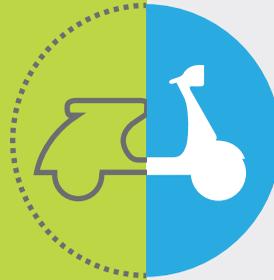


Expanding



Opportunities

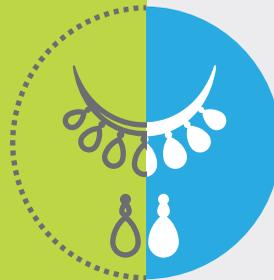
Driving



Futures

SUPPORTING THE UNDERSERVED.

Fulfilling



Ambitions

Building



Assets

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Listing codes

BSE: 532498

NSE: SHRIRAMCIT

FORWARD-LOOKING STATEMENTS

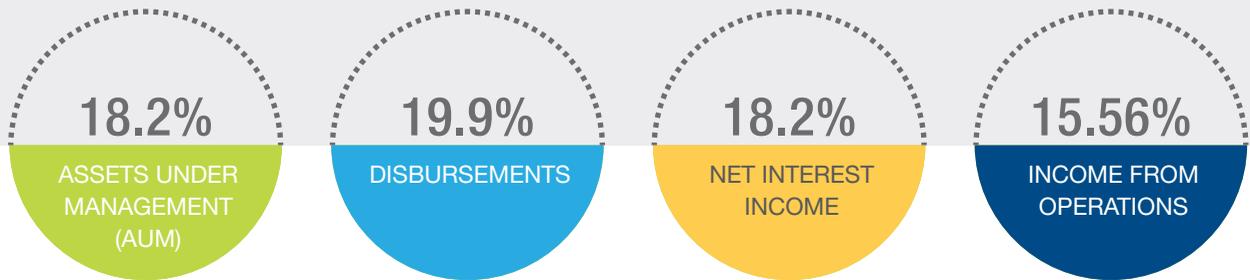
In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based 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.



For more details, please visit:
www.shriramcity.in



Yo-Y growth in 2016-17 over 2015-16

India is now on the cusp of an interesting inflection.

It is by common consensus one of the most dynamic economies of the world; and global businesses are vying with each other to be a part of the momentum. The Government of India (GoI) is implementing several reforms to enhance the ease of doing business in India for both domestic and foreign investors.

While this picture generates a lot of optimism, India still holds a rich reservoir of grassroots entrepreneurship and enterprise that needs to be empowered. At Shriram City, we are acting on this specific mandate.

We are helping micro, small and medium enterprises meet their diverse credit requirements. We evaluate their capabilities, based on the income they generate and their potential for future growth. We are backing our words with solid actions on ground, and our progress so far has been impressive.

During FY 2016-17, we consolidated our market reach deeper and wider across semi-urban and rural India.

We also enhanced our brand prominence through multiple customer-connect programmes.

We strengthened our technology infrastructure for enhanced scale, faster decision-making and better customer service.

Technology is also helping us reach more customers and markets with speed and precision.

Our energetic team is reaching out to more customers, listening to their aspirations, and handholding them in the best way they can.

This, in brief, is the world of Shriram City, where supporting the underserved is the overriding credo and commitment.

NURTURING ASPIRING ENTREPRENEURS

Micro, small and medium enterprises contribute significantly to India's inclusive socio-economic growth. Enabling these enterprises is therefore an attractive opportunity for us at Shriram City.

Ever since inception in 1986, we have gradually emerged as one of India's trusted financial services companies. We are a part of the four decade-old Shriram Group, which has a strong presence in financial services in India. This includes financing of commercial and passenger vehicles, and two-wheelers, small enterprise finance, loans against gold, consumer finance, life and general insurance, stock broking, chit funds and distribution of financial products.

Shriram Group also has a growing presence in other businesses, such as property development, engineering projects and information technology. We leverage the ecosystem of the Group to strengthen our brand and customer base.



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.

GROWING CUSTOMER BASE

As a deposit-accepting non-banking financial company (NBFC), we cater to the financing needs of small enterprises and retail customers, who constitute a significant part of our customer base.



CORE VALUES

Being Trustworthy

Ensuring that the Shriram City brand continues to be among the most trusted in India.

Being Responsive

Disseminating affordably-priced financial services to customers and locations most in need of them, in a timely manner.

Being Creative

Customising product offerings and solutions to meet customers' requirements.

Building Relationships

Fostering long-term relationships with customers and the community at large.

Encouraging Entrepreneurship

Supporting the efforts of small business owners to prosper and to think big.

PRODUCT RANGE



ENTERPRISE FINANCE

- We offer customised loans to the small and medium enterprise finance as growth capital to empower them to realise their potential in a rapidly developing economy.
- Small enterprises segment comprises self-employed professionals, wholesale and retail dealers, merchants, builders, small and medium scale manufacturing concerns, catering services and tour operators, among others.



TWO-WHEELER LOANS

- We offer various options for financing the purchase of two-wheeler vehicles across manufacturers and brands.
- We possess widespread presence in dealer showrooms, and with preferred finance tie-ups with all two-wheeler brands in India, which gives us a distinct edge in the segment.
- Our executives man dealer showrooms (with a dedicated team to clear proposals), making it the quickest and most efficient financing option a customer can ask for.
- We focus on non-salaried customer segment in the harder to access semi-urban areas.



LOANS AGAINST GOLD

- We offer loan against gold jewellery, primarily to individuals who possess gold jewellery but do not have access to formal credit within a reasonable time; or to whom credit may not be available at all, to meet their short-term requirements.
- We target customers who otherwise continue to rely on the unorganised sector for timely funding requirements.



AUTO FINANCE

- We offer a variety of loans to finance the purchase of new and pre-owned passenger and commercial vehicles (three wheelers, four wheelers, used and new cars).



PERSONAL FINANCE

- We offer personal loans to customer segments that do not have easy access to banks and similar institutions for speedy short or medium finance.
- We provide personal loans to its existing and old customers, as well as customers of other Shriram Group entities.



HOME LOAN

- We provide housing finance to individuals through our subsidiary, Shriram Housing Finance Ltd. (SHFL). We offer housing finance loans for buying, renovating, extending and improving homes to prospective homeowners who remain underserved even today. SHFL is headquartered in Mumbai and has a pan-India presence.

SHARPENING OUR COMPETITIVE ADVANTAGE

1

We have achieved 34% CAGR of Assets Under Management (AUM) in the last ten years.

2

We have successfully diversified our offerings and established the required infrastructure to fuel consistent future growth.

3

Over 80% of our branch network is located across semi-urban India with a huge potential for growth and consumption.

4

We have consistently performed with a clear focus on MSME sectors.

5

We are reinforcing our market leadership in the two-wheeler financing segment.

6

Our credit appraisal techniques are tailor-made to suit customer requirements.

7

Our stringent risk-management framework has enabled us to maintain good asset quality.

8

We have a locally drawn field force with in-depth insight of customers, enabling us to take right decisions.

9

Our governance structure is driven by a highly-focused management team, guided by a distinguished Board profile.

10

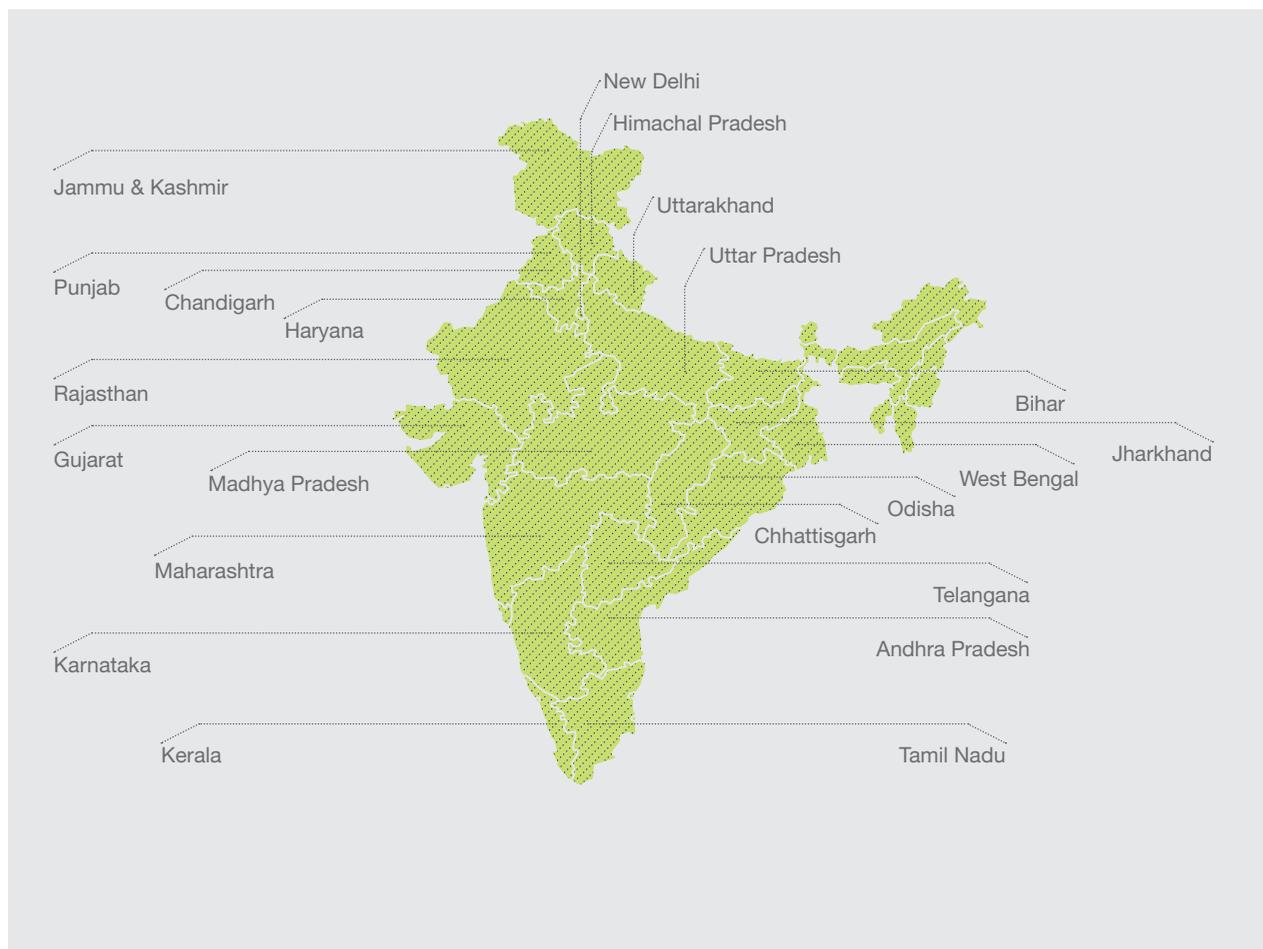
We have paid dividend consistently ensuring sustainable shareholder return.

SOURCES OF FUNDS

We rely for our fund requirements on a variety of sources - loans from banks and institutions, fixed deposits, non-convertible debentures and money market borrowings. We have an optimum liability mix by diversifying our funding sources with a right mix of fixed / floating rate loans to match the asset profile.

VISIBLE ACROSS INDIA

We have consistently grown our branch network across India. We are now present across 22 states, serving the underserved of an enterprising India.



