) The excess of cost to the Company of its investments in the subsidiary company over its share of equity of the subsidiary company, at the dates on which the investments in the subsidiary company are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary company as on the date of investment is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.
- (iv) Minority interest, if any, in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary company and further movements in their share in the equity, subsequent to the dates of investments as stated above.

- (v) The following subsidiary Company is considered in the consolidated financial statements:

Name of the Company	Country of incorporation	Share of ownership interest as at	
		March 31, 2018	March 31, 2017
Shriram Housing Finance Limited	India	77.25%	77.25%

#### 2.1 Summary of significant accounting policies

##### a. Change in accounting policy

Pursuant to Reserve Bank of India (RBI) notification no. DNBR 011/CGM(CDS) dated March 27, 2015, the Company has revised its recognition norms of Non-Performing Assets (NPA) from 120 days to 90 days and increased provision on standard assets from 0.35% to 0.40%. Had the Company continued to use the earlier policy of classification of NPA and provision for the standard asset, provisions and write offs for the year ended March 31, 2018 would have been lower by ₹ 14,099.36 lacs, income from operations for the same period would have been higher by ₹ 2,934.73 lacs and profit before tax for the same period would have been higher by ₹ 17,034.09 lacs

##### b. Current / Non-current classification of assets / liabilities

The Company has classified all its assets / liabilities into current / non-current portion based on the time frame of 12 months from the date of financial statements. Accordingly, assets/ liabilities expected to be realised /settled within 12 months from the date of financial statements are classified as current and other assets/ liabilities are classified as non current.

##### c. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and results of operations during the reporting year end. Although these estimates are based on the management's best knowledge of current events and actions, actual results could differ from these estimates prospectively. The said difference is recognised in the books of accounts in the year in which the results materialise.

## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### d. Fixed Assets, Depreciation/Amortisation & Impairment

#### (i) Tangible Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing cost relating to acquisition of assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to put to use.

#### (ii) Depreciation on tangible fixed assets

Depreciation on tangible fixed asset is provided on Straight Line basis ('SLM') using the rates arrived at based on the useful lives estimated by the management. The Company has used the following useful life to provide depreciation on its fixed assets.

Particulars	Useful life as prescribed by Schedule II of the Companies Act 2013	Useful life estimated by the Company
Building	60 years	60 years
Plant and Machinery	15 years	15 years
Electrical Equipment	10 years	10 years
Generator	10 years	10 years
Furniture and Fixtures	10 years	10 years
Air Conditioner	10 years	10 years
Office Equipment	5 years	5 years
Motor Car	8 years	8 years
Vehicles	10 years	10 years
Server and Networking	6 years	6 years
Computer	3 years	3 years

Leasehold improvement is amortised on SLM over the lease term subject to a maximum period of 60 months.

Depreciation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss till the date of acquisition/sale.

#### (iii) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Amortisation is provided on Straight Line Method ('SLM'), which reflect the management's estimate of useful life of the intangible asset.

Particulars	Rates (SLM)
Computer software	33.33%

Amortisation on assets acquired / sold during the year is recognised on pro-rata basis to the statement of Profit & Loss till the date of acquisition/sale.

#### (iv) Impairment of fixed assets

The Carrying amount of assets is reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the assets.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in the circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment. The reversal of impairment is recognised in Statement of Profit and Loss, unless the same is carried at revalued amount and treated as revaluation reserve.

#### e. Borrowing costs

Borrowing costs includes interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and are charged to the statement of profit and loss. Ancillary and other borrowing costs are also charged to statement of profit and loss in the year in which they are incurred.

## NOTES

### forming part of Consolidated Financial Statements for the year ended March 31, 2018

#### f. Investments

Investments intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary in the value of such investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

#### g. Provision / Write-off of assets

Provision for standard assets and Non-performing assets are made as per estimates of the management, subject to the minimum provision required as per RBI Directions as modified from time to time.

#### h. Loans

Loans are stated at the amount advanced including finance charges accrued and expenses recoverable, as reduced by the amounts received up to the date of balance sheet and loans securitised.

#### i. Leases

##### Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

#### j. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The revenue recognition are as under:

- (i) Income from financing activities is recognised on the basis of internal rate of return.
- (ii) Additional finance charges / additional interest are treated to accrue on realisation due to uncertainty of its realisation.

- (iii) Gain arising on securitisation/direct assignment of assets is recognised over the tenure of agreements. Pre securitisation Expenditure or Loss, is recognised upfront.
- (iv) Income from services is recognised as per the terms of the contract on accrual basis.
- (v) Interest Income on deposit accounts with banks is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- (vi) Dividend is recognised as income in the year in which right to such dividend is established.
- (vii) Profit/loss on sale of investments is recognised at the time of actual sale / redemption.

#### k. Foreign currency transaction and balances

- (i) Initial recognition : Foreign currency transactions are recorded in Indian rupee, by applying to the foreign currency amount the exchange rate between the Indian rupee and the foreign currency at the date of the transaction.
- (ii) Conversion : Foreign currency monetary items at Balance Sheet date are retranslated to Indian rupees by using the exchange rate prevailing at the Balance Sheet date.
- (iii) Exchange differences : All exchange differences are dealt in the Statement of Profit and Loss.

#### l. Income taxes

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

The carrying value of the deferred tax assets are reviewed at each balance sheet date.

## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

The Company writes down the carrying amount of a deferred tax asset to the extent it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

The un-recognised deferred tax assets are re-assessed by the Company at each balance sheet date and are recognised to the extent it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

**m. Segment reporting**

The Company has only one reportable segment of operation and therefore disclosure as required by Accounting Standard AS 17 issued by ICAI is not applicable for the company.

**n. Employee stock compensation cost**

In accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India, the Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

**o. Retirement and other employee benefits**

**(i) Provident Fund**

All the employees of the Company are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future Provident Fund benefits other than its annual contribution and recognises such contributions as an expense in the year it is incurred.

**(ii) Gratuity**

The Company provides for gratuity, a defined benefit retirement plan covering all eligible employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated year mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts

for liability of future gratuity benefits based on an actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date. The Company recognises the net obligation of the gratuity plan in the Balance Sheet as an asset or liability, respectively in accordance with AS-15 'Employee Benefits'. Actuarial gain / losses are immediately taken to Statement of Profit and Loss and are not deferred. The company has funded gratuity scheme managed through "SCUF Employees' Group Gratuity Trust".

**(iii) Leave Encashment**

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

**p. Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

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

**q. Debentures issue expenses**

Expenses for private placement of debentures are charged to Statement of Profit and Loss in the year in which they are incurred.

Expenses incurred on public issue of debentures other than brokerage are charged off on straight line basis over the weighted average tenor of the underlying debentures. The brokerage incurred on issue of debenture is treated as expenditure in the year in which it is incurred.

## NOTES

### forming part of Consolidated Financial Statements for the year ended March 31, 2018

#### r. Provisions

A provision is recognised when the Company has a present obligation as a result of past event. It is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

#### s. Cash and cash equivalents

Cash and cash equivalents include cash-in-hand, cash at bank, cheque in hand, remittances in transit and short term investments with an original maturity period of three months or less.

#### t. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

### 3. SHARE CAPITAL

Particulars	₹ in lacs	
	As at March 31, 2018	As at March 31, 2017
<b>Authorised Capital</b>		
118,500,000 (March 31, 2017: 118,500,000) equity shares of ₹ 10/- each	11,850.00	11,850.00
4,000,000 (March 31, 2017: 4,000,000) cumulative redeemable preference shares of ₹ 100/- each	4,000.00	4,000.00
<b>Total</b>	<b>15,850.00</b>	<b>15,850.00</b>
<b>Issued, Subscribed and Fully Paid-up Equity Shares</b>		
65,965,762 (March 31, 2017: 65,943,402) shares of ₹10/- each	6,596.58	6,594.34
<b>Total Issued, Subscribed and fully Paid-up share capital</b>	<b>6,596.58</b>	<b>6,594.34</b>

#### 3.1 Reconciliation of the equity shares outstanding at the beginning and at the end of the Reporting Period

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares	₹ in lacs	Number of shares	₹ in lacs
At the beginning of the year	65,943,402	6,594.34	65,927,152	6,592.72
Issued during the year - ESOP(Refer Note no-24)	22,360	2.24	16,250	1.62
<b>Outstanding at the end of the year</b>	<b>65,965,762</b>	<b>6,596.58</b>	<b>65,943,402</b>	<b>6,594.34</b>

#### 3.2 Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of the equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

For the year ended March 31, 2018, the amount of per equity share dividend proposed in total for distributions to equity shareholders is ₹ 18.00 (March 31, 2017 : ₹ 15.00). Out of the said total dividend proposed for the year ended March 31, 2018, amount of interim dividend paid during the year was ₹ 6.00 (March 31, 2017 : ₹ 5.00) per equity share and amount of final dividend proposed by the Board of Directors is ₹ 12.00 (March 31, 2017 : ₹ 10.00) per equity share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### 3. SHARE CAPITAL (Contd.)

#### 3.3 Details of shareholders holding more than 5% equity shares in the Company

Name of the shareholders	As at March 31, 2018		As at March 31, 2017	
	Number of Shares	% of Holding	Number of Shares	% of Holding
<b>Equity share of ₹ 10 each fully paid</b>				
Shriram Capital Limited	22,268,877	33.76	22,268,877	33.78
Dynasty Acquisition FPI Limited	13,421,889	20.35	13,421,889	20.36
Piramal Enterprises Limited	6,579,840	9.97	6,579,840	9.98

As per the records of the Company, including its register of shareholders /members and other declarations received from shareholders/ members regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

#### 3.4 Shares reserved for issue under option:

For details of share reserved for issue under the Employees Stock Option Plan (ESOP) [Refer note no -24]

- 3.5 The Company has issued 138,540 equity shares (March 31, 2017: 315,311) during the period of five years immediately preceding the reporting date on exercise of options granted under ESOP, wherein a part of the consideration was received in form of employee service.

### 4. RESERVES & SURPLUS

₹ in lacs

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Capital Reserve</b>	7,871.88	7,871.88
<b>Capital Redemption Reserve</b>	2,328.98	2,328.98
<b>Securities Premium Account</b>		
Opening balance	184,778.30	184,737.44
Add : Securities premium received	56.22	40.86
<b>Closing balance</b>	<b>184,834.52</b>	<b>184,778.30</b>
<b>Debenture Redemption Reserve</b>		
Opening balance	6,422.54	7,412.07
Add: Transfer from surplus in the statement of profit and loss	2,059.53	2,247.40
Less: Amount transferred to General reserve on Redemption	(3,996.04)	(3,236.93)
<b>Closing balance</b>	<b>4,486.03</b>	<b>6,422.54</b>
<b>Share Options Outstanding Account</b>		
Employee stock option outstanding	164.13	200.93
Less: Utilised during the year	(50.63)	(36.80)
<b>Closing balance</b>	<b>113.50</b>	<b>164.13</b>
<b>Statutory Reserve (in pursuant to section 45-IC of the RBI Act, 1934)/(in pursuant to section 29C of the NHB Act, 1987 and section 36(1)(iii) of the Income Tax Act, 1961)</b>		
Opening balance	76,589.69	65,020.18
Add: Transfer from surplus in the statement of profit and loss	13,742.51	11,569.51
<b>Closing balance</b>	<b>90,332.19</b>	<b>76,589.69</b>
<b>General Reserve</b>		
Opening balance	62,697.35	53,899.42
Add: Transfer from surplus in the statement of profit and loss	6,648.00	5,561.00
Add: Transfer from Debenture redemption reserve	3,996.04	3,236.93
<b>Closing balance</b>	<b>73,341.39</b>	<b>62,697.35</b>
<b>Surplus in the Statement of Profit and Loss</b>		
Opening balance	171,310.28	136,811.93

## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### 4. RESERVES & SURPLUS (Contd.)