A PROMISE CALLED SHRIRAM CITY

₹ 23,132
CRORES

OUR ASSET UNDER
MANAGEMENT
(AUM) AS ON 31ST
MARCH, 2017

₹ 24,536
CRORES

OUR TOTAL
ASSETS AS ON
31ST MARCH, 2017

₹ 22,356
CRORES

OUR
DISBURSEMENTS
IN 2016-17

₹ 2,897
CRORES

OUR NET INTEREST
INCOME IN 2016-17

₹ 4,432
CRORES

OUR INCOME
FROM OPERATIONS
IN 2016-17

22.22%

OUR TIER - I
CAPITAL ADEQUACY
RATIO IN 2016-17

9.76%

AVERAGE COST OF
BORROWINGS
IN 2016-17

23.88%

CAPITAL
ADEQUACY RATIO
IN 2016-17

13.57%

NET INTEREST
MARGIN
IN 2016-17

36.34
LACS

HAPPY
CUSTOMERS OF
SHRIRAM CITY

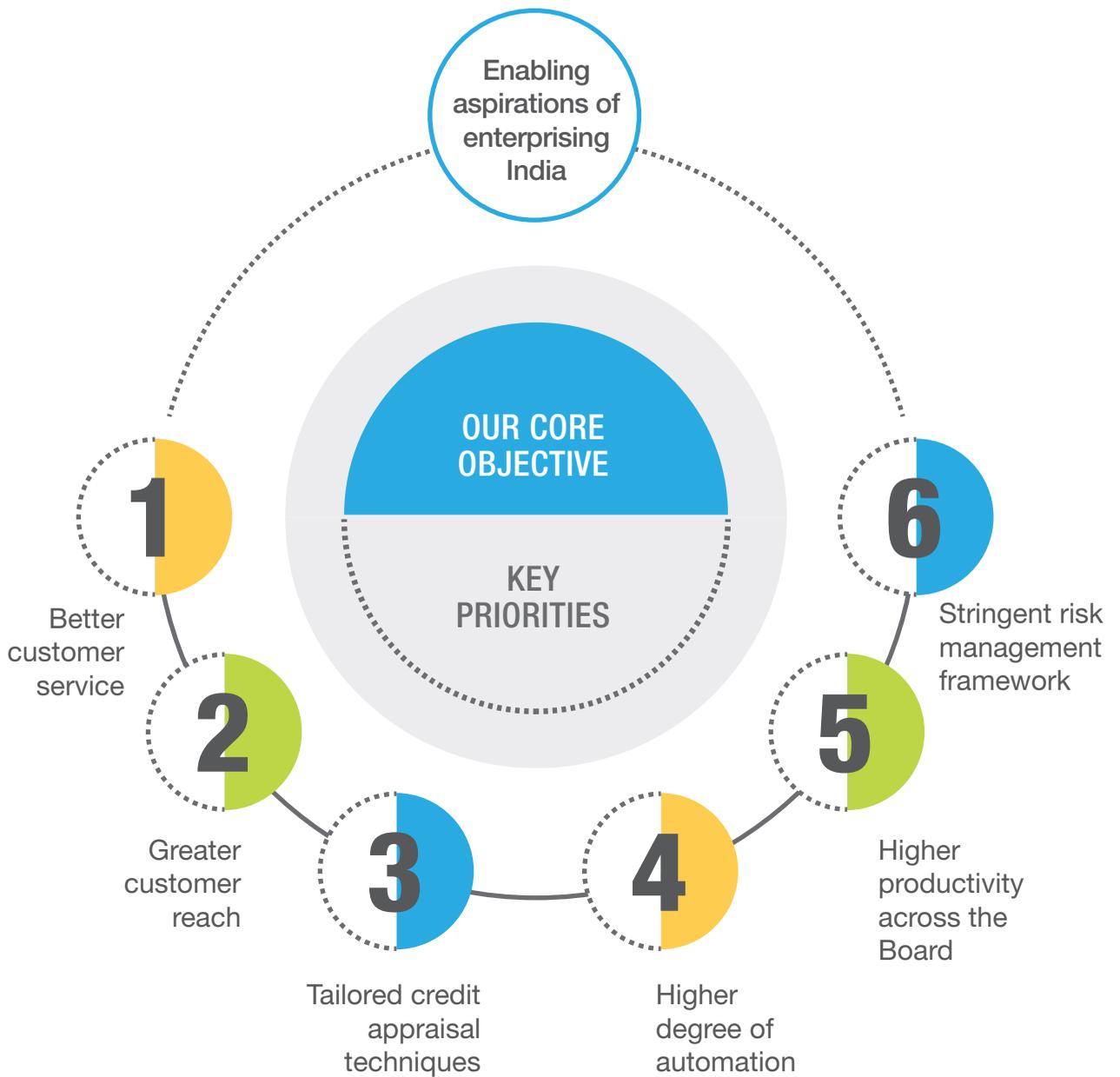
998

BRANCH NETWORK
ACROSS INDIA

26,783

MOTIVATED TEAM
MEMBERS

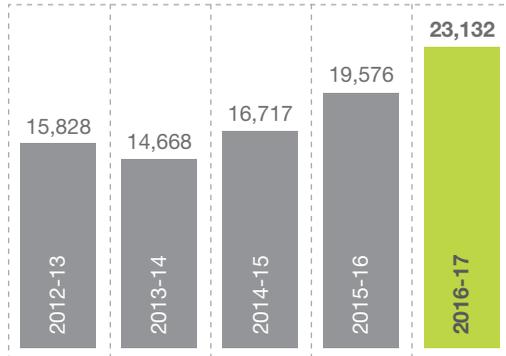
STRATEGIC IMPERATIVES



KEY PERFORMANCE INDICATORS (STANDALONE)

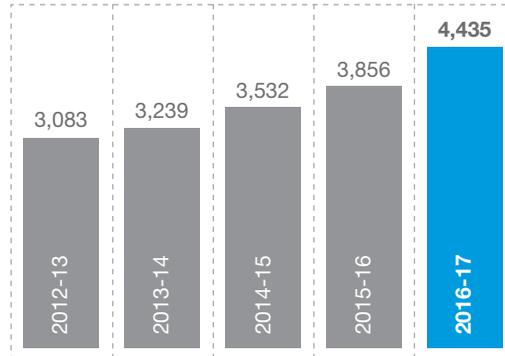
AUM

₹ in Crores



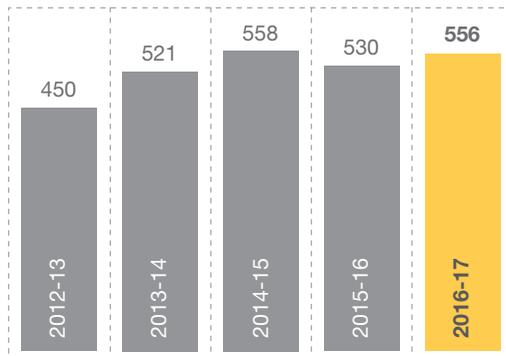
TOTAL INCOME

₹ in Crores



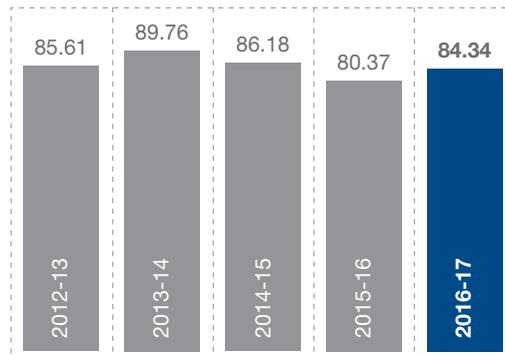
PROFIT AFTER TAX

₹ in Crores



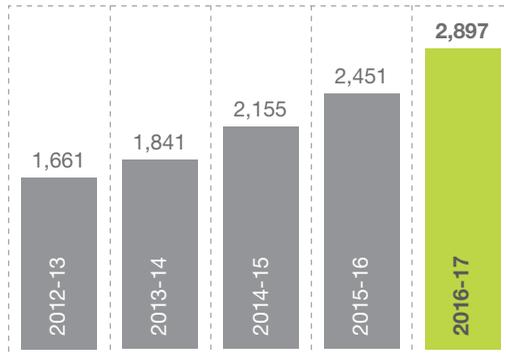
EARNINGS PER SHARE

₹



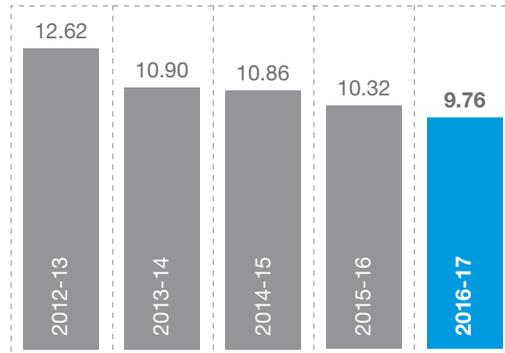
NET INTEREST INCOME

₹ in Crores

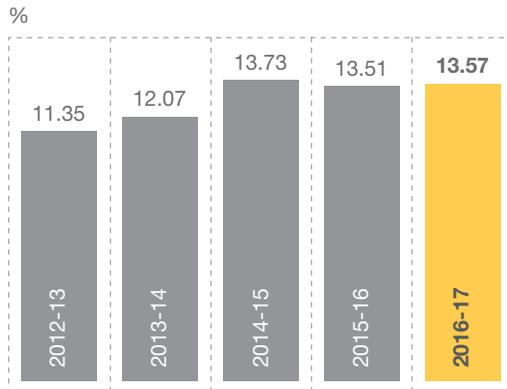


AVERAGE BORROWING COST

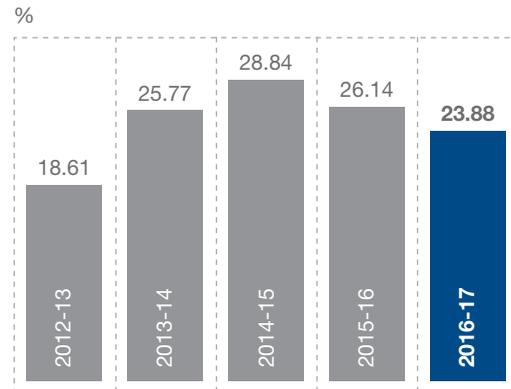
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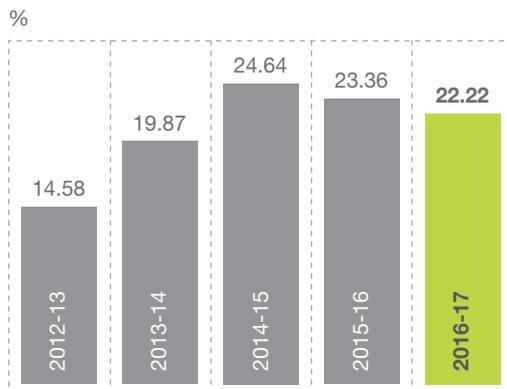
NET INTEREST MARGIN



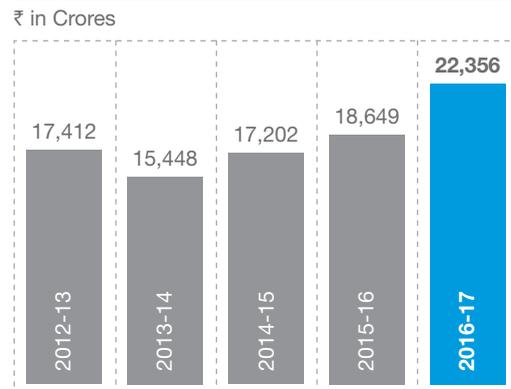
CAPITAL ADEQUACY RATIO



TIER-I CAPITAL ADEQUACY RATIO



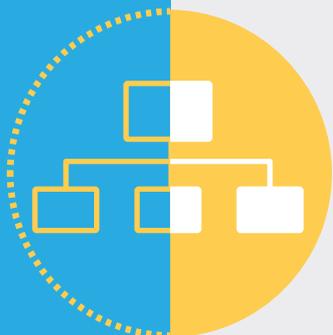
DISBURSEMENT



When we extend a helping hand, enable small aspiring businesses to grow and achieve their vision, we make a meaningful contribution.

Towards India's drive for inclusive growth.

**Robust
operating
architecture**

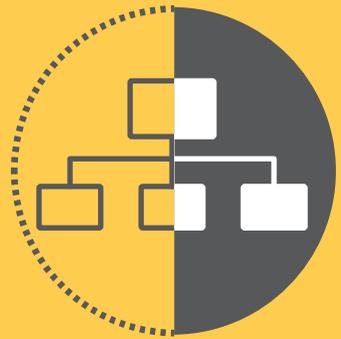


**Customers
to loyal
partners**

**New-age
technology
infrastructure**



Robust operating architecture



We operate a 'hub-and-spoke' business model, where responsibilities from loan origination to recoveries are vested in each of our business outlets. The entire operational canvas is supervised by our head office in Chennai.



The integration is managed through a proprietary ERP platform. It enables the management to monitor each loan from origination to repayment or recovery of the loan.

Faster decision-making

Our senior management is primarily responsible for the policy formulation of our businesses. However, the decision-making process (about loans) is decentralised and primarily vested in our business outlets. These outlets ensure faster credit approvals and more efficient turnarounds in processing loans.

Seamless structure

We closely monitor our assets and borrowers through our officials at each business outlet. Our officials develop relationships with our target customer base, which enables us to capitalise on local knowledge.

Our officials are responsible for (i) loan origination, (ii) credit evaluation, (iii) pre-lending field investigations where they personally visit our

prospective customers at their homes or offices, and (v) post-lending procedures. The team of officials responsible for origination of a loan is also responsible for the timely servicing of loans, recoveries and monitoring the performance of each loan from origination to closure of the loan.

We believe our efficient credit policies, credit approval procedures, credit delivery process and relationship-based loan administration and monitoring methodology have helped us increase our customer loyalty; and earn repeat business and customer referrals.

Stringent credit policies

We follow stringent credit policies, including limits on customer

exposure and the nature of security provided to bolster the asset quality of our loans. Additionally, we have nurtured a culture of accountability by making our product executives at each business outlet responsible for loan administration, as well as recovery of loans they originate.

Customers to loyal partners



We are expanding our reach in existing markets and foraying into unexplored territories. We are consistently enhancing our prominence as one of the most trusted NBFC brands through effective marketing techniques and customer-engagement programmes.



Dealer relationships

We reach potential customers largely through direct contact at dealer showrooms for two-wheelers. Our products and schemes are demonstrated at these customer touchpoints by our field executives. These touchpoints allow us to influence key decision-makers. In addition, these touchpoints provide customers in-depth insights into our products and generate 'good' leads for us.

Personalised loan offers at Loan Melas

We arranged Loan Melas in partnership with two-wheeler dealers. These served as a platform to connect with potential buyers and offer them personalised loans. Besides, it helped increase our brand visibility and generated leads.