Particulars	₹ in lacs	
	As at March 31, 2018	As at March 31, 2017
Add: Net profit for the year	68,710.86	57,808.84
<b>Less: Appropriations</b>		
- Interim dividend		
- 2016-17	-	(3,297.28)
- 2017-18	(3,957.50)	-
- Tax on interim dividend	(805.65)	(635.30)
- Final Equity dividend (FY 2016-17)	(6,594.51)	-
- Tax on final Equity dividend (FY 2016-17)	(1,342.49)	-
- Transfer to Statutory reserve (in pursuant to section 45-IC of the RBI Act, 1934)/(in pursuant to section 29C of the NHB Act, 1987 and section 36(1)(iii) of the Income Tax Act, 1961)	(13,742.51)	(11,569.51)
- Transfer to General reserve	(6,648.00)	(5,561.00)
- Transfer to Debenture redemption reserve	(2,059.53)	(2,247.40)
<b>Net surplus in the Statement of Profit and Loss</b>	<b>204,870.95</b>	<b>171,310.27</b>
<b>Total</b>	<b>568,179.44</b>	<b>512,163.14</b>

### 5. LONG-TERM BORROWINGS

Particulars	₹ in lacs			
	Non-current portion		Current maturities	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
<b>Secured</b>				
Privately placed redeemable non-convertible debentures-Retail	-	515.98	515.98	2,473.56
Privately placed non-convertible debentures-Institutional	232,600.00	96,700.00	32,600.00	55,286.67
Public issue of redeemable non-convertible debentures:				
Issued in 2012	-	-	-	11,116.35
Issued in 2013	-	7,900.60	7,900.60	658.77
Issued in 2014	9,514.02	9,514.02	-	4,274.50
Term loan from Banks	798,767.78	697,346.08	215,067.63	102,055.66
Term loan from Financial Institutions	19,800.00	25,000.00	3,550.00	19,500.00
Refinance from National Housing Bank	1,121.90	1,638.20	160.05	160.05
<b>Total</b>	<b>1,061,803.70</b>	<b>838,614.88</b>	<b>259,794.26</b>	<b>195,525.56</b>
<b>Unsecured</b>				
Fixed deposits	158,262.38	165,575.88	127,487.48	160,014.96
Subordinated debts	43,501.68	89,542.39	46,040.71	12,236.43
<b>Total</b>	<b>201,764.06</b>	<b>255,118.27</b>	<b>173,528.19</b>	<b>172,251.39</b>
Amount disclosed under the head "other current liabilities" [Refer note no-6]	-	-	(433,322.45)	(367,776.95)
<b>Total</b>	<b>1,263,567.76</b>	<b>1,093,733.15</b>	<b>-</b>	<b>-</b>



**NOTES**

forming part of Consolidated Financial Statements for the year ended March 31, 2018

**5. LONG-TERM BORROWINGS (Contd.)****5.1 Secured Loans - Long Term Borrowings****A. Secured Redeemable Non-Convertible Debentures****(i) Privately Placed Redeemable Non - Convertible Debentures (NCDs) of ₹ 1,000/- each - Unquoted-Retail****Terms of repayment as at March 31, 2018****Non-Current Portion-NIL****Current Maturities**

₹ in lacs

Redeemable at par within	Rate of interest			
	< 10%	>= 10% < 12%	>= 12% < 14%	Total
12 months	2.80	513.18	-	515.98
<b>Total current maturities</b>	<b>2.80</b>	<b>513.18</b>	<b>-</b>	<b>515.98</b>
<b>Grand Total</b>	<b>2.80</b>	<b>513.18</b>	<b>-</b>	<b>515.98</b>

**Terms of repayment as at March 31, 2017**

₹ in lacs

Redeemable at par within	Rate of interest			
	< 10%	>= 10% < 12%	>= 12% < 14%	Total
12-24 months	2.80	513.18	-	515.98
<b>Total non-current portion</b>	<b>2.80</b>	<b>513.18</b>	<b>-</b>	<b>515.98</b>
12 months	7.94	2,144.26	321.36	2,473.56
<b>Total current maturities</b>	<b>7.94</b>	<b>2,144.26</b>	<b>321.36</b>	<b>2,473.56</b>
<b>Grand Total</b>	<b>10.74</b>	<b>2657.44</b>	<b>321.36</b>	<b>2,989.54</b>

**Nature of security**

The redemption of principal amount of secured redeemable non-convertible debentures with all interest there on are secured by a mortgage on the specified immovable property and by way of charge on the Company's specifically identified movable assets such as book debts / loan receivables in favour of the Trustees appointed.

These secured redeemable non-convertible debentures are redeemable at par over a period of 12 months to 60 months from the date of allotment depending on the terms of the agreement.

**(ii) Privately Placed Redeemable Non-Convertible Debenture-Institutional****Privately Placed Redeemable Non-Convertible Debenture (NCDs) Of ₹ 1,000,000/- Each - Quoted**

₹ in lacs

Rate of Interest	Non-current portion		Current maturities		Redeemable/ Redeemed on
	As at March 31,		As at March 31,		
	2018	2017	2018	2017	
10.30%	4,000.00	4,000.00	-	-	10-Oct-24
9.00%	1,500.00	1,500.00	-	-	2-May-23
9.00%	2,500.00	2,500.00	-	-	29-Apr-23
8.90%	11,500.00	-	-	-	27-Mar-23
8.09%	8,000.00	-	-	-	5-Dec-22
9.35%	1,500.00	1,500.00	-	-	26-Dec-21
10.25%	1,500.00	1,500.00	-	-	13-Oct-21
10.25%	4,500.00	4,500.00	-	-	10-Oct-21



## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### 5. LONG-TERM BORROWINGS (Contd.)

₹ in lacs

Rate of Interest	Non-current portion		Current maturities		Redeemable/ Redeemed on
	As at March 31,		As at March 31,		
	2018	2017	2018	2017	
8.97%	5,000.00	-	-	-	12-Aug-21
9.50%	2,000.00	2,000.00	-	-	1-Jul-21
9.00%	5,000.00	-	-	-	12-Feb-21
10.75%*	200.00	300.00	100.00	100.00	4-Feb-21
9.00%	4,000.00	4,000.00	-	-	27-Oct-20
7.97%	30,000.00	-	-	-	27-Oct-20
7.97%	20,000.00	-	-	-	6-Oct-20
8.15%	500.00	-	-	-	30-Jun-20
9.30%	5,000.00	5,000.00	-	-	22-Jun-20
9.30%	5,000.00	5,000.00	-	-	17-Jun-20
8.15%	35,000.00	-	-	-	27-May-20
8.20%	11,500.00	11,500.00	-	-	16-Apr-20
9.25%	4,000.00	4,000.00	-	-	26-Dec-19
8.45%	1,400.00	1,400.00	-	-	25-Nov-19
8.25%	10,000.00	10,000.00	-	-	7-Oct-19
8.97%	10,000.00	10,000.00	-	-	19-Sep-19
8.97%	9,000.00	9,000.00	-	-	12-Sep-19
8.33%	40,000.00	-	-	-	23-Jul-19
7.95%	-	-	13,500.00	-	24-Dec-18
8.95%	-	7,500.00	7,500.00	-	30-Oct-18
Zero coupon	-	2,000.00	2,000.00	-	8-Oct-18
9.07%	-	3,500.00	3,500.00	-	10-Aug-18
9.50%	-	5,000.00	5,000.00	-	28-Jun-18
Zero coupon	-	1,000.00	1,000.00	-	25-Apr-18
9.10%	-	-	-	10,000.00	27-Mar-18
8.85%	-	-	-	17,500.00	22-Mar-18
8.76%	-	-	-	10,000.00	12-Feb-18
9.30%	-	-	-	4,500.00	26-Dec-17
10.60%	-	-	-	2,500.00	13-Dec-17
9.30%	-	-	-	5,000.00	1-Dec-17
10.50%	-	-	-	666.67	23-Nov-17
10.75%	-	-	-	1,000.00	26-Jul-17
10.75%	-	-	-	2,150.00	12-Jul-17
9.18%	-	-	-	270.00	10-Jul-17
9.00%	-	-	-	1,600.00	1-Jun-17
Total	232,600.00	96,700.00	32,600.00	55,286.67	

\* Repaid in instalments.

#### Nature of security

The redemption of principal amount of secured redeemable non-convertible debentures with all interest there on are secured by a mortgage on the specified immovable property and by way of charge on the company's specifically identified movable assets such as book debts / loan receivables in favour of the Trustees appointed.

Secured redeemable non-convertible debenture may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

**NOTES**

forming part of Consolidated Financial Statements for the year ended March 31, 2018

**5. LONG-TERM BORROWINGS (Contd.)****(iii) Public Issue of Redeemable Non-Convertible Debentures (NCDs) of ₹ 1,000/- each - Quoted****a. Issued in 2012****Non-Current portion-NIL****Current Maturities**

₹ in lacs

Option Detail	Rate of Interest	As at March 31,		Redeemed on
		2018	2017	
Option II	11.75%	-	7,539.12	6-Oct-17
	10.75%	-	107.07	6-Oct-17
Option IV	11.75%	-	3,468.46	6-Oct-17
	10.75%	-	1.70	6-Oct-17
<b>Total</b>		-	<b>11,116.35</b>	

**Nature of security**

The repayment of secured redeemable non convertible debentures of ₹ 1,000/- each at face value on maturity together with interest thereon are secured by mortgage of immovable property and by way of charge on the company's specifically identified movable assets such as book debts / loan receivables in favour of the Trustees appointed.

**b. Issued in 2013****Non-current portion**

₹ in lacs

Option Detail	Rate of Interest	As at March 31,		Redeemable on
		2018	2017	
Series III	10.75%	-	503.40	4-Jan-19
	11.50%	-	4,515.94	4-Jan-19
Series VI	10.75%	-	289.65	4-Jan-19
	11.50%	-	2,526.14	4-Jan-19
Series VII	10.75%	-	0.13	4-Jan-19
	11.25%	-	65.34	4-Jan-19
<b>Total</b>		-	<b>7,900.60</b>	

**Current Maturities**

₹ in lacs

Option Detail	Rate of Interest	As at March 31,		Redeemed / Redeemable on
		2018	2017	
Series II	10.75%	-	6.40	4-Jan-18
	11.25%	-	310.78	4-Jan-18
Series III	10.75%	522.74	-	4-Jan-19
	11.50%	4,496.60	-	4-Jan-19
Series V	10.75%	-	16.74	4-Jan-18
	11.25%	-	259.39	4-Jan-18
Series VI	10.75%	288.72	-	4-Jan-19
	11.50%	2,527.07	-	4-Jan-19
Series VII	10.75%	0.13	0.13	4-Jan-19
	11.25%	65.34	65.33	4-Jan-19
<b>Total</b>		<b>7,900.60</b>	<b>658.77</b>	

**Nature of security**

The repayment of secured redeemable non convertible debentures of ₹ 1,000/- each at face value on maturity together with interest thereon are secured by mortgage of immovable property and by way of charge on the company's specifically identified movable assets such as book debts / loan receivables in favour of the Trustees appointed.

## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### 5. LONG-TERM BORROWINGS (Contd.)

#### c. Issued in 2014

##### Non-current portion

₹ in lacs

Option Detail	Rate of Interest	As at March 31,		Redeemable on
		2018	2017	
Series III	10.85%	3,027.35	3,017.20	3-May-19
	11.75%	5,036.20	5,046.35	3-May-19
Series VI	10.85%	516.52	510.66	3-May-19
	11.75%	933.95	939.81	3-May-19
<b>Total</b>		<b>9,514.02</b>	<b>9,514.02</b>	

##### Current Maturities

₹ in lacs

Option Detail	Rate of Interest	As at March 31,		Redeemed on
		2018	2017	
Series II	10.75%	-	7.04	3-May-17
	11.50%	-	3,501.72	3-May-17
Series V	10.75%	-	9.19	3-May-17
	11.50%	-	756.55	3-May-17
<b>Total</b>		<b>-</b>	<b>4,274.50</b>	

##### Nature of security

The repayment of secured redeemable non convertible debentures of ₹ 1,000/- each at face value on maturity together with interest thereon are secured by mortgage of immovable property and by way of charge on the company's specifically identified movable assets such as book debts / loan receivables in favour of the Trustees appointed.

### B. TERM LOAN

#### (i) Term Loan From Banks

##### Terms of repayment as at March 31, 2018

₹ in lacs

Tenor	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
Above 60 months	8.55%	1 to 14 instalments of half yearly frequency	2,668.40	537.20
48-60 months	7.65% to 9.10%	1 to 60 installments of monthly, quarterly, half yearly, yearly and bullet payments	126,505.03	13,444.45
36-48 months	8.20% to 9.70%	1 to 48 installments of monthly, quarterly, half yearly and Bullet repayments	622,236.02	158,868.89
24-36 months	8.00% to 9.15%	1 to 36 installments of bullet, quarterly, half yearly and monthly frequency	26,358.33	32,217.09
12-24 months	7.90% to 8.70%	Bullet repayment	21,000.00	10,000.00
			<b>798,767.78</b>	<b>215,067.63</b>

**NOTES**

forming part of Consolidated Financial Statements for the year ended March 31, 2018

**5. LONG-TERM BORROWINGS (Contd.)**

Terms of repayment as at March 31, 2017

₹ in lacs				
Tenor	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
Above 60 months	9.05% to 9.65%	1 to 114 instalments of monthly, quarterly and half yearly frequency	12,227.69	2,563.52
48-60 months	8.15% to 10.20%	1 to 60 installments of bullet, half yearly and yearly frequency	130,249.26	12,361.11
36-48 months	8.40% to 10.00%	1 to 60 installments of bullet, half yearly and yearly frequency	482,369.67	18,625.00
24-36 months	8.40% to 10.00%	1 to 36 installments of bullet & quarterly frequency	72,499.46	57,506.03
12-24 months	7.95%	1 to 24 installments of bullet, monthly, quarterly and half yearly frequency	-	11,000.00
			<b>697,346.08</b>	<b>102,055.66</b>

**Nature of Security**

Term Loans from banks are secured by an exclusive charge by way of hypothecation of specific assets under financing.

**(ii) Term Loan From Financial Institutions**

Terms of repayment as at March 31, 2018

₹ in lacs				
Tenor	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
48-60 months	9.15%	1 to 60 installments of quarterly frequency	19,800.00	3,550.00
<b>Grand Total</b>			<b>19,800.00</b>	<b>3,550.00</b>

Terms of repayment as at March 31, 2017

₹ in lacs				
Tenor	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
48-60 months	8.00% to 10.00%	1 to 60 installments of quarterly frequency	25,000.00	-
Upto 12 months	8.00% to 10.00%	1 to 12 installments of half yearly & yearly frequency	-	19,500.00
<b>Grand Total</b>			<b>25,000.00</b>	<b>19,500.00</b>

**Nature of security**

Term loans from institutions are secured by an exclusive charge by way of hypothecation of specific assets under financing.

## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### 5. LONG-TERM BORROWINGS (Contd.)

#### (iii) Refinance from National Housing Bank

Terms of repayment as at March 31, 2018

₹ in lacs

Tenor	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
Above 60 months	8.50% to 9.00%	47 instalments of quarterly frequency	1,121.90	160.05
<b>Grand Total</b>			<b>1,121.90</b>	<b>160.05</b>

Terms of repayment as at March 31, 2017

₹ in lacs

Tenor	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
Above 60 months	8.50% to 9.00%	47 instalments of quarterly frequency	1,638.20	160.05
<b>Grand Total</b>			<b>1,638.20</b>	<b>160.05</b>

#### Nature Of Security

Refinance from NHB is secured by way of exclusive charge on specified book debts and corporate guarantee from holding company Shriram City Union Finance Limited.

### 5.2 Unsecured Loan - Long Term Borrowings

#### A. Details of Fixed Deposits

As at March 31, 2018

₹ in lacs

Redeemable at par within	Rate of interest			Total
	>= 6% < 8%	>= 8% < 10%	>= 10% < 12%	
48-60 months	8,850.08	9,790.84	-	18,640.92
36-48 months	2,353.49	9,920.02	-	12,273.51
24-36 months	44,957.60	14,693.21	82.02	59,732.83
12-24 months	27,975.36	31,503.64	8,136.12	67,615.12
<b>Total non-current portion</b>	<b>84,136.53</b>	<b>65,907.71</b>	<b>8,218.14</b>	<b>158,262.38</b>
12 months	44,753.53	79,307.98	3,425.97	127,487.48
<b>Total current maturities</b>	<b>44,753.53</b>	<b>79,307.98</b>	<b>3,425.97</b>	<b>127,487.48</b>
<b>Grand Total</b>	<b>128,890.06</b>	<b>145,215.69</b>	<b>11,644.11</b>	<b>285,749.86</b>

As at March 31, 2017

₹ in lacs

Redeemable at par within	Rate of interest			Total
	>= 6% < 8%	>= 8% < 10%	>= 10% < 12%	
48-60 months	1,073.92	9,508.01	-	10,581.93
36-48 months	155.08	10,144.32	82.02	10,381.42
24-36 months	12,160.27	32,342.93	8,380.44	52,883.64
12-24 months	6,469.57	81,819.50	3,439.82	91,728.89
<b>Total non-current portion</b>	<b>19,858.84</b>	<b>133,814.76</b>	<b>11,902.28</b>	<b>165,575.88</b>
12 months	30,726.06	28,904.56	100,384.34	160,014.96
<b>Total current maturities</b>	<b>30,726.06</b>	<b>28,904.56</b>	<b>100,384.34</b>	<b>160,014.96</b>
<b>Grand Total</b>	<b>50,584.90</b>	<b>162,719.32</b>	<b>112,286.62</b>	<b>325,590.84</b>

**NOTES**

forming part of Consolidated Financial Statements for the year ended March 31, 2018

**5. LONG-TERM BORROWINGS (Contd.)****B. Privately Placed Subordinated Debts****Terms of repayment as at March 31, 2018****(i) Privately Placed Subordinated Debts of ₹ 1,000/- Each - Unquoted**

₹ in lacs

Redeemable at par within	Rate of interest		
	< 10%	>= 10% < 12%	Total
24-36 months	-	14,272.81	14,272.81
12-24 months	-	21,728.87	21,728.87
<b>Total non-current portion</b>	-	<b>36,001.68</b>	<b>36,001.68</b>
12 months	9.03	25,511.68	25,520.71
<b>Total current maturities</b>	<b>9.03</b>	<b>25,511.68</b>	<b>25,520.71</b>
<b>Grand Total</b>	<b>9.03</b>	<b>61,513.36</b>	<b>61,522.39</b>

**(ii) Privately Placed Subordinated Debts of ₹ 100,000/- each - Quoted**  
**Non-current portion-NIL**

₹ in lacs

Redeemable at par within	Rate of interest	
	>= 10% < 12%	Total
12 months	20,520.00	20,520.00
<b>Total current maturities</b>	<b>20,520.00</b>	<b>20,520.00</b>

**(iii) Privately Placed Subordinated Debts of ₹ 1,000,000/- each - Quoted**

₹ in lacs

Redeemable at par within	Rate of interest	
	>= 10% < 12%	Total
12-24 months	7,500.00	7,500.00
<b>Total non-current portion</b>	<b>7,500.00</b>	<b>7,500.00</b>

**Terms of repayment as at March 31, 2017****(i) Privately Placed Subordinated Debts of ₹ 1,000/- each - Unquoted**

₹ in lacs

Redeemable at par within	Rate of interest		
	< 10%	>= 10% < 12%	Total
36-48 months	-	14,272.81	14,272.81
24-36 months	-	21,728.87	21,728.87
12-24 months	9.03	25,511.68	25,520.71
<b>Total non-current portion</b>	<b>9.03</b>	<b>61,513.36</b>	<b>61,522.39</b>
12 months	1,230.54	8,490.89	9,721.43
<b>Total current maturities</b>	<b>1,230.54</b>	<b>8,490.89</b>	<b>9,721.43</b>
<b>Grand Total</b>	<b>1,239.57</b>	<b>70,004.25</b>	<b>71,243.82</b>

## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### 5. LONG-TERM BORROWINGS (Contd.)

#### (ii) Privately Placed Subordinated Debts of ₹ 100,000/- each - Quoted

₹ in lacs

Redeemable at par within	Rate of interest	
	>= 10% < 12%	Total
12-24 months	20,520.00	20,520.00
<b>Total non-current portion</b>	<b>20,520.00</b>	<b>20,520.00</b>
12 months	2,515.00	2,515.00
<b>Total current maturities</b>	<b>2,515.00</b>	<b>2,515.00</b>

#### (iii) Privately Placed Subordinated Debts of ₹ 1,000,000/- each - Quoted

₹ in lacs

Redeemable at par within	Rate of interest	
	>= 10% < 12%	Total
24-36 months	7,500.00	7,500.00
<b>Total non-current portion</b>	<b>7,500.00</b>	<b>7,500.00</b>

### 6. OTHER LIABILITIES

₹ in lacs

Particulars	Long-term		Short-term	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Current maturities of long-term borrowings [Refer note no: 5]	-	-	433,322.45	367,776.95
Interest accrued but not due on borrowings	32,294.25	34,884.68	36,844.53	39,953.30
Unclaimed dividends	-	-	92.56	82.92
Unclaimed matured deposits and interest accrued thereon	-	-	13,776.77	9,092.22
Unclaimed matured debentures and interest accrued thereon	-	-	1,493.89	2,695.26
Unclaimed matured Subordinate debts and interest accrued thereon	-	-	2,046.55	775.00
Temporary credit balance in bank accounts	-	-	31,894.30	28,670.50
Tax deducted at source	-	-	970.89	591.64
Statutory due pertaining to employees	-	-	614.20	574.06
Service tax - contested	-	-	-	0.51
Unrealised gain on securitisation *	466.16	526.35	606.24	1,657.98
Retention and other liabilities	-	-	16,157.83	14,145.02
<b>Total</b>	<b>32,760.41</b>	<b>35,411.03</b>	<b>537,820.21</b>	<b>466,015.36</b>

\* Unrealised gain on securitisation comprises of future interest receivable under par structure of securitisation / assignment.

## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### 7. PROVISIONS

₹ in lacs

Particulars	Long-term		Short-term	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
<b>Provision for Employee benefits:</b>				
Provision for gratuity	-	-	807.51	427.87
Provision for leave encashments	1,272.16	127.69	420.90	1,083.54
<b>Other provisions:</b>				
Provision for Non performing assets	154,722.67	113,975.50	180.65	95.56
Contingent provision for standard assets	5,062.55	3,853.64	5,683.99	4,510.01
Provision for lease rent	30.19	26.83	59.82	35.86
Provision for Diminution in the value of Investments	-	81.76	-	-
<b>Total</b>	<b>161,087.57</b>	<b>118,065.42</b>	<b>7,152.87</b>	<b>6,152.84</b>

### 8. SHORT TERM BORROWINGS

₹ in lacs

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Secured</b>		
Term loan from Financial Institutions	25,000.00	35,000.00
Cash Credit from Banks	130,065.18	112,585.51
Working capital Demand loan from Banks	80,900.00	33,900.00
<b>Total</b>	<b>235,965.18</b>	<b>181,485.51</b>
<b>Unsecured</b>		
Term loan from banks	19,000.00	-
Commercial papers	234,860.43	200,000.00
<b>Total</b>	<b>253,860.43</b>	<b>200,000.00</b>
<b>Grand Total</b>	<b>489,825.61</b>	<b>381,485.51</b>

#### 8.1 Term Loan from Institutions

₹ in lacs

Rate of Interest	Repayment Details	As at March 31,	
		2018	2017
8.90%	Bullet Payment at the end of 1 year	-	10,000.00
8.85%	Bullet Payment at the end of 1 year	15,000.00	-
8.75%	Bullet Payment at the end of 1 year	10,000.00	10,000.00
8.30%	Bullet Payment at the end of 1 year	-	15,000.00
<b>Total</b>		<b>25,000.00</b>	<b>35,000.00</b>

#### Nature of Security

Term Loans from financial Institutions are secured by an exclusive charge by way of hypothecation of specific assets under financing.



## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### 8. SHORT TERM BORROWINGS (Contd.)