Touchpoints to Trustpoints

Our team visits customer touchpoints and educate potential customers about the advantages of working with a registered financial agency vis-à-vis local money lenders. These touchpoints have now become 'trustpoints' where potential customers are converted, while old customers reach us for repeat loans.

Referrals and Word-of-Mouth

As we serve the financially underserved communities, we rely heavily on referrals and word-of-mouth marketing by our current customers to gain new businesses. Besides, over 20% of our customers generate repeat businesses.

Also, we use opinion leaders like the panchayat members, school teachers and other local leaders of communities to influence potential customers.

Telemarketing

After various strategies generate leads, we conduct follow-ups through direct face-to-face marketing and telemarketing. These techniques are used to achieve higher brand recall and sales.

Cold Calling

We also employ cold calling techniques where our agents make personalised calls from pre-determined call lists. These too yield good results in generating business.

Dealers meet for achievement celebrations

Our sales in two-wheelers finance segment reached the five-million mark in FY 2016-17. To celebrate this achievement, we arranged 'dealers meet' across key regions. All our dealers of major automotive manufacturers were part of the event. We had interactive sessions with dealers and felicitated the best-performing dealers to acknowledge their efforts.

Road ahead

Our consumers and their financial requirements are evolving with each passing day. Our marketing strategies are attuned to address these requirements. Digital marketing is the way forward for us; and we will be increasingly leveraging this platform in the coming years.

New-age technology infrastructure



Growing digitisation has made it imperative for us to embrace a robust information technology (IT) framework. Adopting advanced technology will help us integrate our processes, reduce operational costs and strengthen our capabilities.



Core Business Solution

The Core Business System (CBS) is a comprehensive, integrated retail-loan business solution.

The CBS works on web-enabled technology and guarantees non-stop performance. It manages receipting, follow-ups, lead generation and approvals through automated functions. Our branches are computerised and connected through MPLS VPN or broadband.

The system provides tight user-security with an integrated 'maker-checker'. Moreover, its 'quantitative credit analysis model' is used for evaluating SME loans. IT architecture helps to centrally control workflow-enabled applications and parameterised business rules.

The system has an integrated collection and delinquency management system.

Key initiatives in FY 2016-17

Introduced mobile app technology for easy lead management and loan disbursement across branches. Customised mobile app for customer convenience – apply for loans, complete e-KYC, make payments, get mini statements, identify branches and more.

Utilised the mobile app in various ways to connect with customer – new product campaign, customer details change and so on.

Facilitated single sign-on user interface for core application for enhanced loan application process across branches.

Used CRM application for the Company's product suite and follow-up of business acquisitions.

Facilitated host-to-host payments as a part of automation to avoid time delay and errors.

Data centre

We have established two state-of-the-art data centres in Mumbai and Chennai. These are operated by professionals providing 24x7 support with over 99.99% uptime.

- ➔ We have adopted Green IT approach by influencing cutting-edge technologies like virtualisation and power efficient hardware components.
- ➔ We have implemented application load balancer and extra precautions against virus.

- ➔ Data is stored in high-end enterprise storage for better availability, performance, scalability and data replication.

- ➔ We ensure a high level of data security through physical and digital means.

Branch infrastructure

- ➔ Substituted desktops with thin clients.
- ➔ Enhanced performance of thin clients by connecting to a server-cum-storage device, using the virtualisation solution to avoid overhead costs of desktops.
- ➔ Ensured safety of customer assets and our data in branches through deployment of latest technology-enabled centralised monitoring and surveillance systems.

Going forward

Our endeavor will be to sustain our leadership position in the spaces of Small Enterprise Finance and Two Wheeler loans. We will also strive to further strengthen our initiatives in Information Technology to leverage the potential of IT to provide more customer-centric services.

IN STEP WITH COMMUNITY ASPIRATIONS

At Shriram City, we are contributing towards building a new India by imparting training to eligible young people, especially from economically disadvantaged families. We are involved in several initiatives to provide education in schools and higher educational institutions.

Education

Rural schools

We supported four low-cost rural private schools, benefiting around 2,000 children from economically and socially backward homes. We provided financial and management support to these schools and empowered teachers with modern teaching amenities. The schools work towards comprehensive development of students through co-curricular activities, including sports, yoga, spoken English, projects and field visits. Parents and local communities are involved in school activities, which translate to better support for students.

Mission 100 - School education

With Mission 100, we maintain 25 rural schools in Krishna District, Andhra Pradesh. It is a long-term project that will continue till 2020, providing holistic education to rural school children. For 2016-17, we focused on improving toilet and hand-wash facilities in schools. We partly funded construction and renovation of toilets in six rural schools, benefiting 2,200 children and 80 teachers.

We organised pre-primary training programme that helped to transform classroom learning and student-teacher interactions. We encouraged the learning of Science, Mathematics and English through sponsored mobile labs, audio visual aids and digital classrooms. Besides, we funded subsidised music and dance classes, along with summer camps.

Higher education

We continued funding a renowned educational institute, which offers undergraduate, post graduate and PhD programmes in Mathematics, Physics and Computer Science. The institute is recognised as a centre of excellence in research and teaching of mathematics in India.

Skill development and livelihood

We support skill building for youth. We provide financial support to the school, which benefits 100 students every year. Students get trained as technicians (such as welders and electricians) under certificate courses approved by the State Council for Vocational Education.

We work with different partners to provide vocational training to youth in rural and urban areas. Imparted skills in hospitality and healthcare, leading to employment opportunities in these fast-growing sectors. Additionally, we monitor the progress of youth and their continued employment opportunities in these sectors.

Other projects

We continued our support for a Hyderabad-based NGO in FY 2016-17. The NGO works with infants and children in government run orphanages and arranges for medical treatment for critically-ill children. We provided financial aid for their treatment and supported the orphanage staff.



**GOVERNANCE
REPORTS**

- 20** Report of the Board of Directors
- 27** Report on Corporate Governance
- 43** Management Discussion and Analysis

**FINANCIAL
STATEMENTS**

- 80** Standalone Financial Statements
- 134** Consolidated Financial Statements

REPORT OF THE BOARD OF DIRECTORS

To,
The Members of Shriram City Union Finance Limited

Dear Members,

The Directors are pleased to present this 31st Annual Report with the audited standalone and consolidated financial statements of the Company for the financial year ended March 31, 2017 ("Year"). The consolidated financial statements are 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 part of this Annual Report. The report on corporate governance, management discussion and analysis and other annexures mentioned in the report 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.

Particulars	Standalone		Consolidated	
	Year ended March 31,		Year ended March 31,	
	2017	2016	2017	2016
Profit before depreciation and taxation	888.26	843.76	932.58	886.99
Less: Depreciation	34.62	36.92	35.71	37.62
Profit before tax	853.64	806.84	896.87	849.37
Less: Provision for taxation	297.58	277.06	312.29	290.75
Profit after tax	556.06	529.78	584.58	558.62
Less: Minority Interest	-	-	6.49	6.56
Profit after tax and minority interest	556.06	529.78	578.09	552.06
Add: Profit brought forward from previous Year	1,335.14	1,134.93	1,368.12	1,150.25
Profit available for appropriation	1,891.20	1,664.71	1,946.21	1,702.31
Appropriations:				
Transfer to general reserve	55.61	52.99	55.61	52.99
Transfer to statutory reserve	111.22	105.97	115.70	110.61
Transfer to debenture redemption reserve	22.47	51.22	22.47	51.22
Dividend paid on equity shares of ₹ 10/- each fully paid-up				
Year 2015 – 16 : Interim ₹ 5.00, Final ₹ 10.00	-	98.89	-	98.89
Year 2016 – 17 : Interim ₹ 5.00	32.97	-	32.97	-
Corporate dividend tax	6.35	20.49	6.35	20.49
Net surplus in the statement of profit and loss	1,662.58	1,335.15	1,713.11	1,368.11
Earning per share				
Basic (₹ not annualised)	84.34	80.37	87.68	83.75
Diluted (₹ not annualised)	84.24	80.27	87.58	83.64

There were no material changes and commitments affecting financial position of the Company occurring between March 31, 2017 and the date of this report.

2. APPROPRIATIONS AND TRANSFER TO RESERVE

The Board of Directors ("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 Companies Act, 2013 ("Act").

3. DIVIDEND

The Board had formulated Dividend Policy as required under LODR. Interim dividend was paid and the final dividend is recommended in line with the Dividend Policy. The dividend paid for the year ended March 31, 2016 and interim dividend paid for the Year are stated below for reference along with proposed dividend for the year. The final dividend 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 16-17)	6,59,37,557	5.00	32.97	6.71	39.68	November 18, 2016
Proposed Final (FY 16-17)	6,59,43,402	10.00	65.94	13.42	79.37	
Total		15.00	98.91	20.14	119.05	
Interim (FY 15-16)	6,59,20,272	5.00	32.96	6.71	39.67	November 18, 2015
Final (FY 15-16)	6,59,31,207	10.00	65.93	13.42	79.35	August 18, 2016
Total		15.00	98.89	20.13	119.02	

The Register of Members and Share Transfer Books will remain closed from June 24, 2017 to June 30, 2017 (both days inclusive) for the purpose of final dividend for the Year and for the Annual General Meeting ("AGM") scheduled to be held on June 30, 2017.

In compliance with Section 124 (5) of the Act, the Company transferred the dividend that 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"). Accordingly, during the Year an amount of ₹ 0.055 crores (2015-16: ₹ 0.049 crores) were transferred to IEPF. An amount of ₹ 0.83 crores (2015-16: ₹ 0.73 crores) is lying in unpaid equity dividend account of the Company. The unpaid dividend till the end of the financial year 2008-09 has been transferred to IEPF. The Company shall, as provided under Section 124(6) of the Act, transfer all shares in respect of which unclaimed dividend has been transferred to IEPF. There will be no claim lie on the Company on account of dividend after the dividend is transferred to IEPF.

the Act. All transactions or arrangements entered into 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.shriramcity.in/Investors> → Company information → Policies. 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 it's 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

4. LOANS AND CONTRACTS WITH RELATED PARTY AND ANNUAL RETURN

Note nos 12,14 and 27 of the notes to the financial statements states the particulars of loans, guarantees and investments covered under Section 186 of

5. STATE OF AFFAIRS OF THE COMPANY

The Company specializes in financing small businesses and in financing retail asset predominantly in under-served areas.

During the Year, the total disbursements of loans under different products were ₹ 22,355.64 crores (2015-16 : ₹ 18,648.54 crores). Income from operations for the Year grew by 15.56% percent to ₹ 4,431.62 crores and profit before tax of ₹ 853.64 crores for the Year (2015 -16 : ₹ 806.84 crores). As at March 31, 2017 the total assets under management stood at ₹ 23,132.00 Crores (March 31, 2016 : ₹ 19,575.82 crores).

During the Year, the total consolidated disbursements of loans under different products were ₹ 23,320.24 crores (2014-15 : ₹ 19,441.00 crores). Consolidated Income from operations for the Year grew by 17.64

percent to ₹ 4,703.59 crores (2015 -16 : ₹ 3,998.19 crores) and profit before tax of ₹ 896.87 crores for the Year (2015 -16 : ₹ 849.37 crores). As at March 31, 2017 the consolidated assets under management stood at ₹ 24,906.96 crores (March 31, 2016 : ₹ 20,850.85 crores).

The funding source for the Company was through private placement of non convertible debentures (“NCDs”) with banks / institutions, Fixed deposits, commercial papers and borrowings from banks/ financial institutions by way of term loans as summarized below.

During the Year ended March 31,	₹ in crores			
	Deposits	Privately placed NCDs	Term loans	Total
2017	1,185.57	390.00	2,845.00	4,420.57
2016	1,358.37	583.70	4,170.00	6,112.07

In addition, resources were mobilized through cash credit / working capital demand loans from banks.

Balance outstanding on cash credit as on March 31, 2017 was ₹ 1,124.02 crores (March 31, 2016: ₹ 845.28 crores) & Working capital demand loans as on March 31, 2017 was ₹ 339 crores (March 31, 2016: ₹ 25 crores).

There were 8328 numbers of deposits amounting to ₹ 90.92 crores which had matured for payment and were due to be claimed or renewed. Subsequent follow-up for repayments/renewals resulted in the number reducing to 5445 number of deposits amounting to ₹ 55.41 crores as on May 2, 2017. 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 ratings obtained by the Company are mentioned in note no. 50 to note to financial statements.

The frauds detected during the Year are reported in note

no.29 of the Notes to Accounts. The fraud committed and detected were in normal course of business of the Company.

6. CAPITAL AND LISTING

During the Year 16,250 no (2015 - 16 : 21,540) of equity shares were allotted to the eligible employees of the Company on exercise of their option under Employees Stock Options Scheme 2006. The ESOP Scheme titled SCUF ESOP Scheme 2013 as approved by the members in the EGM held on May 31, 2013 has not been implemented. The required disclosures on ESOP as on March 31, 2017 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 shares holders	No of unclaimed equity shares
Unclaimed equity shares as on April 1, 2016	32	3,500
Shares claimed by shareholders during the Year	-	-
Transfer of unclaimed equity shares during the Year	-	-
Unclaimed equity shares as on March 31, 2017	32	3,500

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.