#### 8.2 Cash Credit and Working Capital Demand Loans from Banks

₹ in lacs

Particulars	Rate of Interest	As at March 2018
Secured with exclusive charge by way of hypothecation of specific assets under financing.	8.15% to 11.25%	130,065.18
<b>Total</b>		<b>130,065.18</b>

₹ in lacs

Particulars	Rate of Interest	As at March 2017
Secured with exclusive charge by way of hypothecation of specific assets under financing.	8.20% to 11.25%	112,585.51
<b>Total</b>		<b>112,585.51</b>

#### 8.3. Working capital Demand loan from Banks

₹ in lacs

Particulars	Rate of Interest	As at March 2018
Secured with exclusive charge by way of hypothecation of specific assets under financing.	7.90% to 8.50%	80,900.00
<b>Total</b>		<b>80,900.00</b>

₹ in lacs

Particulars	Rate of Interest	As at March 2017
Secured with exclusive charge by way of hypothecation of specific assets under financing.	7.85% to 8.95%	33,900.00
<b>Total</b>		<b>33,900.00</b>

#### 8.4 Term Loan from Banks

₹ in lacs

Rate of Interest	Repayment Details	As at March 31,	
		2018	2017
7.76% to 7.85%	Bullet Payment at the end of 1 year	19,000.00	-
<b>Total</b>		<b>19,000.00</b>	<b>-</b>

#### 8.5 Commercial Paper

₹ in lacs

Rate of Interest	Repayment Details	As at March 31,	
		2018	2017
7.40% to 8.50%	Bullet Payment on maturity	234,860.43	200,000.00
<b>Total</b>		<b>234,860.43</b>	<b>200,000.00</b>



## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### 9. TANGIBLE AND INTANGIBLE FIXED ASSETS

Particulars	Gross Block			Depreciation / Amortisation			Net Block	
	As at April 1, 2017	Additions during the year	Deletions during the year	As at March 31, 2018	As at April 1, 2017	For the year	As at March 31, 2018	As at March 31, 2017
<b>Tangible Assets</b>								
Assets for Own Use								
Land - Freehold	2.40	-	-	2.40	-	-	2.40	2.40
<b>Buildings</b>	12.94	-	-	12.94	3.50	0.18	9.26	9.44
<b>Plant and Equipment</b>								
Computer	6,583.61	1,315.60	602.69	7,296.52	5,080.50	774.31	2,014.03	1,503.11
Electrical Installations and Equipment	2,562.39	509.38	34.20	3,037.57	908.23	263.89	1,882.08	1,654.16
<b>Furniture and Fixtures</b>								
Furniture and Fixtures	2,163.72	292.18	9.35	2,446.55	1,096.83	185.49	1,171.37	1,066.88
Office Equipment	2,980.25	114.65	18.07	3,076.83	2,177.95	298.23	617.05	802.30
Vehicles	32.71	24.76	0.20	57.27	14.45	5.36	37.52	18.26
Leasehold Improvement	10,313.31	1,535.85	11.54	11,837.62	7,885.01	1,369.01	2,595.03	2,428.30
<b>Total Tangible Assets</b>	<b>2,4651.33</b>	<b>3,792.42</b>	<b>676.05</b>	<b>27,767.70</b>	<b>17,166.47</b>	<b>2,896.47</b>	<b>8,328.74</b>	<b>7,484.85</b>
<b>Intangible Assets</b>								
Computer Software	3,760.49	219.83	-	3,980.32	2,916.01	622.56	441.75	844.48
<b>Total Intangible Assets</b>	<b>3,760.49</b>	<b>219.83</b>	<b>-</b>	<b>3,980.32</b>	<b>2,916.01</b>	<b>622.56</b>	<b>441.75</b>	<b>844.48</b>
<b>Grand Total</b>	<b>28,411.82</b>	<b>4,012.25</b>	<b>676.05</b>	<b>31,748.01</b>	<b>20,082.48</b>	<b>3,519.03</b>	<b>8,770.49</b>	<b>8,329.33</b>
<b>Year Ended March 31, 2017</b>	<b>25,476.94</b>	<b>3,211.35</b>	<b>276.48</b>	<b>28,411.82</b>	<b>16,751.78</b>	<b>3,571.21</b>	<b>8,329.33</b>	<b>8,725.17</b>

#### Note :

The assets which are shown under the Intangible Assets are not internally self generated assets.

## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### 10. NON-CURRENT INVESTMENTS

		₹ in lacs
Particulars	As at March 31, 2018	As at March 31, 2017
<b>Long-Term Investment</b>		
<i>Other than Trade Investment</i>		
<b>1) Investment in Equity Instruments (valued at cost unless stated otherwise)</b>		
<b>Quoted Equity Instruments :</b>		
1,264,470 (March 31, 2017: 1,264,470) Equity shares at the FV of ₹ 776.50/- each fully paid-up in Ceylinco Insurance PLC (M.V of ₹ 9,516.15 lacs)	9,877.38	9,877.38
<b>Total</b>	<b>9,877.38</b>	<b>9,877.38</b>
<b>Unquoted Equity Instruments :</b>		
(i) 963,265 (March 31, 2017: 963,265) Equity shares of ₹ 10/- each fully paid-up in Highmark Credit Information Services Private Limited.	118.00	118.00
(ii) 18,000 (March 31, 2017: 18,000) Equity shares of ₹ 10/- each fully paid-up in Shriram Seva Sankalp Foundation	1.80	1.80
(iii) 598,726 (March 31, 2017: 598,726) Equity shares at the FV of ₹ 10/- each fully paid-up in Visage Holdings & Finance Private Limited. (Sold during the year)	-	997.00
<b>Total</b>	<b>119.80</b>	<b>1,116.80</b>
<b>2) Investment in Approved Government Securities (valued at cost unless stated otherwise)</b>		
<b>Quoted Investments :</b>		
6.13% GOI 2028 (M.V of ₹ 89.14 lacs)	100.00	101.45
9.22% Gujarat SDL 2023 (M.V of ₹ 3,201.32 lacs)	3,000.00	3,175.64
9.55% Tamil Nadu SDL 2023 (M.V of ₹ 1,838.15 lacs)	1,700.00	1,833.24
9.25% Maharashtra SDL 2023 (M.V of ₹ 3,632.67 lacs)	3,400.00	3,605.33
8.27% GOI 2020 (M.V of ₹ 12,338.40 lacs)	12,000.00	12,281.85
<b>Total</b>	<b>20,200.00</b>	<b>20,997.51</b>
<b>3) Investment in Pass Through Certificates (unquoted)</b>	5,028.83	5,806.22
<b>4) Investment in Security receipts</b>	2,303.10	-
<b>Grand Total</b>	<b>37,529.11</b>	<b>37,797.91</b>
Aggregate amount of Unquoted Investments (cost of acquisition)	7,451.73	6,923.02
Aggregate amount of Quoted Investments (cost of acquisition)	30,077.38	30,874.89
Aggregate amount of Quoted Investments (Market Value)	30,615.83	30,293.46
Aggregate amount of provision for diminution in the value of investment	-	81.76

In accordance with the Reserve Bank of India circular no. RBI/2006-07/225 DNBS (PD) C.C No.87/03.02.2004/2006-07 dated January 4, 2007, the Company has created a floating charge on the statutory liquid assets comprising of investment in approved government securities being statutory liquid assets to the extent of ₹ 20,200.00 lacs (March 31, 2017: ₹ 20,997.51 lacs) in favour of trustees representing the public deposit holders of the Company.

## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### 11. DEFERRED TAX ASSETS- Net

₹ in lacs

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Deferred Tax Asset</b>		
Timing difference on account of :		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting period	1,951.31	1,574.27
Contingent provision against standard assets	3,719.16	2,894.50
Provision for substandard and doubtful asset	762.27	406.95
Provision for Gratuity	21.38	-
Provision for leave encashments	473.47	306.80
Provision for Lease rental	63.68	50.39
Provision for Bonus	1,375.48	65.19
Merger Expenses	-	0.24
<b>Gross deferred tax Assets (A)</b>	<b>8,366.75</b>	<b>5,298.34</b>
<b>Deferred Tax Liabilities</b>		
Deferred Expenses incurred for NCD mobilisation	101.37	104.08
Expenses - Bank Loan Processing Fees	15.00	-
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	-	2.38
Special reserve	708.01	589.25
Unammortised Expenses and Fees	267.68	27.37
<b>Gross deferred tax liabilities (B)</b>	<b>1,092.06</b>	<b>723.08</b>
<b>Deferred tax asset -Net (A-B)</b>	<b>7,274.69</b>	<b>4,575.26</b>

### 12. LOANS AND ADVANCES

₹ in lacs

Particulars	Long-term		Short-term	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
<b>Unsecured, Considered Good</b>				
Capital advances	47.24	-	-	55.14
Input Credit Receivable	-	-	1,488.69	89.22
Prepaid expenses	23.15	8.29	493.91	543.59
Interest paid in Advance	-	-	6,168.98	3,553.69
Security Deposits	2,397.30	1,683.01	511.46	790.28
Advances recoverable in cash or in kind or for value to be received	1,515.03	6.05	59.82	3,242.36
Investment through Pass through certificate - Own	2.33	92.35	70.15	1,782.96
<b>Loans and Advances</b>				
Assets under financing activities :				
- Secured, considered good	1,032,779.29	806,991.30	1,110,503.93	1,047,047.05
- Unsecured, considered good	212,373.82	192,826.74	304,046.70	257,141.16
- Doubtful	254,596.27	158,038.02	706.18	242.79
<b>Total</b>	<b>1,503,734.43</b>	<b>1,159,645.76</b>	<b>1,424,049.82</b>	<b>1,314,488.24</b>

## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### 12. LOANS AND ADVANCES (Contd.)

Disclosure on loan against Gold as on March 31, 2018 Vide RBI notification DNBS.CC.PD.No.266/03.10.01/2011-12 dated March 26, 2012:

₹ in lacs

Particulars	As at March 31, 2018	As at March 31, 2017
Total Assets under Management	2,915,006.19	2,462,287.06
Total Loan against gold	337,381.39	342,681.28
Percentage of Gold Loan on Total Assets (on book)	11.57%	13.92%

### 13. OTHER ASSETS

₹ in lacs

Particulars	Non-current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Other Bank balances of non-current portion [Refer note no-15]	110.00	1,200.01	-	-
Public issue expenses for non-convertible debentures to the extent not written off or adjusted	-	-	-	300.75
Interest accrued on fixed deposit and other loan and advances	-	81.84	1,146.10	1,060.18
Securitisation-receivable	296.89	250.54	620.81	1,306.73
Advance Tax (net of provisions for tax)	4,961.97	440.92	-	5,947.80
Premium paid on Govt Securities	342.75	-	123.60	-
Other Assets	651.39	3,008.15	5,868.15	993.36
<b>Total</b>	<b>6,363.00</b>	<b>4,981.46</b>	<b>7,758.66</b>	<b>9,608.82</b>

### 14. CURRENT INVESTMENTS

₹ in lacs

Particulars	As at March 31, 2018	As at March 31, 2017
Treasury Bills	25,857.40	22,249.68
Mutual Fund	200.00	2,000.00
Small Business Loan Trust - Series I	-	466.21
Investment in pass through certificates	2,602.52	1,323.27
<b>Total</b>	<b>28,659.92</b>	<b>26,039.16</b>

#### a) As at March 31, 2018

##### 14.1 Treasury Bills

₹ in lacs

Particulars	Date of Investment	Date of Maturity	Rate of Interest	Amount
364D T-Bill	18-Jan-18	10-Jan-19	6.50%	14,103.52
364D T-Bill	8-Mar-18	21-Feb-19	6.62%	11,753.88
<b>Total</b>				<b>25,857.40</b>

## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### 14. CURRENT INVESTMENTS (Contd.)

#### 14.2. Mutual Fund

Since it is an equity and debt opportunities fund under the open ended scheme the maturity date will be considered as redemption date as and when required.

#### b) As at March 31, 2017

##### 14.1 Treasury Bills

₹ in lacs

Particulars	Date of Investment	Date of Maturity	Rate of Interest	Amount
364D T-Bill	29-Jun-16	22-Jun-17	6.86%	3,279.34
364D T-Bill	20-Sep-16	8-Jun-17	6.57%	3,342.84
364D T-Bill	3-Jan-17	9-Nov-17	6.24%	2,374.18
364D T-Bill	14-Feb-17	18-Jan-18	6.24%	945.34
364D T-Bill	7-Mar-17	1-Feb-18	6.20%	12,307.98
<b>Total</b>				<b>22,249.68</b>

#### 14.2. Mutual Fund

Since it is an equity and debt opportunities fund under the open ended scheme the maturity date will be considered as redemption date as and when required.