7. HUMAN RESOURCE

Human Resource plays a vital role in securing success of the Company. Investment in development of skills and accelerating growth of employees are important all the time. During the Year, the Company enjoyed a cordial relation with employees with no unrest. The Company has put in place a policy on the prevention of sexual harassment of women employees in work place. The total employee strength of the Company as on March 31, 2017 stood at 26,783 with 11,002 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

The only subsidiary of the Company, M/s Shriram Housing Finance Limited (CIN - U65929TN2010PLC078004) ("SHFL") is a registered entity with National Housing Bank ("NHB") for doing housing finance (Registration Number-08.0094.11) with registered office at Chennai. Its equities are not listed on any stock exchange.

SHFL provides home loans, loans against property and project finance loans. In the past five years, SHFL loan portfolio has grown consistently from ₹ 4.9 crores in FY12 to ₹ 1,775.0 crores at the end of FY17. SHFL disbursed ₹ 4.9 crores in FY12 as against ₹ 964.3 crores in FY17. The total borrowings of SHFL as on March 31, 2017 stood at ₹ 1,388.0 crores, out of which ₹ 734.0 crores was from allotment of NCDs (53%) and the balance amount was from borrowings from Bank and National Housing Bank (NHB).

SHFL caters to the demand for 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 country. SHFL customer base has increased to 9600 (approx.) with over 11,000 loans in its portfolio as on March 31, 2017. SHFL added 6 new branches in FY17 totalling to 85 branches as on March 2017. The total employee strength of SHFL has grown from 573 to 772 during the financial year.

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).

The annual accounts, annual reports and the related detailed information on SHFL shall be made available to the share holders of the Company and the share holders of SHFL seeking such information at any point of time. In accordance with Section 136

of the Act, the audited annual financial statements including consolidated financial statements and related information of the Company and audited accounts of SHFL are displayed on the web site of the Company at <https://www.shriramcity.in/Investors> → Annual Reports and shall be kept at the Registered Office of the Company and at the Registered Office of 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 Risk Management Policy 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 45 and other notes of the notes to financial statements. The Note on details of penal interest, compounding fee levied by and paid to RBI appear on note no 41 of the Notes to Accounts.

The net worth of the Company increased by ₹ 525.37 crores and the Capital Adequacy and Reserve Ratio (CRAR) and Risk Weighted Assets as at March 31, 2017 were respectively at 23.88% (year 2015-16 : 26.14%) and ₹ 22,201.54 (year 2015-16 : ₹ 18,927.70 crores). The RBI prescribes the maintenance of CRAR above 15 percent.

10. CORPORATE GOVERNANCE

The Company adheres to high standard of corporate governance. 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 - 1). As required under Regulation 34 (2) (e) and 34 (3) 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 of Directors at their meeting held on May 2, 2017 (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 capitalization 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”)

As required under Section 135 of the Act, the Company has constituted a CSR Committee consisting of three Directors including two Independent Directors. 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 is displayed on the website of the Company. The Company undertook CSR Projects on health, education and skill development through implementing Agent. The spend on CSR during the Year was approved by the Board of Directors of the Company as recommended by the CSR Committee.

During the Year, the Company had spent ₹ 6.89 crores on the CSR activities of the Company (2015 – 16 : ₹ 6.50 crores). The Board affirms that the CSR activities are implemented in accordance with CSR Policy.

13. DIRECTORS AND MEETING OF THE BOARD

The details of meetings of the Board held and the details about appointment, induction, training, retirement and resignation of Directors 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. The Board has Audit and Risk Management Committee (“ARMC”) as specified under Section 177 (8) of the Act. Risk Management Policy was implemented during the Year as reviewed and approved by the Board on the recommendation of the ARMC. In compliance with Section 178 of the Act, the Board has constituted Nomination and Remuneration Committee (“NRC”). 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 of 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 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. The Board carried out annual performance evaluation of its own, the Committees and individual directors based on the criteria and frame work adopted by the Board. The results of such evaluation were placed before the Board. The brief profile of each director appear on the website of the Company. 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. As per provisions of the Act and Articles of Association of the Company, Sri Gerrit Lodewyk Van Heerde holding (DIN – 06870337) will retire by rotation. Sri Gerrit Lodewyk Van Heerde, being eligible, offers himself 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, 2016 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 during the Year.
- (vi) proper systems had been devised to ensure compliance with provisions of applicable laws, which were adequate and were operating effectively during the Year.

15. AUDIT AND AUDITORS

The attached Independent Auditors Reports for the Year (standalone and consolidated) submitted to members of the Company 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 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, have conducted audit and 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 2017-18.

The Auditors M/s Pijush Gupta & Co., Firm Registration No – 309015E Chartered Accountants, Kolkata ('PGC') retire at the conclusion of the ensuing AGM. By virtue of Section 139(2) of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, PGC are not eligible to continue as the auditors of the Company.

M/s G.D. Apte & Co. Firm Registration No – 100515W Chartered Accountants ("GDA") have confirmed their eligibility and have communicated their willingness to accept the office as auditors, if appointed by the shareholders. Necessary resolution for appointment of GDA as Auditors from the conclusion of this AGM till conclusion of 36th AGM 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 ₹ 1.20 crores during the year 2016-17 (2015-16 : Nil). There was no outgo of foreign exchange during the Year (2015 – 16 : ₹ 98.77 crores).

17. ACKNOWLEDGEMENT

The Board expresses its deepest appreciation and gratitude for the guidance and co-operation extended to the Company by RBI, statutory authorities and regulators. The Board also thanks the banks and financial institutions for their timely financial assistance to the Company and helping the Company to reach out to customers across the country. The Board thanks the auditors of the Company for their guidance. Special thanks are due to the employees of the Company who contributed their skills, enthusiasm, commitment and dedication which have over the years helped the Company to earn prominence. 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

Place : Chennai
Date : May 2, 2017

Debendranath Sarangi
Chairman

Annexure 1

REPORT ON CORPORATE GOVERNANCE

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 Board of Directors of the Company ("Board") comprises of Executive, Non Executive, Independent and Non Independent Directors in optimum number to ensure independent functioning of the Board. More than half of the Board members are Independent Directors. 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 (Annexure – 13). NRC has formulated a policy on Appointment, Remuneration and Diversity of Board (Annexure – 13). This ensures diversity of

qualification, experience, expertise, gender and age of the Board. The appointment of Directors is made through a transparent process. Directors appointed are issued appointment letters. The formats of such appointment letter is displayed on the web site of the Company at <https://www.shriramcity.in/Investors> → Company information → Policies. 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.shriramcity.in/Investors> → Company information → Policies. 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. The Board Members possess the qualification, skill, experience and expertise with diversity of thoughts required to guide the Company. The details of present Board consisting of 11 members are mentioned below.

S No	NAME OF THE DIRECTOR	DIN	CATEGORY OF DIRECTORSHIPS		POSITION
1	Sri Debendranath Sarangi	01408349	NE	I	Chairman
2	Sri Duruvasan Ramachandra	00223052	E	NI	Managing Director and CEO
3	Sri Gerrit Lodewyk Van Heerde	06870337	NE	NI	Director
4	Sri Gopalamudram Srinivasaraghavan Sundararajan	00361030	NE	NI	Director
5	Sri Khushru Burjor Jijina	00209953	NE	NI	Director
6	Smt Maya S Sinha	03056226	NE	I	Director
7	Sri Pranab Prakash Pattanayak	00506007	NE	I	Director
8	Sri Ramakrishnan Subramanian	02192747	NE	NI	Additional Director
9	Sri Ranvir Dewan	01254350	NE	NI	Director
10	Sri Shashank Singh	02826978	NE	NI	Director
11	Sri Subramaniam Krishnamurthy	00140414	NE	I	Director
12	Sri Venkataraman Murali	00730218	NE	I	Director
13	Sri Vipen Kapur	01623192	NE	I	Director

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

Sri Gopalamudram Srinivasaraghavan Sundararajan retired by rotation at the Annual General Meeting (“AGM”) held on July 28, 2016. Sri Ramakrishnan Subramanian appointed as an additional director w.e.f. July 28, 2016 resigned from the Board and Committees w.e.f. February 3, 2017.

All Directors declared not to have hold any equity shares or convertible instruments during the Year in their name or held on beneficial basis by them in the Company as required under Para C (2) (f) of Schedule V of LODR. 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 were placed before the Board at the meeting held on May 2, 2017. None of the Directors are 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

The Board meets at least once in each quarter to review, in addition to other matters, the performance and financial results. Additional Board meetings (“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 BMs are generally scheduled in advance. The notice and agenda of each BM is given in writing to each Director in advance of the meeting. In special and exceptional circumstances, additional or supplementary item(s) is/are permitted. Where it is not practicable to attach any document to the agenda, the same is tabled at the meeting. 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) read with Part A of Schedule II 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 by the Board are communicated to the concerned department of the Company and an action taken report is placed at the meeting of the Board. The Board has complete access to all the information and employees of the Company.

All the deliberations and decisions occurring in every meeting of the Board 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 Chairman of the same meeting or by the Chairman of the succeeding meeting within the specified time line. The minutes 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 Board 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 management of the affairs of the Company is entrusted with the senior management personnel 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. Some of the powers of the Board have been delegated to Committee(s) constituted by the Board for different purposes with defined terms of reference. 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

Four meetings of the Board were held during the Year ended March 31, 2017 (“Year”) - on April 27, 2016, July 28, 2016, October 27, 2016 and January 30, 2017 and the maximum gap between the two board meetings did not exceed one hundred twenty days during the Year. The attendance of Directors at BMs, last AGM and the number of directorship, membership/chairmanship held by each Director on the board/committees of the board of other Companies are as under :

Sl No	Name of the Director	Position	BMs attended	AGM #	*	**	***
1	Sri Debendranath Sarangi	Chairman	4	Present	4	2	-
2	Sri Duruvasan Ramachandra	Managing Director and CEO	4	Present	1	2	-
3	Sri Gerrit Lodewyk Van Heerde	Director	4	Present	3	-	-
4	Sri Gopalsamudram Srinivasaraghavan Sundararajan	Director	-	Not Present	-	-	-
5	Sri Khushru Burjor Jijina	Director	1	Not Present	19	2	-
6	Smt. Maya S Sinha	Director	4	Present	8	1	1
7	Sri Pranab Prakash Pattanayak	Director	4	Present	1	-	-
8	Sri Ramakrishnan Subramanian	Additional Director	2	-	-	-	-
9	Sri Ranvir Dewan	Director	2	Present	2	-	-
10	Sri Shashank Singh	Director	4	Not Present	5	1	-
11	Sri Subramaniam Krishnamurthy	Director	4	Present	3	3	1
12	Sri Venkataraman Murali	Director	4	Present	3	-	1
13	Sri Vipen Kapur	Director	2	Not Present	3	1	-

Date of appointment/resignation and DIN of Directors, the table at point no -2.1 may be referred. #AGM held on July 28, 2016

*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.

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.

2.5 Meeting of Independent Directors

A meeting of Independent Directors was held on October 27, 2016 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.shriramcity.in/Investors> → Company information → Policies. 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 Board aligns the remuneration of Directors with the long term interest of the Company and it's shareholders. Non Executive Independent

Directors get sitting fees for each of the meeting of the Board of Directors (₹ 50,000 for each BM attended) / Committees (₹ 25,000/- for each Committee and General Meeting attended) attended. 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. No member of the Board is granted with stock options. The criteria for payment of remuneration to non executive directors is displayed on the web site of the Company at <https://www.shriramcity.in/Investors> → Company information → Policies. The sitting fees / remuneration paid to the directors during the Year are given below:

₹ in crores

Sl.No	Name of the Director	Category	Position	Sitting fees for attending meetings	Salary, allowances & Perquisites	Total
1	Sri Debendranath Sarangi	NE, I	Chairman	0.050		0.050
2	Sri Duruvasan Ramachandra	E, NI	Managing Director and CEO		0.578	0.578
3	Sri Gerrit Lodewyk Van Heerde	NE, NI	Director	-	-	-
4	Sri Gopalasamudram Srinivasaraghavan Sundararajan	NE, NI	Director	-	-	-
5	Sri Khushru Burjor Jijina	NE, NI	Director	-	-	-
6	Smt Maya S Sinha	NE, I	Director	0.039		0.039
7	Sri Pranab Prakash Pattanayak	NE, I	Director	0.040		0.040
8	Sri Ramakrishnan Subramanian	NE, NI	Director	-	-	-
9	Sri Ranvir Dewan	NE, NI	Director	-	-	-
10	Sri Shashank Singh	NE, NI	Director	-	-	-
11	Sri Subramaniam Krishnamurthy	NE, I	Director	0.039	-	0.039
12	Sri Venkataraman Murali	NE, I	Director	0.039	-	0.039
13	Sri Vipen Kapur	NE, I	Director	0.023	-	0.023

Date of appointment/resignation and DIN of Directors, the table at point no -2.1 may be referred.

composition, number of meetings of the committees held during the Year and related attendance are provided below.