### 15. CASH AND BANK BALANCES

₹ in lacs

Particulars	Non-current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
<b>Cash and cash equivalents :</b>				
Balances with banks in :				
- Current accounts	-	-	27,583.16	36,963.52
- Unclaimed dividend	-	-	92.56	82.92
- Deposits with original maturity of less than 3 months	-	-	150.00	950.00
Cash on hand	-	-	6,137.67	5,752.94
	-	-	<b>33,963.39</b>	<b>43,749.38</b>
<b>Other bank Balances :</b>				
Deposits with original maturity for more than 3 months but less than 12 months	110.00	-	16,625.00	17,450.00
Margin money deposit *	-	1,200.01	3,183.11	3,005.18
	110.00	1,200.01	53,771.50	64,204.56
<b>Amount disclosed under the head "other non-current asset" [Refer note 13]</b>	(110.00)	(1,200.01)		
<b>Total</b>			<b>53,771.50</b>	<b>64,204.56</b>

\* Margin money deposit of ₹ 3,183.11 lacs as at March 31, 2018 (March 31, 2017 : ₹ 4,205.19 lacs) are pledged with banks as margin for securitisation.

## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### 16. REVENUE FROM OPERATIONS

₹ in lacs		
Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Income from finance and other charges	522,425.38	455,013.13
Income on Long Term Securitisation / assignment *	2,443.49	4,388.97
Interest on Long Term Investment through PTC-Securitisation **	700.20	1,011.61
Interest on Margin money on securitisation / assignment	258.13	690.52
Bad debts recovery	4,536.96	4,733.75
Interest on deposit with bank	1,187.44	1,466.64
Interest on government securities	3,296.40	3,054.66
Other financial services- Commission & Profit on sale of repossessed assets	434.73	-
<b>Total</b>	<b>535,282.73</b>	<b>470,359.28</b>

\*Includes exempt income (subject to EIS tax u/s 115 TA of the Income Tax Act) for the year ended March 31, 2018 is NIL( March 31, 2017 : ₹ 33.90 lacs).

\*\*Includes exempt income for the period ending March 31, 2018 is NIL(March 31, 2017 : ₹ 3.08 lacs).

### 17. OTHER INCOME

₹ in lacs		
Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Dividend Income	144.50	128.43
Gain on sale of investments-Short Term	117.34	228.31
Gain on sale of investments-Long Term	1,491.06	-
Profit on sale of assets	9.73	12.82
Miscellaneous income	307.81	172.69
<b>Total</b>	<b>2,070.44</b>	<b>542.25</b>

### 18. EMPLOYEE BENEFITS EXPENSES

₹ in lacs		
Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Salaries and allowances	68,712.36	54,383.35
Contributions to Provident fund and ESI	4,369.30	3,760.93
Gratuity	414.66	652.47
Staff welfare expenses	1,101.44	933.04
<b>Total</b>	<b>74,597.76</b>	<b>59,729.79</b>

## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### 19. FINANCE COSTS

₹ in lacs

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Interest expense on :</b>		
Debentures	21,663.34	22,269.64
Subordinate debts	13,943.98	14,092.77
Fixed deposits	29,445.70	32,683.12
Loans from banks	91,121.42	82,082.24
Loans from institutions and others	5,766.05	3,741.56
Commercial Papers	13,121.60	7,923.80
<b>Other Borrowing Cost:</b>		
Bank Charges	1,138.85	956.96
Processing and other charges	702.27	316.17
Brokerage	1,204.96	1,165.43
<b>Total</b>	<b>178,108.17</b>	<b>165,231.69</b>

### 20. OTHER EXPENSES

₹ in lacs

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Rent	5,787.15	5,399.43
Power and Fuel expenses	995.55	933.56
Repairs & Maintenance to Building	1,201.84	1,287.50
Repairs & Maintenance to Office Equipment	45.19	57.54
Office upkeep expenses	1,294.72	1,301.18
Rates & taxes	1,745.41	1,318.81
Printing & stationery	2,435.05	2,031.99
Travelling & conveyance	5,524.10	6,150.28
Advertisement	1,259.52	987.92
Business promotion expenses	5,260.35	4,759.49
Commission	13,390.82	11,415.99
Royalty	5,761.42	5,209.27
Directors' sitting fees	48.19	29.66
Insurance	401.03	373.29
Communication expenses	3,165.42	3,206.03
<b>Payments to the auditor</b>		
(a) Audit fees	49.19	49.05
(b) Tax audit fees	-	6.89
(c) Certification	5.45	8.15
(d) Out of pocket	17.66	10.35
Professional charges	13,407.22	10,499.65
Legal & Professional fees	1,084.91	788.42
Donations	10.00	-
Public issue expenses for non-convertible debentures	300.75	366.48
Loss on sale of assets	37.72	21.64
Loan processing expenses	419.38	501.06
CSR expenses	1,403.60	692.75
Miscellaneous expenses	2,584.71	1,447.39
<b>Total</b>	<b>67,636.35</b>	<b>58,853.77</b>



## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### 21. PROVISIONS & WRITE-OFFS

Particulars	₹ in lacs	
	Year ended March 31, 2018	Year ended March 31, 2017
Provision for Non performing assets	40,832.24	44,783.70
Provision for standard assets	2,382.88	2,353.21
Bad debts written off	63,831.73	45,172.92
Loss on sale of loan and repossessed assets	134.62	1,518.45
<b>Total</b>	<b>107,181.47</b>	<b>93,828.28</b>

### 22. EARNINGS PER SHARE (EPS)

Particulars	₹ in lacs	
	Year ended March 31, 2018	Year ended March 31, 2017
Net profit after tax as per statement of profit and loss (₹ in lacs) (A)	68,710.86	57,808.84
Weighted average number of equity shares for calculating Basic EPS (No. in lacs) (B)	659.52	659.34
Weighted average number of equity shares for calculating Diluted EPS (No. in lacs) (C)	660.01	660.05
Basic earnings per equity share (in ₹) (Face value of ₹ 10/- per share) (A) / (B)	104.18	87.68
Diluted earnings per equity share (in ₹) (Face value of ₹ 10/- per share) (A) / (C)	104.11	87.58

Particulars	₹ in lacs	
	Year ended March 31, 2018	Year ended March 31, 2017
Weighted average number of equity shares for calculating EPS (No. in lacs)	659.52	659.34
Add : Equity shares for no consideration arising on grant of stock options under ESOP (No. in lacs)	0.49	0.71
Weighted average number of equity shares for calculating Diluted EPS (No. in lacs)	660.01	660.05

### 23. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

#### 23.1 Shriram City Union Finance Limited

The Company has a funded defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for a gratuity on separation at 15 days basic salary (last drawn salary) for each completed year of service.

Consequent to the adoption of Accounting Standard 15 'Employee Benefits' (revised), the following disclosures are made as required by the standard:

#### Statement of Profit and Loss

Net Employee benefit expenses (recognised in the employee cost)

Particulars	₹ in lacs	
	Gratuity	
	For the year ended March 31, 2018	2017
Current service cost	493.94	474.66
Interest cost on benefit obligation	30.80	180.49
Expected return on plan assets	N.A.	N.A.
Net actuarial (gain) / loss recognised in the year	(277.19)	(33.08)
Past service cost	121.06	-
<b>Net benefit expense</b>	<b>368.61</b>	<b>622.07</b>
Actual return on plan assets	175.76	N.A.

## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### 23. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.)

#### Balance Sheet

Benefit asset/(liability)

₹ in lacs

Particulars	Gratuity	
	As at March 31,	
	2018	2017
Present value of the defined benefit obligation	3,045.11	2,732.94
Fair value of plan assets	(2,248.63)	(2,305.07)
<b>Total</b>	<b>796.48</b>	<b>427.87</b>
Less: Unrecognised past service cost	-	-
<b>Plan asset / (liability)</b>	<b>(796.48)</b>	<b>(427.87)</b>

Changes in the present value of the defined benefit obligation are as follows:

₹ in lacs

Particulars	Gratuity	
	As at March 31,	
	2018	2017
Opening defined benefit obligation	2,732.94	2,270.36
Interest cost	196.76	180.49
Current service cost	493.94	474.66
Past service cost	121.06	-
Transferred in liabilities	-	-
Transferred out liabilities	-	(20.02)
Benefits paid	(232.20)	(174.19)
Actuarial (gains) / losses on obligation	(267.39)	1.64
<b>Closing defined benefit obligation</b>	<b>3,045.11</b>	<b>2,732.94</b>

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

₹ in lacs

Particulars	Gratuity	
	As at March 31,	
	2018	2017
Investments with insurer	2,248.63	2,305.07

The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

₹ in lacs

Particulars	Gratuity	
	As at March 31,	
	2018	2017
Discount Rate	7.56%	7.20%
Increase in compensation cost	5.00%	5.00%
Employee Turnover	3% & 31%	2% & 13%

The estimates of future salary increases, considered in actuarial valuation, are on account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### 23. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.)

Amounts for the current and previous four years are as follows:

₹ in lacs

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
Present value of defined benefit obligation	3,045.11	2,732.94	2,270.36	1,955.49	1,005.76
Plan assets	2,248.63	2,305.07	NA	NA	NA
Surplus / (deficit)	(796.48)	(427.87)	(2,270.36)	(1,955.49)	(1,005.76)
Experience adjustments on plan liabilities	(56.96)	(143.41)	(294.08)	(84.58)	(89.71)
Experience adjustments on plan assets	9.79	34.72	NA	NA	NA

The Company has a leave encashment policy. The leave encashment liability is computed based on actuarial valuation and stands at ₹ 1,644.65 lacs as on March 31, 2018 (March 31, 2017 : ₹ 1,184.07 lacs )

#### 23.2 Shriram Housing Finance Limited

The Company has a defined benefit gratuity plan. Every employee who has completed five years of service is eligible for a gratuity on separation at 15 days basic salary (last drawn salary) for each completed year of service. The scheme is funded with the insurance companies in the form of qualifying insurance policy.

During the year 2015-16 the Company created "Shriram Housing Finance Company Employees' Group Gratuity Fund". The Trust is recognised by income tax authorities and administered through Trustees. Contributions to the Trust are invested in a scheme with an insurance company as permitted by law in India. The Company has contributed ₹ 35.02 lacs to the Trust during the financial year 2017-18.

As per Accounting Standard 15 "Employee Benefits", the required disclosures are given below:

#### Statement of Profit and Loss

Net employee benefit expense (recognised in employee cost)

₹ in lacs

Particulars	Gratuity For the year ended March 31,	
	2018	2017
Current service cost	36.13	14.60
Interest cost on benefit obligation	13.15	9.02
Expected return on plan assets	-	(0.42)
Net actuarial (gain). loss recognised in the year	(8.32)	28.24
Past services cost	-	-
<b>Net benefit expense*</b>	<b>40.96</b>	<b>51.44</b>
Actual return on plan assets	-	0.42

\* Gratuity expenses as per note 18 of the statement of Profit and Loss for the year ended March 31, 2018 is after providing for shortfall in Gratuity Fund account of ₹ 10.29 lacs.

#### Balance Sheet

Benefit asset/(liability)

₹ in lacs

Particulars	Gratuity As at March 31,	
	2018	2017
Present value of defined benefit obligation	(191.06)	(150.42)
Fair value of plan assets	180.03	150.42
Surplus/(deficit)	(11.03)	-
Less: Unrecognised past services cost	-	-
<b>Plan asset/(liability)*</b>	<b>(11.03)</b>	<b>-</b>

\*Gratuity liability for the year end March 31, 2018 disclosed under Note 7 - Provision is after netting off amount paid to trust.

## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### 23. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.)