3. COMMITTEES OF THE BOARD

The Board has constituted different committees as mandated under different regulations and as required for business purposes. The terms of reference of each committee is defined by the Board. The committees constituted by the Board are Asset Liability Management Committee, Audit and Risk Management Committee Banking & Securities Management Committee (formerly it was two committees Banking and Finance Committee and Securities Management Committee), Corporate Social Responsibility Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee. The constitution of the committees, appointment of members and chairperson of each committee, fixing the terms of reference of each committee and any change thereof are decided by the Board and are as per guidelines set out in regulation 18, 19, 20, 21 and other applicable regulations of LODR, RBI regulations, the Act and other requirements. Brief terms of reference,

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, Securitization, Interest Rate Approach and Gradation of Risk and other related matters and formulation of business strategy in line with the Budget. Provide frame work (comprehensive and dynamic) for measuring, monitoring and managing assets, liabilities and doing Balance sheet planning from risk-return, interest risk, liquidity risk, business risk and other risk perspective, decide risk management objectives

and ensuring adherence to the limits set by the Board, monitor the asset liability gap and strategize action to mitigate the risk associated. An Executive of the Secretarial Department or Company Secretary of the Company acts as the Secretary for the Committee. During the Year, the Committee met 4 times on April 26, 2016, July 26, 2017, October 26, 2016 and January 30, 2017.

3.1.2 Composition & attendance

Name of the Director	Position	Category	Number of meetings attended
Sri Pranab Prakash Pattanayak	Chairman	NE, I	4
Sri Duruvasan Ramachandra	Member	E, NI	4
Sri Ramakrishnan Subramanian	Member	NE, NI	1
Sri Ramasubramanian Chandrasekar*	Member	ED	4
Smt Subhasri Sriram*	Member	CFO	4

* Not members of the Board. Date of appointment/resignation and DIN of Directors, the table at point no -2.1 may be referred.

Asset Liability Management Committee was reconstituted with Sri Pranab Prakash Pattanayak as the Chairman, Sri Duruvasan Ramachandra, Sri Ramakrishnan Subramanian, Sri Ramasubramanian Chandrasekar and Smt Subhasri Sriram as the Members of the Committee w.e.f. August 1, 2016.

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 it's adequacy/ financial controls/ risk management systems/ risk assessment reports/ management letters/ letters of internal control weakness/ audit report issued by the auditor/

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 the use of funds raised through issues and it's usage for purposes mentioned in respective offer documents, 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 & Attendance

The Committee met 4 times during the Year on April 27, 2016, July 28, 2016, October 27, 2016 and January 30, 2017.

Name of the Director	Position	Category	Number of meetings attended
Sri Venkataraman Murali	Chairman	NE, I	4
Sri Debendranath Sarangi	Member	NE, I	2
Sri Pranab Prakash Pattanayak	Member	NE, I	2
Sri Ramakrishnan Subramanian	Member	NE, NI	0
Sri Ranvir Dewan	Member	NE, NI	2
Sri Subramaniam Krishnamurthy	Member	NE, I	4

Date of appointment/resignation and DIN of Directors, the table at point no -2.1 may be referred.

Audit and Risk Management Committee was reconstituted with Sri Venkataraman Murali as the Chairman, Sri Pranab Prakash Pattanayak, Sri Ramakrishnan Subramanian and Sri Subramaniam Krishnamurthy as the Members of the Committee w.e.f. August 1, 2016.

3.3 BANKING & SECURITIES MANAGEMENT COMMITTEE

The Banking and Securities Management Committee is formed for the purpose of banking, borrowing and securities management purposes. It was formed on August 1, 2016 by reconstitution of Banking and

Finance Committee and Securities Management Committee and members of respective committees. There were 40 meetings held during the Year.

3.4 CSR

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 utilization 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 & Attendance

The Committee met 4 times during the Year on April 27, 2016, July 27, 2016, October 27, 2016 and January 30, 2017

Name of the Director	Position	Category	Number of meetings attended
Smt Maya S Sinha	Chairperson	NE, I	4
Sri Debendranath Sarangi	Member	NE, I	4
Sri Gopalsamudram Srinivasaraghavan Sundararajan	Member	NE, NI	0
Sri Khushru Burjor Jijina	Member	NE, NI	0

Date of appointment/resignation and DIN of Directors, the table at point no -2.1 may be referred.

The CSR Committee was reconstituted with Smt Maya S Sinha as the Chairperson, Sri Debendranath Sarangi and Sri Khushru Burjor Jijina as the Members of the Committee w.e.f. August 1, 2016.

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 directors/ Board and Committee on an annual basis, scrutinise the declarations/undertakings by the Directors, formulate the attributes for fit & proper person independence of directors/ remuneration of directors, key managerial personnel ("KMP"), employees talent management ESOP and Employee welfare schemes, incentive plans. An Executive of the Secretarial Department or Company Secretary of the Company acts as the Secretary for the Committee.

3.5.2 Composition and attendance:

The Committee met 5 times during the Year on April 27, 2016[^], May 4, 2016^{\$}, July 27, 2016, October 27, 2016 and January 30, 2017. The composition of the Committee and their attendance are as under

Name of the Director	Position	Category	Number of meetings attended
Sri Vipen Kapur	Chairman	NE, I	3
Sri Debendranath Sarangi	Member	NE, I	4
Sri Gerrit Lodewyk Van Heerde	Member	NE, NI	2
Sri Gopalamudram Srinivasaraghavan Sundararajan	Member	NE, NI	0

Date of appointment/resignation and DIN of Directors, the table at point no -2.1 may be referred.

redressal of grievances of shareholders, debenture holders, other security holders.

The NRC was reconstituted with Sri Vipen Kapur as Chairman, Sri Debendranath Sarangi and Sri Gerrit Lodewyk Van Heerde as the Members of the Committee w.e.f. August 1, 2016.

3.6.1 Brief description of terms of reference :

Review the Security holding pattern/ listing of securities , investor/customer services and relations, resolution of grievances of security holders/ transfer to Investor Education and Protection Fund ("IEPF") and monitor the Code of Conduct for Insider Trading. The Company Secretary of the Company acts as the Secretary for the Committee.

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

3.6.2 Composition & Attendance :

The Committee had met 4 times during the Year on April 26, 2016, July 27, 2016, October 26, 2016 and January 30, 2017. The composition of the committee and the attendance are as under.

Name of the Director	Position	Category	Number of meetings attended
Sri Subramaniam Krishnamurthy	Chairman	NE, I	4
Smt Maya S Sinha	Member	NE, I	4
Sri Venkataraman Murali	Member	NE, I	4
Sri Vipen Kapur	Member	NE, I	4

Date of appointment/resignation and DIN of Directors, the table at point no -2.1 may be referred. The Company Secretary of the Company is the Compliance Officer. The Company has not received any complaint from the shareholder during the Year and no complaint was pending as on March 31, 2017.

the investments made by SHFL are reviewed by the ARMC of the Company. All the minutes of the Board and Audit and Risk Management Committee meetings of SHFL are placed before the Board and ARMC respectively of the Company regularly. A statement containing all the significant transactions and arrangements entered into by SHFL is placed before Board.

4 SUBSIDIARY COMPANY

M/s Shriram Housing Finance Limited, CIN : U65929TN2010PLC078004 ("SHFL") is the only subsidiary of the Company. SHFL is managed by it's Board of Directors. Since, SHFL is a unlisted non material subsidiary, the Company is not required to nominate one of it's independent directors on the Board of the subsidiary. 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

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.shriramcity.in/Investors> → Company information → Policies. 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 ensuing AGM, Sri Gerrit Lodewyk Van Heerde holding DIN – 06870337 will retire by rotation. Being eligible, Sri Gerrit Lodewyk Van Heerde has sought for reappointment and the Board has recommended his reappointment. The notice of ensuing AGM states details about the reappointment of above named Director.

6.3 General body meetings

The date, time and venue of last three AGMs and Extraordinary General Meetings ("EGMs") held and special resolutions passed thereat are as follows.

Year ended	AGM	Location	Date	Time	Special Resolutions passed
March 31					
2014	28th AGM	#	July 28, 2014	10.00 am	*
2015	29th AGM	#	July 28, 2015	10.00 am	**
2016	30th AGM	#	July 28, 2016	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 ₹ 25,000 crores, division of share capital under section 61 (1) (b) of the Act and alteration of Articles of Association of the Company.

** 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

EGM was held on May 30, 2014 at Narada Gana Sabha (Mini Hall) No 314 T T K Road, Alwarpet Chennai - 600 018 at 10.00 a.m. for issue and allotment of 65,79,840 equity shares on preferential basis to M/s Piramal Enterprises Limited. 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 securitization.

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	46	3,62,62,459	100	0	0	0	July 25, 2014
PBF	111	26,90,284	99.95	4	732	0.027	
E	58	4,17,43,594	97.01	14	12,86,011	2.99	July 28, 2015
PBF	166	12,81,551	99.94	9	553	0.04	
E	72	4,99,04,913	92.14	32	42,46,650	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 the resolutions proposed to be passed at the ensuing AGM shall be passed through e-voting as mandated and the same is mentioned in the Notice of the ensuing AGM. As required under Sections 108, 110 and other applicable Sections of the Act, relevant rules and regulation 44 (3) of the LODR, the Company provides the facility to Members to vote through electronic mode. The notice of the ensuing 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.

6.4 Materially significant RPTs

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 notes to financial statements.

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 the ARMC.

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. Except the matters mentioned in note no 41 of notes to accounts no penalties, strictures were imposed on the Company by stock exchanges or SEBI or any other statutory authority(ies).

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

The Company promotes ethical behaviour in all its business activities and has formulated adopting policy "Whistle blower policy and vigil Mechanism" in line with regulation 22 of the LODR and RBI regulations for employees to report concerns about unethical behavior providing for adequate safeguard against victimization of directors/employees, who avail of the mechanism. No person has been denied access to the ARMC. This policy is disclosed in the web site of the Company at <https://www.shriramcity.in/Investors> → Company information → Policies. The Company has formulated Prohibition of Insider Trading and Corporate Disclosure Policy, which is displayed on the web site of the Company at <https://www.shriramcity.in/Investors> → Financials → Investor Presentations.

6.9 Reconciliation of share capital audit

As mandated under Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996, the Company carried out 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 on a quarterly basis during the Year by a practicing Company Secretary appointed by the Board. The audit report did not have any adverse comment and the same was submitted quarterly to BSE and NSE within stipulated time.

6.10 Means of communication

The Company communicated with share holders and investors through multiple channels of communications such publication in news papers, disclosure to BSE and 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/Investors> → Financial Results. The Company's website www.shriramcity.in contains a separate section "INVESTOR", where shareholder information are displayed. The annual report of the Company is also displayed in the same section of the web site of the Company. The Annual Report of the Company containing director's report along with annexures thereto, stand alone 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, scufncd8@shriramcity.in and 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 www.connect2nse.com and on BSE Listing Centre <http://listing.bseindia.com>. The presentations made by the Company to analysts are displayed on the web site of the Company at <https://www.shriramcity.in/Investors>
 → Company information → Policies

6.11 Details of thirty first AGM

a. Date and Time	Friday June 30, 2017 at 10 a m
b. Venue	Narada Gana Sabha (Mini Hall), No.314, T T K Road, Alwarpet, Chennai 600 018.
c. Book Closure	June 24, 2017 to June 30, 2017 (both days inclusive)
d. Dividend	Interim dividend of ₹ 5.00 per equity share declared by the Board at its meeting held on October 27, 2016 was paid on November 18, 2016. The payment of final dividend upon declaration by the shareholders at the AGM, will be made on or after July 5, 2017 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, 2016 to March 31, 2017. The next financial year is from April 1, 2017 to March 31, 2018.

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 in NSE with stock code SHRIRAMCIT. The details of listed secured redeemable non-convertible debentures (NCDs) of the Company are as under

BSE Scrip code	NSE Scrip Code	Interest (%) p.a.	Allotment date	Due date of redemption	Face Value ₹	ISIN	Allotted (₹ in crores)	Category	Series/ Option/ Category	Product type
947088	*	10.75	04-02-11	04-02-21	800000	INE722A07182	4.00	PP	N.A.	NC
946954	*	10.50	23-11-10	23-11-17	333333	INE722A07166	6.67	PP	N.A.	NC
946991	*	10.60	13-12-10	13-12-17	1000000	INE722A07174	25.00	PP	N.A.	NC
948214	*	10.75	12-07-12	12-07-17	1000000	INE722A07372	21.50	PP	N.A.	NC
948219	*	10.75	26-07-12	26-07-17	1000000	INE722A07406	10.00	PP	N.A.	NC
947934	*	11.85	16-01-12	16-01-19	100000	INE722A08024	20.00	PP	N.A.	NC
947935	*	11.60	27-02-12	27-08-17	100000	INE722A08032	15.00	PP	N.A.	NC
947936	*	11.85	27-02-12	27-02-19	100000	INE722A08040	35.00	PP	N.A.	NC
947937	*	11.85	26-03-12	26-09-17	100000	INE722A08065	10.15	PP	N.A.	NC
947938	*	11.85	26-03-12	26-03-19	100000	INE722A08073	50.20	PP	N.A.	NC
947891	*	11.85	15-03-12	15-03-19	100000	INE722A08057	100.00	PP	N.A.	NC
948722	*	11.15	31-12-12	31-12-19	1000000	INE722A08081	60.00	PP	N.A.	NC
948932	*	11.15	07-01-13	07-01-20	1000000	INE722A08099	15.00	PP	N.A.	NC
951983	*	9.10	27-03-15	27-03-18	1000000	INE722A07588	100.00	pp	N.A.	NC
952293	*	zero	09-06-15	01-06-17	1000000	INE722A07596	16.00	pp	N.A.	NC
952321	*	9.30	17-06-15	17-06-20	1000000	INE722A07612	50.00	PP	N.A.	NC
952335	*	9.30	22-06-15	22-06-20	1000000	INE722A07620	50.00	pp	N.A.	NC

BSE Scrip code	NSE Scrip Code	Interest (%) p.a.	Allotment date	Due date of redemption	Face Value ₹	ISIN	Allotted (₹ in crores)	Category	Series/ Option/ Category	Product type
952507	*	9.18	17-07-15	10-07-17	1000000	INE722A07661	2.70	PP	N.A	NC
952635	*	9.07	12-08-15	10-08-18	1000000	INE722A07679	35.00	PP	N.A.	NC
952937	*	8.95	30-10-15	30-10-18	1000000	INE722A07687	75.00	pp	N.A.	NC
954551	*	8.85	25-07-16	22-03-18	1000000	INE722A7703	175.00	PP	VII	NC
955112	*	8.25	07-10-16	07-10-19	1000000	INE722A7711	100.00	PP	VII	NC
955962	*	8.20	10-03-17	16-04-20	1000000	INE722A07729	115.00	PP	VII	C
934858	N8	10.75	06-10-12	06-10-17	1000	INE722A07422	76.50	PI	II	NC
	N8	11.75	06-10-12	06-10-17	1000	INE722A07422		PI	II	NC
934860	NA	10.75	06-10-12	06-10-17	1000	INE722A07448	34.70	PI	IV	C
	NA	11.75	06-10-12	06-10-17	1000	INE722A07448		PI	IV	C
934934	NC	10.75	04-01-14	04-01-18	1000	INE722A07463	3.17	PI	II	NC
	NC	10.75	04-01-14	04-01-18	1000	INE722A07463		PI	II	NC
	NC	11.25	04-01-14	04-01-18	1000	INE722A07463		PI	II	NC
	NC	11.25	04-01-14	04-01-18	1000	INE722A07463		PI	II	NC
934935	ND	10.75	04-01-14	04-01-19	1000	INE722A07471	50.20	PI	III	NC
	ND	10.75	04-01-14	04-01-19	1000	INE722A07471		PI	III	NC
	ND	11.50	04-01-14	04-01-19	1000	INE722A07471		PI	III	NC
	ND	11.50	04-01-14	04-01-19	1000	INE722A07471		PI	III	NC
934937	NF	10.75	04-01-14	04-01-18	1000	INE722A07497	2.76	PI	V	C
	NF	10.75	04-01-14	04-01-18	1000	INE722A07497		PI	V	C
	NF	11.25	04-01-14	04-01-18	1000	INE722A07497		PI	V	C
	NF	11.25	04-01-14	04-01-18	1000	INE722A07497		PI	V	C
934938	NG	10.75	04-01-14	04-01-19	1000	INE722A07505	28.20	PI	VI	C
	NG	10.75	04-01-14	04-01-19	1000	INE722A07505		PI	VI	C
	NG	11.50	04-01-14	04-01-19	1000	INE722A07505		PI	VI	C
	NG	11.50	04-01-14	04-01-19	1000	INE722A07505		PI	VI	C
934939	NH	10.75	04-01-14	04-01-19	667	INE722A07513	1.31	PI	VII	NC
	NH	10.75	04-01-14	04-01-19	667	INE722A07513		PI	VII	NC
	NH	11.25	04-01-14	04-01-19	667	INE722A07513		PI	VII	NC
	NH	11.25	04-01-14	04-01-19	667	INE722A07513		PI	VII	NC
935044	*	10.75	03-05-14	03-05-17	1000	INE722A07539	35.10	PI	II	NC
	*	11.50	03-05-14	03-05-17	1000	INE722A07539		PI	II	NC
	*	11.50	03-05-14	03-05-17	1000	INE722A07539		PI	II	NC
935046	*	10.85	03-05-14	03-05-19	1000	INE722A07547	80.60	PI	III	NC
	*	11.75	03-05-14	03-05-19	1000	INE722A07547		PI	III	NC
	*	11.75	03-05-14	03-05-19	1000	INE722A07547		PI	III	NC
935050	*	10.75	03-05-14	03-05-17	1000	INE722A07562	7.65	PI	V	C
	*	11.50	03-05-14	03-05-17	1000	INE722A07562		PI	V	C
	*	11.50	03-05-14	03-05-17	1000	INE722A07562		PI	V	C
935052	*	10.85	03-05-14	03-05-19	1000	INE722A07570	14.50	PI	VI	C
	*	11.75	03-05-14	03-05-19	1000	INE722A07570		PI	VI	C
	*	11.75	03-05-14	03-05-19	1000	INE722A07570		PI	VI	C

*Not listed in NSE

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 fully redeemed the NCDs ISIN: INE722A7455 INE722A7489, INE722A07513 and redeemed 33.33% of the face value of NCDs on its due date on January 4, 2017. The Company paid applicable interest to NCD holders for ISIN INE722A07463, INE722A07471 and INE722A07513 on January 4, 2017. Interest to NCD

holders INE722A07539 and INE722A07547 was paid on due date on May 3, 2016 and INE722A07422 was paid on March 31, 2017 the due date for payment of interest being April 1, 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. The Company submitted the documents to the Trustees to the issue and allotment of NCDs on time during the Year in compliance of Regulation 55 of the LODR.

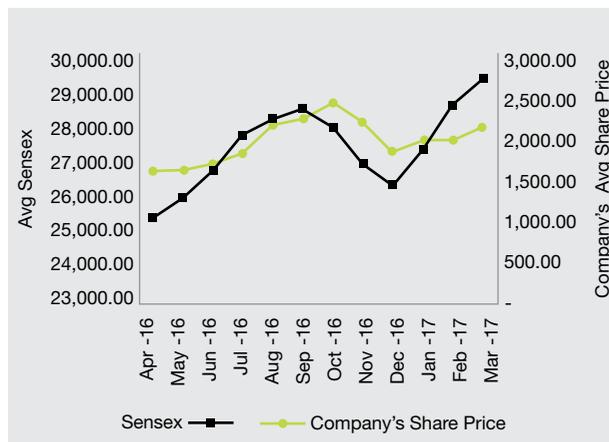
6.15 Stock market price data

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

Month	NSE						BSE					
	Per share price (in ₹) of the Company		Volume of shares traded	NIFTY (in ₹)			Per share price (in ₹) of the Company		Volume of shares traded	SENSEX (in ₹)		
	High	Low		High	Low	Average	High	Low		High	Low	Average
Apr 2016	1693.15	1481.80	339993	8084.75	7655.10	7869.93	1689.45	1485.09	41276	26064.12	24673.84	25368.98
May 2016	1689.55	1525.05	428414	8276.10	7828.15	8052.13	1685.65	1522.40	7069	26725.60	25101.73	25913.67
Jun 2016	1707.75	1591.60	322819	8416.20	8192.85	8304.53	1724.95	1594.42	34334	27020.66	26395.71	26708.19
Jul 2016	1970.40	1717.60	3338896	8860.50	8469.85	8665.18	1970.65	1630.52	2561117	28208.62	27126.90	27667.76
Aug 2016	2304.60	1929.85	555825	9000.50	8727.95	8864.23	2303.15	1939.31	72079	28452.17	27697.51	28074.84
Sep 2016	2304.60	1929.85	1368035	9177.90	8799.95	8988.93	2270.65	2106.80	30668	29045.28	27827.53	28436.41
Oct 2016	2590.65	2187.70	724064	9029.20	8784.45	8906.83	2591.40	2192.45	118992	28334.55	27529.97	27932.26
Nov 2016	2591.80	1783.70	1144380	8904.40	8124.60	8514.50	2581.85	1748.53	319024	27876.61	25765.14	26820.88
Dec 2016	1875.90	1736.35	1102405	8501.70	8083.05	8292.38	1882.40	1724.70	44477	26747.18	25807.10	26277.14
Jan 2017	2051.10	1805.05	859953	8910.00	8389.25	8649.63	2058.65	1822.05	311010	27882.46	26595.45	27238.96
Feb 2017	1990.35	1895.00	1177176	9219.25	8988.45	9103.85	1993.40	1890.58	314575	28892.97	28141.64	28517.31
Mar 2017	2359.70	1862.90	1212110	9467.10	9165.05	9316.08	2305.70	1876.05	95741	29648.99	28832.45	29240.72

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

Company's Avg Share Price Vs Avg Sensex



Company's Avg Share Price Vs Avg Nifty



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 (formerly Integrated Enterprises (India) Ltd)	2nd Floor, Kences Towers , No. 1 Ramakrishna Street, Off North Usman Road, T. Nagar, Chennai – 600 017	Ms. Anusha N Mr K Balasubramanian	+ 91 44 2814 0801 /02/03	+ 91 44 2814 2479	corpserv@integratedindia.in scuf@integratedindia.in
Public issue of NCDs 2012						
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 +91 33 2358 7188	+ 91 33 2358 7189	scuf_nov13@shriraminsight.com scuf_mar14@shriraminsight.com
Public issue of NCDs 2014						

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 (formerly GDA Trusteeship Ltd)	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 Share transfer system:

Transfer of shares held in dematerialised form are done through the depositories with no involvement of the Company. Transfer of shares existing in physical form are processed 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 Sri P. Sriram, 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.

6.20 Updation of Nomination and PAN :

Facilities for making nomination is available for securities held in physical form and the same 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 Depository Participant (“DP”). SEBI has made it mandatory for making 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. Accordingly, members are advised to update their PAN with respective RTA/DP.

6.21 Distribution of shareholding as at March 31, 2017

No. of equity shares held	Shareholders		Shares	
	Number	%	Number	%
UPTO 500	14249	94.66	956913	1.45
501-1000	364	2.42	259195	0.39
1001-2000	186	1.24	262000	0.40
2001-3000	59	0.39	146393	0.22
3001-4000	19	0.13	63639	0.10
4001-5000	16	0.11	73452	0.11
5001-10000	40	0.27	303477	0.46
10001 AND ABOVE	120	0.80	63878333	96.87
Total	15053	100.00	65943402	100.00

6.22 Shareholding pattern (in %) as at March 31, 2017

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
33.77	5.35	0.20	0.11	10.71	2.91	0.01	0.06	20.35	25.78	0.25	0.01	0.09	0.40	100

6.23. 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, 2017, 6,56,98,409 nos of equity shares (99.63 % of the shares), existed in dematerialised form. The Company's shares are liquid and are actively traded in both NSE and BSE.

6.24 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.

6.25 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 "VISIBLE ACROSS INDIA".

6.26 Address for correspondence

Registered Office :123, Angappa Naicken Street, Chennai 600 001, Ph: +91 44 25341431

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

6.27 Calendar for the financial year 2017 – 2018 (tentative)

Annual General Meeting	September, 2018
Unaudited results for the quarter ending June 30, 2017	Last week of July, 2017
Unaudited results for the quarter / half –Year ending September 30, 2017	Last week of October, 2017
Unaudited results for the quarter ending December 31, 2017	Last week of January, 2018
Audited results for the Year ending March 31, 2018	Last week of May, 2018

6.28 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 CERTIFICATE ON FINANCIAL REPORTING

The CEO and Managing Director (“MD”) and Chief Financial Officer (“CFO”) of the Company 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 CEO & MD and CFO also issue certificate on financial results every quarter, while placing the quarterly financial results before the Board in terms of Regulation 33 (2) (a) of the LODR. .

8. COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

Certificate from the auditors of the Company, M/s Pijush Gupta & 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 DIRECTOR SEEKING REAPPOINTMENT AT THE ENSUING AGM PURSUANT TO REGULATION 36 (3) OF THE LODR

Sri Gerrit Lodewyk Van Heerde (Din – 06870337)
Sri Gerrit Lodewyk Van Heerde, a citizen of South Africa, aged 49 years, (Date of Birth – October 9, 1967), holds a Bachelor’s degree in Commerce from the North West University and a Honors degree in Actuarial Science from the University of Stellenbosch in South Africa. He is a fellow of the Faculty of Actuaries in Scotland and a Fellow of the Actuarial Society of South Africa. He was the Chief Financial Officer of Sanlam Emerging Markets since November 2012 till August 2015. He has wide experience in the field of financial service and insurance industry. In his 24 years of experience in the financial services industry he has held various positions in Sanlam Group. Presently he is Group Executive – Client and Product Strategy. Sri Gerrit Lodewyk Van Heerde serves on the Board of Shriram Transport Finance Company Limited, Letshego Holdings Limited and Botswana Insurance Holdings Limited. He is not related to any director, inter-se of the Company and does not hold any shares in the Company.