Changes in the present value of the defined obligation are as follows:

₹ in lacs

Particulars	Gratuity	
	As at March 31,	
	2018	2017
Opening defined benefit obligation	150.42	103.10
Interest cost	13.15	9.02
Current services cost	36.13	14.60
Liability transferred in/on account of transfer of employees	-	21.04
Benefits paid	(0.32)	(4.53)
Actuarial (gains)/losses on obligation	(8.32)	7.19
<b>Closing defined benefit obligation</b>	<b>191.06</b>	<b>150.42</b>

Changes in the fair value of the assets are as follows:

₹ in lacs

Particulars	Gratuity	
	As at March 31,	
	2018	2017
Opening fair value of plan assets	150.42	-
Contribution by employer	35.02	150.00
Expected return	10.19	0.42
Benefits paid	(15.60)	-
Actuarial (gains)/losses	-	-
<b>Closing fair value of plan assets</b>	<b>180.03</b>	<b>150.42</b>

The Company intends to contribute to the trust the amount as per the actuarial valuation in the next year

The major categories of plan assets as a percentage of fair value of total plan assets are as follows:

Particulars	Gratuity	
	As at March 31,	
	2018	2017
Investments with insurer	100%	100%

The major categories of plan assets as a percentage of fair value of total plan assets are as follows:

Particulars	Gratuity	
	As at March 31,	
	2018	2017
Discount rate	8.00%	8.75%
Expected rate of return on assets	8.00%	8.75%
Increase in compensation cost	5.00%	5.00%
Employee Turnover*	5.00%	4.60%

The estimates of future salary increases, considered in actuarial valuation are on account of inflation, seniority, promotion and other relevant factor, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

## NOTES

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### 23. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.)

Amount for the current and previous four years are as follows:

₹ in lacs

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
Define benefit obligation	191.06	150.42	103.09	37.79	31.71
Plan assets	180.03	150.42	-	-	-
Surplus/(deficit)	11.03	-	103.09	37.79	31.71

Company has provided Leave encashment liability as required under Accounting Standard - 15(Revised) and balance in books as on March 31, 2018 is ₹48.41 lacs (Previous Year ₹ 27.16 lacs).

### 24. EMPLOYEE STOCK OPTION PLAN

#### 24.1 Shriram City union Finance Limited

24.1.1 The Company provides share-based payment schemes to its Employees. For the period ended March 31, 2018 an Employee Stock Option Plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below:

Date of Shareholder's approval	: October 30, 2006
Date of grant	: October 19, 2007
Date of Board Approval	: October 19, 2007
Number of options granted	: 1,355,000
Method of Settlement (Cash/Equity)	: Equity
Graded vesting period :	
After 1 years of grant date	: 10% of options granted
After 2 years of grant date	: 20% of options granted
After 3 years of grant date	: 30% of options granted
After 4 years of grant date	: 40% of options granted
Exercisable period	: 10 years from vesting date
Vesting Conditions	: On achievement of pre-determined targets

The details of Series 1 have been summarised below:

₹ in lacs

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of Shares	Weighted Average Exercise Price(in ₹)	Number of Shares	Weighted Average Exercise Price(in ₹)
Outstanding at the beginning of the year	72,480	35.00	88,730	35.00
Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	-	-	-	-
Less: Exercised during the year	22,360	35.00	16,250	35.00
Less: Expired during the year	-	-	-	-
Outstanding at the end of the period	50,120	35.00	72,480	35.00
Exercisable at the end of the period	-	-	-	-
Weighted average remaining contractual life (in years)	-	2.55	-	3.55
Weighted average fair value of options granted	-	227.42	-	227.42

## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### 24. EMPLOYEE STOCK OPTION PLAN (Contd.)

The details of exercise price for stock options outstanding at the end of the period are:

As at March 31,	Range of exercise prices(in ₹)	No. of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average Exercise Price(in ₹)
2018	35.00	50,120	2.55	35.00
2017	35.00	72,480	3.55	35.00

#### Stock Options Granted

The weighted average fair value of stock options granted was ₹ 227.42. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

Particulars	2006	2007	2008	2009
Exercise Price (₹)	35.00	35.00	35.00	35.00
Expected Volatility (%)	55.36	55.36	55.36	55.36
Historical Volatility	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (₹)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	7.70	7.67	7.66	7.67
Expected dividend rate (%)	0.84	0.84	0.84	0.84

The expected volatility was determined based on historical volatility data equal to the NSE volatility rate of Bank NIFTY which is considered as a comparable peer group of the Company. To allow for the effects of early exercise it was assumed that the employees would exercise the options within six months from the date of vesting in view of the exercise price being significantly lower than the market price.

Effect of the employee share-based payment plans on the profit and loss account and on its financial position:

₹ in lacs

Particulars	As at March 31,	
	2018	2017
Compensation cost pertaining to equity-settled employee share-based payment plan included above	-	-
Liability for employee stock options outstanding as at end of period	113.50	164.13
Deferred compensation cost	Nil	Nil

## NOTES

### forming part of Consolidated Financial Statements for the year ended March 31, 2018

#### 24. EMPLOYEE STOCK OPTION PLAN (Contd.)

Since the Company used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:

In March 2005, the ICAI issued a guidance note on "Accounting for Employees Share Based Payments" applicable to Employee based share plan, the grant date in respect of which falls on or after April 1 2005. The said guidance note requires that the proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note the impact on the reported net profit and earnings per share would be as follows:

Particulars	As at March 31,	
	2018	2017
Profit as reported (₹ in lacs)	66,472.05	55,605.99
Add: Employee stock compensation under intrinsic value method (₹ in lacs)	-	-
Less: Employee stock compensation under fair value method (₹ in lacs)	-	-
Proforma profit (₹ in lacs)	66,472.05	55,605.99
Less: Preference Dividend	-	-
Proforma Net Profit for Equity Shareholders (₹ in lacs)	66,472.05	55,605.99
Earnings per share		
Basic (₹)		
- As reported	100.79	84.34
- Proforma	100.79	84.34
Diluted (₹)		
- As reported	100.71	84.24
- Proforma	100.71	84.24

**24.1. 2** A new ESOP scheme "SCUF Employees Stock Option Scheme 2013" was approved at an EGM on May 31, 2013. Accordingly 2,627,000 equity shares @ ₹ 10 each have been reserved under this scheme with an exercise price of ₹ 300 per option and with a maximum vesting period of five years from the date of grant.

#### 24.2 Shriram Housing Finance Limited

##### 24.2.1 Employee Stock Option Plan

The Company provides share-based payment schemes to its employees. For the year ended March 31, 2018 two Employee Stock Option Plans (ESOPs) were in existence. The relevant details of the schemes and the grants are as below :

Particulars	ESOP Scheme 2016	ESOP Scheme 2013
Date of Board approval	21 October 2016	25 January, 2013
Date of Share holders approval	13 December, 2016	28 March, 2013
Date of grant	22 December, 2016	28 August 2013 & 20 April, 2015
Number of options granted	335,000	250,000 & 100,000
Exercise Price (₹)	35	10
Method of settlement (cash/equity)	Equity	Equity
Graded vesting period		
After 1 year of grant date	1/3rd of the options granted	-
After 2 year of grant date	1/3rd of the options granted	-
After 3 year of grant date	1/3rd of the options granted	-
After 4 years of grant date	-	50% of option granted
After 5 years of grant date	-	50% of option granted
Exercisable period	Not later than 5 years from the date of vesting of options	Not later than 5 years from the date of vesting of options
Vesting Conditions	on achievement of pre-determined targets	on achievement of pre-determined targets

## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### 24. EMPLOYEE STOCK OPTION PLAN (Contd.)

For the purpose of accounting ESOP granted, the Company has decided to value the options at intrinsic value. Intrinsic value is the amount by which the market price of equity share exceeds the exercise price of the option. Since the Company is unlisted, there is no market price available. As such it has been decided to calculate the fair value of equity share by appointing a SEBI registered Category I Merchant Banker. As per their Reports dated Sept 1, 2013, June 12, 2015, March 31, 2017 fair market value is less than exercise price. Based on the above information, the Intrinsic Value per option is Zero. Therefore, the Company has not recognised any expenditure on the ESOP granted in the current period.

**The impact on the reported net profit and earnings per share by applying the fair value based method is as follows :**

In March 2005, the ICAI issued a guidance note on "Accounting for Employees Shared Based Payments" applicable to Employee based share plan, the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires that the proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note the impact on the reported net profit and earnings per share would be as follows:

Particulars	As at March 31,	
	2018	2017
Profit as reported ( ₹ in lacs)	2,888.52	2,896.49
Add: Employee stock compensation under intrinsic value method ( ₹ in lacs)	-	-
Less: Employee stock compensation under fair value method ( ₹ in lacs)	-	-
Proforma profit ( ₹ in lacs)	2,888.52	2,896.49
Less: Preference Dividend	-	-
Proforma Net Profit for Equity Shareholders ( ₹ in lacs)	2,888.52	2,896.49
Earnings per share		
Basic ( ₹ )		
- As reported	1.35	1.35
- Proforma	1.35	1.35
Diluted ( ₹ )		
- As reported	1.35	1.35
- Proforma	1.35	1.35

### 25. SEGMENT INFORMATION

The Company has got a single reportable segment. Therefore, the segment wise reporting has not been given.

### 26. RELATED PARTY DISCLOSURE

#### I) Key Managerial Personnel

- Mr. R Duruvasan, Managing Director & CEO
- Mr. R Chandrasekar, Chief Financial Officer
- Mr. C R Dash, Company Secretary - CRD
- Mr. Sujan Sinha, Managing Director & CEO (SHFL)
- Mr. Kankshit Munshi, CFO (SHFL) - (From July 10th, 2017)
- Mr. Kunal Shah, CFO (SHFL) - (Up to April 23rd, 2017)
- Ms Nikita Hule, CS (SHFL)

#### II) Enterprises having significant influence

- Shriram Capital Limited-SCL
- Shriram Ownership Trust-SOT
- Dynasty Acquisition FPI Limited-DAFL
- Piramal Enterprises Limited-PEL
- Valiant Mauritius Partners FDI Limited - VMPL



## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### 26. RELATED PARTY DISCLOSURE (Contd.)

#### 26.1 Details of Transactions

₹ in lacs

Particulars	Enterprise having significant influence over the Company		Director/ Key Managerial Personnel		Total	
	As at March 31,		As at March 31,		As at March 31,	
	2018	2017	2018	2017	2018	2017
<b>Payments/Expenses</b>						
Royalty to SOT	5,781.04	5,229.51	-	-	5,781.04	5,229.51
Reimbursement of rent and other expenses	592.43	725.13	-	-	592.43	725.13
License Fees to SCL	1,693.97	2,203.75	-	-	1,693.97	2,203.75
Equity dividend to SCL	3,563.02	3,340.34	-	-	3,563.02	3,340.34
Equity dividend to DAFL	2,147.50	2,013.28	-	-	2,147.50	2,013.28
Equity dividend to CRD	-	-	1.32	1.24	1.32	1.24
Security Deposit with SCL	9.53	-	-	-	9.53	-
Equity dividend to PEL	1,052.77	986.98	-	-	1,052.77	986.98
Payments to Key Managerial Personnel	-	-	291.59	319.84	291.59	319.84
Purchase of Assets SCL	53.75	-	-	-	53.75	-
<b>Balance outstanding as at</b>						
Share Capital held by SCL	2,226.89	2,226.89	-	-	2,226.89	2,226.89
Share Capital held by DAFL	1,342.19	1,342.19	-	-	1,342.19	1,342.19
Share Capital held by PEL	657.98	657.98	-	-	657.98	657.98
Share Capital held by CRD	-	-	0.83	0.83	0.83	0.83
Investment of SCL	282.08	329.62	-	-	282.08	329.62
Share Capital by VMPL in SHFL	4,872.00	4,872.00	-	-	4,872.00	4,872.00
Outstanding Expenses to SCL	170.86	221.34	-	-	170.86	221.34
Outstanding Expenses to SOT	1,420.23	1,107.13	-	-	1,420.23	1,107.13

### 27. CONTINGENT LIABILITIES AND COMMITMENTS TO THE EXTENT NOT PROVIDED FOR

#### A Shriram City Union Finance Limited

##### I) Contingent Liabilities

₹ in lacs

Particulars	As at March 31,	
	2018	2017
a. Income Tax	2,990.65	2,990.65
b. Value Added Tax	137.52	131.02
c. Service Tax	3,802.12	-
d. Guarantees issued by the Company	2,500.00	2,500.00

The Income tax assessment of the Company has been completed by Assessing officer upto the Assessment Year 2015-16

Disputed Income tax demand are on account of Disallowance of Interest on Income Tax refund u/s 234D (A.Y.2010-11 to A.Y.2013-14) - ₹ 116.45 lacs and Disallowance u/s 40 a (ia) of the Income Tax Act (A.Y.2012-13 to A.Y.2014-15) - ₹ 2,874.20 lacs. The above demands are determinable only on receipt of judgements / decisions pending with various forums / authorities. The Company is of the opinion that above demands are not sustainable and expects to succeed in its appeals.