Annexure 2

To
The Members of
Shriram City Union Finance Limited

We have examined the compliance of conditions of Corporate Governance by Shriram City Union Finance Ltd, CIN – L65191TN1986PLC012840 (“the Company”) for the year ended on March 31, 2017, as required under Part E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examinations were limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 24, 27, Schedule II, Part C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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.

For **Pijush Gupta & Co.**
Firm Registration No. 309015E
Chartered Accountants

Pijush Kumar Gupta
Partner
Membership No.015139

Place : Chennai
Date : May 2, 2017

Annexure 3

MANAGEMENT DISCUSSION AND ANALYSIS

Economic overview

Global economy

The global economic growth for CY 2016 is estimated at 3.1%. The primary reasons are largely to the turbulence in the world financial market in the first half of 2016 due to major setbacks such as Brexit, China's slowdown, low oil prices and overall weakness in the economies of Japan, US and Europe. Meanwhile, these setbacks were offset by stronger than expected economic activity during the second half of 2016 in the advanced economies, especially the US, which saw a deceleration in the unemployment rate, and the UK, which had higher than expected domestic demand following Brexit. With this trend, the world economy is expected to pick up steam in CY 2017 and grow by 3.4%, this time piggybacking on previously flat advanced economies. This is expected to be supplemented by the projected policy stimulus of the new US administration and its global consequences.

However, Emerging Market and Developing Economies (EMDEs) are projected to grow by 4.5% in CY 2017. Among these economies, China is expected to show strong growth at 6.5% (as compared to the previous estimate of 6.2%) on account of its policy stimulus measures; however, moderation in the growth prospects is expected among large economies such as India, Brazil and Mexico.

Indian economy

India continues to remain one of the fastest growing major economies in the world with a GDP growth of 7.1% in 2016. India has become the sixth largest manufacturing country in the world, rising up from the previous ninth position, and thus retaining its bright spot in the world economic landscape. The improvement in India's economic fundamentals has accelerated in 2016 with the combined impact of strong government reforms and RBI's inflation focus supported by moderating global commodity prices.

During 2016-17, the government announced the demonetisation of high denomination notes. The entire process was aimed at curbing corruption, counterfeiting, terrorist activities and accumulation of black money. With demonetisation, the economy is exposed to various long-term benefits. It is also hoped that in the long term, demonetisation may lead to a higher GDP growth, better tax compliance and greater tax revenues by reducing

corruption, laying emphasis on greater digitisation, increasing flows of financial savings, and ensuring greater formalisation of the economy.

The Goods and Services Tax (GST) Bill is expected to be implemented by 1 July, 2017, and it is likely to lead to spurring growth, competitiveness, indirect tax simplification and greater transparency. Apart from widening of the tax net, GST will also contribute significantly to the GDP. However, although making projections and targets for GST revenue in its first year of implementation would be difficult, we believe that GST will help boost economic progress in the long run

Overall, India is poised for a long-term growth trajectory, powered by greater access to banking and financial services, GST roll-out, digital drives and other structural reforms.

Indian financial services industry

India has a diversified financial sector which is currently undergoing a rapid expansion, both in terms of strong growth of existing financial services firms and new entities entering the market. The sector comprises Commercial banks, Insurance companies, Non-banking financial companies, Co-operatives, Pension funds, Mutual funds and other smaller financial entities. The Reserve Bank of India (RBI) has allowed new entities such as payments banks to be created recently thereby adding to the bouquet of entities operating in the sector.

Recently, RBI recently granted an in-principle approval to 10 entities for setting up small finance banks, to further push the agenda of financial inclusion. Small finance banks will be allowed to take deposits from customers. They will also be allowed to lend money to people. Most of the entities that have received the 'in-principle' nod include micro-finance institutions. This might mean that most customers of small finance banks will account for small and medium enterprises and small businesses, bringing these units under the ambit of the financial system. Small finance banks are another step towards financial inclusion.

Moreover, FinTech or financial technology has emerged as a relatively new industry in India. FinTech is an industry comprising companies that use technology to offer financial

services. These companies operate in lending, insurance, asset management and payment among others.

The key feature driving the growth of the financial services in India is the demand for these services across all income brackets, due to the financial inclusion drive from RBI. The target market has been expanded to semi-urban and urban areas giving birth to more growth opportunities in the sector. In rural areas, credit, insurance and investment penetration has been also rising. The Reserve Bank of India has also allowed 100% foreign investment under the automatic route in other financial services. (Source: IBEF)

Indian non-banking financial company (NBFC) sector

Non-banking finance companies (NBFCs) form a critical part of the Indian financial system. They play an important role in nation building and financial inclusion by complementing the banking sector in providing credit to the unbanked segments of society, especially to the micro, small and medium enterprises (MSMEs), which form the cradle of entrepreneurship and innovation.

NBFCs have performed consistently over the last ten years. Their contribution to the economy has grown by leaps and bounds from 8.4% in 2006 to above 14% in March 2015. In terms of financial assets, NBFCs have recorded a healthy growth—A compound annual growth rate (CAGR) of 19% over the past few years—comprising 13% of the total credit and is expected to reach nearly 18% by 2018–19.2 With the ongoing stress in the public-sector banks due to mounting bad debt, their appetite to lend (especially in rural areas) is only going to deteriorate, thereby providing NBFCs with the opportunity to increase their presence. (Source: PwC)

The success of NBFCs can be clearly attributed to better product lines, lower cost, wider and effective reach, strong risk management capabilities to check and control bad debts, and better understanding of their customer segments. Not only have they shown success in their traditional bastions (passenger and commercial vehicle finance) but they have also managed to build substantial assets under management (AUM) in the small enterprise finance, personal loan and housing finance sector which have been the bread and butter for retail banks.

Going forward, the latent credit demand of an emerging India will allow NBFCs to fill the gap,

especially where traditional banks have been wary to serve. Additionally, improving macroeconomic conditions, higher credit penetration, increased consumption and

disruptive digital trends will allow NBFC's credit to grow at a healthy rate of 7-10% (real growth rate) over the next five years. Clearly, NBFCs are here to stay. (Source: PwC)

MSME sector in India

The Indian Micro, Small and Medium Enterprise (MSME) sector has experienced several ups and downs in the past few years. As the Indian economy expected to emerge as one of the leading economies in the world, major impetus is being given to strengthen the backbone of our economy - the SME sector. Comprehending the significance of the SME sector vis-a-vis lending numbers to the job market, contribution to GDP and fostering entrepreneurship and innovation; numerous initiatives by our current government have been the highpoints. MSMEs form an estimated 45% of India's manufacturing output and 40% of total exports for FY 2016.

The number of MSMEs has been growing at ~4%-5% over the past five to six years. MSME credit grew at an 11% CAGR over FY 2012-16, as organised financiers increased their focus on MSME finance. It is further expected to grow by 10% -12% p.a. over the next two years. The growth is expected to be partly fuelled by a recovery in the economy that has resulted in significant unmet demand for credit in the MSME sector. (Source: HDFC Securities)

With increasing penetration in untapped territories, NBFCs have grown their share in overall MSME credit over the past 4 to 5 years. System and process innovation, superior product delivery and a focus on relationship building have resulted in an improved operating efficiency of NBFCs. Growth will also be supported by having a better customer reach, faster documentation and a higher risk appetite. In addition, NBFC loan books are growing as they replace credit typically extended to the unorganised sector.

Need of NBFCs

Even though the unorganised sector contributes significantly to the economic growth, they struggle to get sound financial banking help. A major concern raised by all the banks is the credit worthiness of the SMEs, that is, whether they have the capacity to payback the debt of loan on time. This leads to the following three major concerns faced by the sector: First is the ticket size of the loan and the high transaction cost. Second is the perception of a higher risk. Third is the lack of collaterals. NBFCs' ground-level understanding of their customers' profile and their credit needs gives them an edge over conventional banking, as does their ability to innovate and customise products as per their clients' needs. This

makes them the perfect conduit for delivering credit to MSMEs.

Government impetus

The Government of India realises the urgency for providing enhanced growth to MSME sector and therefore, 2017 will further witness strengthening of current policies and introduction of new initiatives to improve the business environment for MSMEs. The most awaited reform in 2017 is the implementation of the GST bill. Implementation of the GST Bill is expected to benefit MSMEs not only with a simpler tax structure but also with aspects such as improved technology adoption to comply with the GST system. The 'One Nation, One tax' approach will make India an open market helping SMEs explore new markets with no or low entry barriers and experience business expansion. Therefore, the upcoming GST bill is expected to revolutionise the Indian tax system and offer the SME sector an equal footing as compared to their established counterparts.

Growth drivers

- Serving the unbanked customers
- Emerging as a one-stop shop for all financial services
- Improvement of SME lending with growth in Fin-tech firms

Automobile loans sector in India

The Indian auto industry is one of the largest in the world, accounting for 7.1% of the country's Gross Domestic Product (GDP). India is the world's sixth largest vehicles manufacturer. Further, India is Asia's second largest two-wheeler manufacturer, the fifth largest producer of commercial vehicles, the fourth largest manufacturer of passenger cars and the largest manufacturer of tractors.

As a major employment generator, GDP contributor and FDI earner, the automotive industry is instrumental in shaping the country's economy and hence regarded as a 'Sunrise sector' under the Make in India campaign. To further promote the sector, initiatives are being undertaken by the Government of India to promote innovation and R&D and thereby create a favourable policy regime to make India a prominent manufacturing destination.

The Automobile Mission Plan 2016 – 2026 envisages creating India as one of the top three automobile manufacturing centres in the world with gross revenue of US \$ 300 bn by 2026.

Growth drivers

- A young population aspiring for cars and two-wheelers
- Increase in disposable income in the middle-class population
- Greater availability of credit and financing options
- Increase in addressable households
- Marginal decline in cost of ownership
- Entry of new players
- Increase in dealerships, urbanisation and access to finance

Gold loans sector in India

Gold has long been a valued commodity, particularly in India where it is considered auspicious,

and has been in use for centuries in the form of jewellery, coins and other assets. Though gold is

a highly liquid asset, it wasn't until recently that consumers leveraged it effectively to meet their liquidity needs.

Pledging gold ornaments and other gold assets to local pawnbrokers and money lenders to avail loans has been prevalent in the Indian society for many decades, particularly in the rural areas. However, over the past decade, the organised sector – banks and NBFCs – have taken the lead. The urban populace is also beginning to realise the potential value that can be realised through gold loans, which has led to rapid growth of the gold loan market in India.

Lenders provide loans by securing gold assets as a collateral. In comparison to the rest of the world, the Indian Gold loan market is a big business. Until a decade back, most of the lending was in the unorganised sector through pawnbrokers and money lenders. However, this scenario changed with the entrance of organised sector players such as banks and non-banking finance companies(NBFCs) which now gaining market share.

Growth drivers

- Quick loan approvals and disbursements, with minimal documentation.
- Multitude of loan options with higher LTVs

- Greater accessibility due to better penetration
- Non-bankable customers are also served

Housing loan sector in India

In 2016, the government announced the demonetisation of high denomination notes. This led to increase in bank deposits with a resultant decline in interest rates on deposits, loans and government securities as well as a decline in real-estate prices.

The affordable housing segment for HFCs, has grown at a fast pace. In ICRA's opinion, opportunities for growth are high for the segment given the current low penetration levels as well as the government thrust on the affordable housing segment. Overall, ICRA believes that the affordable housing segment offers good growth potential and could report reasonable returns over the long-term. There has been an increase in the number of new entrants in the housing finance market, including HFCs promoted by existing NBFCs, new companies started by entrepreneurs and supported by private equity players. This has led to increased competition in the industry. ICRA notes that the upcoming small finance banks may also target the housing finance segment (mostly affordable housing).

The Real Estate (Regulation and Development) Act, 2016 (RERA Act) came into force in May, 2016. The basic objective of the RERA Act is to protect the interests of consumers and investors by introducing a regulatory regime to regulate and improve the level of transparency and accountability in the sector. The Act is definitely a step in the right direction and is likely to restore confidence of buyers and investors in the real-estate sector over the long term. The operating environment for non-banking financial companies (NBFCs) seems to be improving. With the economy on the mend, loan disbursements have picked up in most segments, funding costs are coming down, and several banks are facing capital constraints, giving these lenders a foot in the door.

The operating environment for non-banking financial companies (NBFCs) seems to be improving. With the economy on the mend, loan disbursements have picked up in most segments, funding costs are coming down, and several banks are facing capital constraints, giving these lenders a foot in the door. However, competition is heating up across the board as new players enter.