Disputed tax demand under Kerala Value Added Tax is on account of sale of seized vehicles for the assessment year 2007-08 is ₹4.65 lacs. The Company filed appeal before Dy.Commissioner ( Appeals ) Ernakulam, Kerala. For the assessment year 2011-12, the disputed tax under Kerala Value Added Tax is on account of goods in transit u/s 47 (6) is ₹ 0.72 lacs after adjusting the Security deposit of ₹ 0.72 lacs paid by the supplier. The Company has filed appeal before the Assistant commissioner ( Appeals ) Ernakulam, Kerala.

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### 27. CONTINGENT LIABILITIES AND COMMITMENTS TO THE EXTENT NOT PROVIDED FOR (Contd.)

Disputed tax demand under Tamilnadu Value Added Tax is on account of sale of seized vehicles/ Sale of Gold Jewellery / Sale of Fixed Asset for the assessment year 2007-08 to 2014-15 is ₹ 125.65 lacs. The Company has paid the demand amount and filed appeal upto AY 2013-14 before Sales Tax Appellate Tribunal, Chennai. For the Assessment Year 2014-15, the Company would contest against the Order issued by Appellate Deputy Commissioner.

Disputed tax demand under Karnataka Value Added Tax is on account of sale of seized vehicles for the assessment year 2011-12 to assessment year 2012-13 is ₹ 6.50 lacs. The Company would contest against the Order. ‘

Disputed tax demand under Service Tax is on service rendered towards provision of collection of receivables in respect of Securitisation / Direct Assignment for the period Apr'08 - Sep'14 is ₹ 3,802.12 lacs . The Company has filed an appeal with CESTAT. The Company has issued a guarantee for ₹ 2,500.00 lacs against refinance obtained by Shriram Housing Finance Limited for NHB

#### II) Commitments

As at March 31, 2018, ₹ 305.32 lacs is the estimated amount of contracts remaining to be executed on capital amount.

### B Shriram Housing Finance Limited

#### I) Contingent Liability:

Particulars	As at March 31, 2018	As at March 31, 2017
Income Tax	16.83	16.83

The income tax assessment of the Company has been completed by assessing officer upto the A.Y 2014-15. Disputed income tax demand is on account of disallowance of expenses u/s 14A and royalty. The above demands are determinable only on receipt of judgements/decisions pending with various forums/authorities. The Company is of the opinion that the above demands are not sustainable and expects to succeed in its appeals.

#### II) Commitments

As at March 31, 2018, RS. 4.78 lacs is the estimated amount of contracts remaining to be executed on capital amount.

### 28. DISCLOSURE RELATING TO SECURITISATION / ASSIGNMENT

#### A. Securitisation

- (i) The information on securitisation of the Company as an originator in respect of securitisation transaction done during the year is given below

Particulars	₹ in lacs	
	As at March 31, 2018	As at March 31, 2017
Total number of transactions under par structure	1	-
Total book value of assets	13,702.03	-
Sale consideration received	10,794.09	-

## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### 28. DISCLOSURE RELATING TO SECURITISATION / ASSIGNMENT (Contd.)

- (ii) The information on securitisation of the Company as an originator in respect of outstanding amount of securitised assets is given below

		₹ in lacs	
S.no	Particulars	As at March 31, 2018	As at March 31, 2017
1	No of SPVs sponsored by the Company for securitisation transactions	3	3
2	Total amount of securitised assets as per books of the SPVs sponsored by the Company	9,348.73	11,034.10
3	Total amount of exposures retained by the Company to comply with MRR as on the date of balance sheet		
a)	Off-balance sheet exposures		
	First loss	-	-
	Others	-	-
b)	On-balance sheet exposures		
	First loss	3,183.11	4,205.19
	Others	43.22	140.72
4	Amount of exposures to securitisation transactions other than MRR		
a)	Off-balance sheet exposures		
i)	Exposure to own securitisations		
	First loss	-	-
	Others	-	-
ii)	Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
b)	On-balance sheet exposures		
i)	Exposure to own securitisations		
	First loss	-	-
	Others	-	-
ii)	Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

### B. Direct Assignment

		₹ in lacs
Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(i) No. of accounts	-	70,569
(ii) Aggregate value (net of provisions) of accounts sold	-	23,963.46
(iii) Aggregate consideration	-	20,022.18
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	394.13
(v) Aggregate gain / loss over net book value	-	1,060.43

## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### 29. DISCLOSURE OF FRAUDS REPORTED DURING THE YEAR ENDED MARCH 31, 2018

Vide DNBS. PD. CC NO. 256/03.10.042/2011-12 dated 02 MARCH, 2012

₹ in lacs

Particulars	Less than ₹ 1 lac		₹ 1 to 25 lacs		Greater than ₹ 25 lacs		Total	
	Number	Value	Number	Value	Number	Value	Number	Value
<b>A) Person involved</b>								
Staff	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-
Customer & Outsider	-	-	-	-	-	-	-	-
Staff, Customer & Outsider	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-
<b>B) Type of Fraud</b>								
Misappropriation and Criminal breach of trust	-	-	-	-	-	-	-	-
Fraudulent encashment/ manipulation of books of accounts	-	-	-	-	-	-	-	-
Unauthorised credit facility extended	-	-	-	-	-	-	-	-
Cheating and Forgery	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-

"- "represents Nil

### 30. DERIVATIVES- Nil

### 31. EXPOSURE TO CAPITAL MARKET

₹ in lacs

S.no	Particulars	As at March 31, 2018	As at March 31, 2017
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	10,197.18	11,194.18
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	43,171.29	48,468.26
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	556.91
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows / issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	-	-
<b>Total</b>		<b>53,368.47</b>	<b>60,219.35</b>

## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### 31. EXPOSURE TO CAPITAL MARKET (Contd.)

#### 31.2. EXPOSURE TO REAL ESTATE SECTOR

₹ in lacs

S.no	Particulars	As at March 31, 2018	As at March 31, 2017
i)	<b>Residential Mortgages</b> -Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	188,372.72	169,342.81
ii)	<b>Commercial Real Estate</b> -Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	89,338.80	68,253.62
iii)	<b>Investments in Mortgage Backed Securities(MBS) and other securitised exposures -</b>	249.04	652.69
	Residential	-	-
	Commercial Real Estate	-	-
	<b>Total Exposure to Real Estate Sector</b>	277,960.56	238,249.12

32. Expenditure in Foreign Currency (Cash Basis) - Nil

33. The Company had no discontinuing operations during the year ended March 31, 2018.

34. The Company has taken various office premises under operating lease. The lease payments recognised in the statement of profit and loss account are ₹ 5,303.11 lacs (March 31, 2017 - ₹ 4,923.62 lacs). Certain agreements provide for cancellation by either party and certain agreements contain clauses for escalation and renewal of agreements. There are no restrictions imposed by lease arrangements. The future minimum lease payments in respect of non-cancellable operating leases as at the Balance sheet days are summarised below:

₹ in lacs

Particulars	For the year ended March 31,	
	2018	2017
a. Not later than 1 year	428.43	403.83
b. More than 1 year and less than 5 years	1,061.59	1,081.11
c. Later than 5 years	261.75	349.03

## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### 35. CAPITAL

#### A. Shriram City Union Finance Limited

S.no Particulars	As at March 31, 2018	As at March 31, 2017
i) CRAR (%)	21.37%	23.88%
ii) CRAR - Tier I Capital (%)	20.57%	22.22%
iii) CRAR - Tier II Capital (%)	0.79%	1.66%
iv) Amount of subordinated debt raised as Tier-II capital (₹ in lacs)	10,853.74	29,485.91
v) Amount raised by issue of Perpetual Debt Instruments	-	-

#### B. Shriram Housing Finance Limited

S.no Particulars	As at March 31, 2018	As at March 31, 2017
i) CRAR (%)	32.53%	29.95%
ii) CRAR (%)Tier I capital	31.96%	29.31%
iii) CRAR (%)Tier II capital	0.57%	0.64%
iv) Amount of subordinated debt raised as Tier- II Capital	-	-
v) Amount raised by issue of Perpetual Debt Instruments	-	-

### 36. INVESTMENTS

S.no Particulars	As at March 31, 2018	As at March 31, 2017
<b>1) Value of Investments</b>		
i) Gross Value of Investments		
a) In India	72,855.65	70,501.69
b) Outside India	9,877.38	9,877.38
ii) Provisions for Diminution		
a) In India	-	81.76
b) Outside India	-	-
iii) Value of Net Investments		
a) In India	72,855.65	70,419.93
b) Outside India	9,877.38	9,877.38
<b>2) Movement of provisions held towards diminution on investments</b>		
i) Opening Balance	81.76	81.76
ii) <b>Add</b> : Provisions made during the year	-	-
iii) <b>Less</b> : Write-off / write-back excess provisions during the year	81.76	-
iv) Closing Balance	-	81.76

## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

37. Details of non-performing financial assets purchased / sold

A Shriram City Union Finance Limited - Nil

B Shriram Housing Finance Limited

₹ in lacs

S.no	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
1	No. of accounts sold	-	349.00
2	Aggregate outstanding	-	5,056.41
3	Aggregate consideration received	-	3,539.00

38. Details of financing of parent company products - Nil

39. Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the Company - Nil

40. Registration obtained from other financial sector regulators - Nil

41. Details of Penalties imposed by RBI and other regulators - Nil

### 42. PROVISIONS AND CONTINGENCIES

A Shriram City Union Finance Limited

₹ in lacs

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	Year ended March 31, 2018	Year ended March 31, 2017
Provisions for diminution on Investment	-	-
Provision towards NPA	39,881.48	44,380.89
Provision made towards Income tax	38,129.64	30,459.91
<b>Other Provisions and Contingencies (with details)</b>		
Contingent provision for Standard Assets	2,501.85	2,045.51
Provision for Gratuity	368.61	622.07
Provision for Leave encashment	479.01	508.34

B Shriram Housing Finance Limited

₹ in lacs

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	Year ended March 31, 2018	Year ended March 31, 2017
Provisions for diminution on Investment	-	-
Provision towards NPA	950.76	402.81
Provision made towards Income tax	1,510.00	1,425.08
<b>Other Provisions and Contingencies (with details)</b>		
Provision for Standard Assets	(118.96)	307.70
Provision for Gratuity	46.05	30.40
Provision for Leave encashment	49.12	27.64

43. Draw Down Reserves - Nil



## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### 44. CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURES AND NPAs

#### A Shriram City Union Finance Limited

##### a. Concentration of Deposits

	₹ in lacs
Total Deposits of twenty largest depositors	7,382.11
Percentage of Deposits of twenty largest depositors to Total Deposits of the Company	2.58%

##### b. Concentration of Advances

	₹ in lacs
Total Advances to twenty largest borrowers	72,216.09
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	2.64%

##### c. Concentration of Exposures

	₹ in lacs
Total Exposure to twenty largest borrowers / customers	72,216.09
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Company on borrowers / customers	2.64%

##### d. Concentration of NPAs

	₹ in lacs
Total Exposure to top four NPA accounts	5,099.82

##### e. Sector-wise NPAs

S.no	Sector	Percentage of NPAs to Total Advances in that sector
1	Agriculture & allied activities	-
2	MSME / Corporate borrowers	9.68%
3	Services	-
4	Unsecured personal loans	10.82%
5	Auto loans	
	i) Auto Loans	10.85%
	ii) Two wheeler	10.03%
6	Other personal loans	
	i) Consumer Durable	-
	ii) Pledged Jewel	2.55%
7	Others	1.12%

#### B Shriram Housing Finance Limited

##### a. Concentration of Deposits

	₹ in lacs
Total Deposits of twenty largest depositors	N.A
Percentage of Deposits of twenty largest depositors to Total Deposits of the Company	N.A

##### b. Concentration of Advances

	₹ in lacs
Total Advances to twenty largest borrowers	22,273.92
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	12.48%



## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### 44. CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURES AND NPAs (Contd.)

#### c. Concentration of Exposures

	₹ in lacs
Total Exposure to twenty largest borrowers / customers	25,429.02
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Company on borrowers / customers	13.59%

#### d. Concentration of NPAs

	₹ in lacs
Total Exposure to top four NPA accounts	2,206.87

#### e. Sector-wise NPAs

S.no	Sector	Percentage of NPAs to Total Advances in that sector
A.	Housing Loans:	
1	Individuals	3.92%
2	Builders/Project Loan	0.05%
3	Corporates	-
4	Others (specify)	-
B.	Non-Housing Loans:	
1	Individuals	5.76%
2	Builders/Project Loan	-
3	Corporates	0.86%
4	Others (specify)	-

### 45. MOVEMENT OF NPAs

#### A Shriram City Union Finance Limited

S.no	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
i)	Net NPAs to Net Advances (%)	3.43%	1.79%
ii)	Movement of NPAs (Gross)		
a)	Opening balance	153,677.77	98,008.30
b)	Additions during the year	173,605.79	112,915.95
c)	Reductions during the year	80,917.98	57,246.68
d)	Closing balance	246,365.58	153,677.77
iii)	Movement of Net NPAs		
a)	Opening balance	40,987.61	29,699.03
b)	Additions during the year	85,701.70	38,407.17
c)	Reductions during the year	32,895.38	27,118.58
d)	Closing balance	93,793.94	40,987.61
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
a)	Opening balance	112,690.16	68,309.27
b)	Provisions made during the year	87,904.08	74,508.79
c)	Write-off / write-back of excess provisions	48,022.60	30,127.90
d)	Closing balance	152,571.64	112,690.16

## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### 45. MOVEMENT OF NPAs (Contd.)

#### B Shriram Housing Finance Limited

₹ in lacs

S.no Particulars	Year ended March 31, 2018	Year ended March 31, 2017
i) Net NPAs to Net Advances (%)	3.75%	1.83%
ii) Movement of NPAs (Gross)		
a) Opening balance	4,603.04	3,515.22
b) Additions during the year	7,063.36	3,738.50
c) Reductions during the year	2,729.54	2,650.68
<b>d) Closing balance</b>	<b>8,936.86</b>	<b>4,603.04</b>
iii) Movement of Net NPAs		
a) Opening balance	3,222.14	2,537.12
b) Additions during the year	5,288.94	2,606.97
c) Reductions during the year	1,905.88	1,921.95
<b>d) Closing balance</b>	<b>6,605.20</b>	<b>3,222.14</b>
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	1,380.90	978.10
b) Provisions made during the year	1,774.42	1,131.53
c) Write-off / write-back of excess provisions	823.66	728.73
<b>d) Closing balance</b>	<b>2,331.66</b>	<b>1,380.90</b>

### 46. CORPORATE SOCIAL RESPONSIBILITY EXPENSES

#### A Shriram City Union Finance Limited

Section 135 of the Companies Act, 2013, which mandates CSR for specified companies, applies to the Company. Accordingly the Company is required to spend atleast 2% of the average net profits of the Company made during the three immediately preceeding financial years, which amounts to ₹ 1,677.14 lacs for the year 2017-18 .The Company has spent ₹ 1,400.00 lacs during the year.

#### B Shriram Housing Finance Limited

Section 135 of the Companies Act, 2013, which mandates CSR for specified companies, applies to the Company. Accordingly the Company is required to spend atleast 2% of the average net profits of the Company made during the three immediately preceeding financial years, which amounts to ₹ 76.36 lacs for the year 2017-18 .The Company has spent ₹ 3.60 lacs during the year.

### 47. Overseas Assets (for those with Joint Ventures and Subsidiaries abroad) - Nil

### 48. Shriram Housing Finance Limited - Others

- As certified by the Management, loans given by the Company are secured by Equitable Mortgage/Registered Mortgage of the property & Assets Financed &/or assignment of Life Insurance policies &/or Personal Guarantees &/or undertaking to create a security and are considered secured & good.
- Company has obtained guarantee on pool of Home Loan contracts with a Mortgage Guarantee extended by India Mortgage Guarantee Corporation Pvt. Ltd (IMGC). The guarantee from IMGC helps in mitigating credit losses.
- No Funds raised through Preferential allotment of shares.
- Value of Imports on CIF basis- NIL (Previous Year-NIL).
- The balance outstanding as on 31.03.2018 of all PTC's is ₹ 7,631.35 lacs (Previous Year - ₹ 7,129.49 lacs).

## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### 48. Shriram Housing Finance Limited - Others (Contd.)

		₹ in lacs
S.no	Originator	Year ended Mar 31, 2018
1	Shubham Housing Finance Limited	249.04
2	Equitas Finance Limited	4,132.80
3	Star Agri Finance Limited	3,249.51
<b>Total</b>		<b>7,631.35</b>

- f) The Company does not have licensed capacity as it is a Housing Finance Company.
- g) The Company is holding additional provision amounting to ₹ 758.67 lacs (Previous Year - ₹ 546.14 lacs) on loans over and above the provision required as per NHB Directions

**IN TERMS OF REQUIREMENT OF NATIONAL HOUSING BANK NOTIFICATION NO. NHB.HFC.CG-DIR.1/MD&CEO/2016 DATED 9TH FEBRUARY, 2017 FOLLOWING INFORMATION IS PROVIDED**

- j) Transfer to reserve fund
- As per Section 29C of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of net profits every year to Reserve Fund. The Company has transferred an amount of ₹ 578.00 lacs (Previous Year ₹ 579.30 lacs).

		₹ in lacs	
S.no	Particulars	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the year			
a)	Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	-	
b)	Amount of special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under section 29C of the NHB Act 1987.	1,882.70	1,303.40
Total (A)		1,882.70	1,303.40
Addition / Appropriation / Withdrawal during the period			
a)	Add: Amount transferred u/s 29C of the NHB Act, 1987	-	-
b)	Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under section 29C of the NHB Act 1987.	578.00	579.30
a)	Less: Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
b)	Amount withdrawn from the Special Reserve u/s 36(1) (viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C the NHB Act, 1987	-	-
Balance at the end of the period			
a)	Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	-	-
b)	Amount of special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	2,460.70	1,882.70
Total		2,460.70	1,882.70

**NOTES**

forming part of Consolidated Financial Statements for the year ended March 31, 2018

**49. ASSET LIABILITY MANAGEMENT MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES**

Particulars	Upto 30/31 Days	Over 1 month upto 2 Months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 Months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits	25,909.97	10,179.75	11,588.43	31,424.35	62,161.76	127,347.94	30,914.43	-	299,526.63
Advances	160,132.90	111,984.17	108,020.86	347,542.81	687,576.07	847,125.46	255,846.93	244,194.31	2,762,423.51
Investments	382.52	200.18	205.16	636.79	27,235.28	15,102.11	1,398.26	37,572.73	82,733.03
Borrowings	21,779.52	90,584.93	96,443.71	74,736.83	547,548.70	875,405.49	221,631.47	8,268.30	1,936,398.95
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

₹ in lacs

## NOTES

forming part of Consolidated Financial Statements for the year ended March 31, 2018

### 50. RATING ASSIGNED BY CREDIT RATING AGENCIES AND MIGRATION OF RATINGS DURING THE YEAR

#### A Shriram City Union Finance Limited

₹ in lacs

Rating Agency	Rating Instrument	As at March 31, 2018	As at March 31, 2017
India Ratings	Long-Term (NCDs)	IND AA / Stable	IND AA / Stable
	Short-Term (CP)	IND A1+	IND A1+
	Bank Loan Ratings	IND AA/ Stable	IND AA/ Stable
	Fixed deposit	IND tAA/ Stable	IND tAA/ Stable
CARE	Long-Term (NCDs)	CARE AA+ / Stable	CARE AA+
	Short-Term (CP)	CARE A1+	CARE A1+
	Subordinate Debt	CARE AA+ / Stable	CARE AA+
	Fixed deposit	CARE AA+ (FD) /Stable	CARE AA+ (FD)
ICRA	Long-Term (NCDs)	ICRA AA / stable	ICRA AA / stable
	Short-Term (CP)	ICRA A1+	ICRA A1+
	Fixed deposit	MAA+ / Stable	MAA+ / Stable
CRISIL	Long-Term (NCDs)	CRISIL AA-/Positive	CRISIL AA-/Positive
	Short-Term (CP)	CRISIL A1+	CRISIL A1+
	Subordinate Debt	CRISIL AA- / Positive	CRISIL AA- / Positive
	Fixed deposit	FAA /Positive	FAA /Positive

#### B Shriram Housing Finance Limited

₹ in lacs

Rating Agency	Rating Instrument	As at March 31, 2018	As at March 31, 2017
India Ratings	Long-Term (NCDs)	IND AA / Stable	IND AA / Stable
	Bank Loan Ratings	IND AA / Stable	IND AA / Stable
CARE	Long-Term (NCDs)	CARE AA+	CARE AA+
	Short-Term (CP)	CARE A1+	CARE A1+

### 51. CUSTOMER COMPLAINTS

S.no	Particulars	Count
(a)	No. of complaints pending at the beginning of the year	35
(b)	No. of complaints received during the year	3,588
(c)	No. of complaints redressed during the year	3,400
(d)	No. of complaints pending at the end of the year	223

## NOTES

### forming part of Consolidated Financial Statements for the year ended March 31, 2018

52. Based on the intimation received by the Company, none of the suppliers have confirmed to be registered under "Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Therefore, the related information for this purpose stands to be Nil.

#### 53. AUCTION DETAILS

The Company Auctioned 9910 loan accounts (March 31, 2017: 7013 accounts) during the financial year and the outstanding dues on these loan accounts were ₹ 3,297.26 lacs (March 31, 2017: ₹ 1,936.69 lacs) till the respective dates of auction. The Company realised ₹ 3,248.22 lacs (March 31, 2017: ₹ 1,784.77 lacs) on auctioning of gold jewellery taken as security on these loans. The Company confirms that none of its sister concerns participated in the above auctions.

54. Additional information as per Para 2 of General instructions for the preparation of consolidated financial statements of schedule III to the Companies Act 2013.

Name of the entity	Net Assets, i.e., Total Assets minus Total Liabilities		Share in profit or loss	
	As % of Consolidated Net Assets	₹ in lacs	As % of Consolidated Profit or Loss	₹ in lacs
<b>Parent</b>				
Shriram City Union Finance Limited	92.32%	540,077.54	95.82%	66,472.05
<b>Subsidiaries</b>				
<b>Indian</b>				
Shriram Housing Finance Limited	7.68%	44,918.24	4.18%	2,898.13
<b>Minority Interests in all Subsidiaries</b>		(10,218.80)		(659.32)
Associates	NA	NA	NA	NA
Joint Ventures	NA	NA	NA	NA
<b>TOTAL</b>	100.00%	584,995.78	100.00%	69,370.18

55. Previous year figures have been regrouped / rearranged, wherever considered necessary, to conform with current year presentation.

As per our report of even date  
**For G D Apte & Co**  
 Chartered Accountants  
 Firm Registration No.100515W

For and on behalf of the Board of Directors of  
**Shriram City Union Finance Limited**

**U.S.Abhyankar**  
 Partner  
 Membership No.113053

**Duruvasan Ramachandra**  
 Managing Director & CEO  
 DIN: 00223052

**Subramaniam Krishnamurthy**  
 Director  
 DIN: 00140414

Place: Chennai  
 Date: April 26, 2018

**C R Dash**  
 Company Secretary

**R Chandrasekar**  
 Chief Financial Officer

[illegible]







Shriram City Union Finance Ltd.  
[www.shriramcity.in](http://www.shriramcity.in)