Growth drivers:

- Rise in the disposable income in urban population
- Country's workforce comprising of a younger generation opting for Housing Loans at an early age
- Increase in Individuals opting for purchase of homes in urban cities
- Change in the family structure in India i.e. shift from joint families to single unit families

About Shriram City Union Finance

The over three decade-old Shriram City is among the more important players in the retail financing space. The company offers multiple loan products to small business owners and for acquiring assets such as two wheelers, commercial vehicles, passenger vehicles and homes. It also offers loans against gold ornaments and for personal consumption. A deposit-accepting NBFC with around 1000 branches, Shriram City is a part of the over ₹ 95,000 Crore Chennai-based Shriram Group. Shriram City is listed on the Bombay Stock Exchange and National Stock Exchange.

Our customers mainly range from replacement equipment manufacturers, traders, grain merchants, small hoteliers and caterers and similar non-corporate businesses in semi-urban India.

Product Portfolio

- Small Business Loans
- Two-wheeler Loans
- Gold Loans
- Personal Loans
- Auto Loans
- Home Loans

Core strengths

- Leading position in the high-growth small enterprise finance segment
- Established brand name in the lending industry

- Association with Shriram Group enabling us to leverage synergies
- Diversified product portfolio
- High asset quality
- Hub and spoke model of operation
- Advanced processes and systems
- Experienced leadership team
- Deviations are referred to senior officials without affecting turn-around times.
- Branches are delegated authority represented by decentralisation and are given the responsibility of collections as well.
- The Company's Risk Committee reviews and discusses all assets with significant risks, including deliberating on the sector-specific and systemic risks in the business environment.
- Other key variables monitored for risk are interest rate and liquidity.

Key Highlights, 2016-17

- Income from Operations grew by 15.6% to ₹ 4432 Crores from ₹ 3835 Crores in 2015-16
- Assets under Management increased by 18.2% to ₹ 23132 Crores from ₹ 19576 Crores in 2015-16
- Loans disbursement grew by 19.9% to ₹ 22356 Crores from ₹ 18649 Crores in 2015-16
- Net Owned Funds increased by 11.5% to ₹ 5025 Crores from ₹ 4505 Crores in 2015-16
- Capital Adequacy stood at 23.88%

Risk management

The Company's risk management policy stems from a philosophy of pursuing sustainable growth and creating economic value, while calibrating and mitigating risks. It is integral to how we plan and execute business strategies.

Credit Risk Management

- The Company possesses a robust risk management template to manage risks associated with underwriting and customer defaults.
- Customer selection is of paramount importance, and in this the Company's Business Development and Credit teams have the necessary expertise to ensure asset quality.
- Underwriting decisions are based on knowledge about the prospective customer's business as well as assessment of his cash flows and ensuring adequacy of collateral or guarantees.

Operational Risk Management

- Despite decentralisation, credit underwriting at the Company adheres to a comprehensive Credit Policy.

Human Resource Risk Management

- The Company offers a challenging and yet rewarding work environment to its workforce.
- Employees are trained to think like entrepreneurs and are rewarded monetarily as well as with career advancements for their achievements.
- The Company has among the lowest employee attrition levels beyond the two-year vintage.

Interest Rate Risk Management

- The Company's resources are a blend of fixed, semi-fixed and floating rate loan borrowings, while its asset offerings are fixed rate products.
- Any risk arising from this situation is however mitigated by the Company choosing its lenders with care and with aggressive negotiation thereby ensuring the finest rates for itself, thereby keeping a positive Asset-Liability combination.

Resources management

Management of liabilities largely depends upon requirement of funds for efficiently managing the business. Factors that are key in treasury management are interest rates, liquidity and risk profiles of various sources / avenues available for borrowing.

Liquidity is the ability to meet liabilities as they become due. Liquidity can have impact on profitability in an adverse situation. Liquidity management should not only measure liquidity positions on an ongoing basis but also under crisis scenarios. Thus, measuring and managing liquidity risks along with interest risks and are vital for effective management of business.

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.

Rate of interest of the various borrowings cannot be completely under control and therefore are subject to constant 'during course correction'. The management on a continuous basis reviews and provides necessary direction, if so required for change in borrowings mix so that the cost of funds is available at the 'best possible rate'.

The Management has also put in place various risk management techniques i.e. 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 the market / various macro-economic factors influencing the borrowings, the company has borrowing schedule from various sources of funding like wholesale, retail, fixed rate instruments, floating rate instruments etc., Decisions in choosing the effective borrowing mix apart from the above stated key factors are also to an extent influenced by taking into consideration the possibilities enhancement of relationship, the long term interest, past experiences and basket of product offerings among others.

Human resources

People are the biggest strength of any Company and the Shriram City is committed to providing its people with an enriching career path to help them grow. The Company is committed in providing their employees the Best in class training and development programs to nourish their talent. This will help the Company to build the best-in-class team led by exceptional individuals and build a respected organisation.

Key Highlights, 2016-17

- Allotted ESOPs for rewarding employees
- Conducted soft skill training across respective state head offices
- Encouraged women employees to take up leadership roles
- Conducted regular health camps
- Conducted periodic trainings to improve functional skills

- Organised cash dispensing at our office premises during demonetisation with other banks
- Celebrated Women's Day across all our offices
- Conducted regular discussions between reporting heads and respective teams for better team bonding, understanding and coordination

As of 31st March 2017, the Company's total employee strength was over 26783, with 11,002 employees added during 2016-17. During the year, the Company exercised a well-thought incentive plan, which did not only motivate the employees but also helped in enhancing their performance and unleash their true potential. Throughout the year, the company undertook several programs specifically designed to upgrade the employees' skill set and motivate them.

Internal control systems

The Company possess adequate internal control to ensure that all assets are protected against loss from unauthorised use or disposition and that all transactions are authorised, recorded and reported correctly. An efficient internal audit department monitors adherence to these controls. Statutory auditors also present their suggestions to the appropriate committees of directors for improvements in control and compliance. The Audit Committee regularly reviews the audit findings as well as the adequacy and effectiveness of the internal control measures.

Cautionary statement

Statements made in this Management Discussion and Analysis Report may contain certain forward-looking statements based on various assumptions on its 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 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's 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

Annexure 4**COMPLIANCE CERTIFICATE BY CEO / CFO**

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") to the best of our knowledge and belief, certify that

- (i) we have reviewed the Balance Sheet as at March 31, 2017 and statement of Profit and Loss for the Year ending on same date, Cash Flow statement as on the same, 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 except mentioned in Notes to accounts;
 - c) no significant instances of fraud detected during the Year ending March 31, 2017 except the frauds reported in note no - 29 of Notes to Accounts.

Duruvasan Ramachandra
Managing Director and Chief Executive Officer

Ramasubramanian Chandrasekar
Executive Director and Chief Financial Officer

Place : Chennai
Date : May 2, 2017

Form No. AOC - 2

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

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

1. Details of contracts or arrangements or transactions not 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	-

Annexure 6

Form No. MGT - 9
EXTRACT OF ANNUAL RETURN
as on the financial Year ended on March 31, 2017

[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 Contact No. 044- 2534 1431
vi) Whether listed company	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Integrated Enterprises (India) Limited 2nd Floor, 'Kences Towers', No.1 Ramakrishna Street, North Usman Road, T Nagar, Chennai – 600 017 Contact No.: 044 – 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	
A. Promoters									
1.	Indian								
a)	Individual/ HUF	-	-	-	-	-	-	-	-
b)	Central Govt	-	-	-	-	-	-	-	-
c)	State Govt (s)	-	-	-	-	-	-	-	-
d)	Bodies Corporate	22,268,877	-	22,268,877	33.78	22,268,877	22,268,877	33.77	-
e)	Banks/FIs	-	-	-	-	-	-	-	-

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			% of total shares	% Change during the Year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total		
f)	Any other	-	-	-	-	-	-	-	-	-
	Sub-total (A) (1)	22,268,877	-	22,268,877	33.78	22,268,877	-	22,268,877	33.77	-
2.	Foreign									
a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
b)	Other- Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
d)	Banks / FIs	-	-	-	-	-	-	-	-	-
e)	Any other	-	-	-	-	-	-	-	-	-
	Sub-total (A) (2)	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter (A) = (A) (1) + (A) (2)	22,268,877	-	22,268,877	33.78	22,268,877	-	22,268,877	33.77	-
B.	Public Shareholding									
1.	Institutions									
a)	Mutual Funds	1,110,388	275	1,110,663	1.68	3,526,314	-	3,526,314	5.35	3.66
b)	Banks / FI	99,353	-	99,353	0.15	142,108	-	142,108	0.22	0.06
c)	Central Govt.	-	-	-	-	-	-	-	-	-
d)	State Govt (s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	FIs / FPI	7,514,095	-	7,514,095	11.40	17,075,727	-	17,075,727	25.89	14.50
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
	Others (specify)									
i)	Qualified Foreign Portfolio Investor	12,368,455	-	12,368,455	18.76	-	-	-	-	(18.76)
	Alternative Investment Fund	-	-	-	-	264,831	-	264,831	0.40	0.40
	Sub-total (B) (1)	21,092,291	275	21,092,566	31.99	21,008,980	-	21,008,980	31.86	(0.53)
2.	Non - Institutions									
a)	Bodies Corporate									
i)	Indian	7,404,505	2,400	7,406,905	11.23	7,057,472	2,400	7,059,872	10.71	(0.53)
ii)	Overseas	-	-	-	-	-	-	-	-	-
b)	Individuals									
i)	Individual shareholders holding nominal Share Capital upto ₹ 1 Lakh	830,401	266,612	1,097,013	1.66	1,198,806	242,593	1,441,399	2.19	0.52
ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	453,916	-	453,916	0.69	471,587	-	471,587	0.72	0.03
c)	Others (specify)									
	Clearing Members	9,630	-	9,630	0.01	58,291	-	58,291	0.09	0.07

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	
	Trusts	1,155	-	1,155	0.00	5,014	-	5,014	0.01	0.01
	NRI	49,664	-	49,664	0.08	163,976	-	163,976	0.25	0.17
	Limited Liability Partnership	122,037	-	122,037	0.19	40,017	-	40,017	0.06	(0.12)
	Corporate Bodies (Foreign Bodies)	13,421,889	-	13,421,889	20.36	13,421,889	-	13,421,889	20.35	-
	Unclaimed Securities Suspense A/c	3,500	-	3,500	0.01	3,500	-	3,500	0.01	-
	Sub-total (B) (2)	22,296,697	269,012	22,565,709	34.23	22,420,552	244,993	22,665,545	34.37	0.15
	Total Public Shareholding (B) (1) + (B) (2)	43,388,988	269,287	43,658,275	66.22	43,429,532	244,993	43,674,525	66.23	0.02
	Shares held by									
C.	Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	Grand Total (A+B+C)	65,657,865	269,287	65,927,152	100.00	65,698,409	244,993	65,943,402	100.00	0.02

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	33.78	-	22268877	33.77	-	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	33.78	22268877	33.78
	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	33.77

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, 2016)/ End of the Year (March 31, 2017)		Date	Increase/ Decrease in shareholding during the Year specifying the reasons	Reasons	Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Dynasty Acquisition FPI Ltd	13421889	20.36	Apr, 2016	-	Acquisition of shares from TPG India Investments I INC in off market transaction	13421889	20.36
		13421889	20.35	Mar 31, 2017	-		13421889	20.35
2	Piramal Enterprises Limited	6579840	9.98	Apr 1, 2016	-	-	6579840	9.98
		6579840	9.97	Mar 31, 2017	-	-	6579840	9.97
3	Matthews India Fund	2850154	4.32	Apr 1, 2016			2850154	4.32
				Apr 22, 2016	-1526	Transfer	2848628	4.32
				Apr 29, 2016	-29	Transfer	2848599	4.32
				May 13, 2016	-7532	Transfer	2841067	4.31
				May 20, 2016	-4578	Transfer	2836489	4.30
				May 27, 2016	-27890	Transfer	2808599	4.26
				Jun 10, 2016	-127366	Transfer	2681233	4.06
				Jun 17, 2016	-20959	Transfer	2660274	4.03
				Jul 08, 2016	-119296	Transfer	2540978	3.85
				Jul 15, 2016	-122786	Transfer	2418192	3.66
				Jul 21, 2016	-180000	Transfer	2238192	3.39
				Jul 22, 2016	-70000	Transfer	2168192	3.28
				Jul 29, 2016	-37504	Transfer	2130688	3.23
				Aug 5, 2016	-137496	Transfer	1993192	3.02
				Aug 26, 2016	-15664	Transfer	1977528	2.99
		4	Norwest Venture Partners X FII - Mauritius	2173502	3.29	Apr 1, 2016	-	-
				Jul 22, 2016	-1637502	Transfer	536000	0.813
				Jul 29, 2016	-536000	Transfer	-	-
				Mar 31, 2017	-	-	-	-
				Apr 1, 2016	-	-	1515542	2.29
				Mar 10, 2017	-6144	Transfer	1509398	2.29
				Mar 17, 2017	-1115	Transfer	1508283	2.28
				Mar 31, 2017	-63	Transfer	1508220	2.28
				Mar 31, 2017	-	-	1508220	2.28
				Apr 1, 2016	-	-	1223810	1.85
6	Cornalina Acquisition (FII) Limited	1223810	1.85	Apr 1, 2016	-	-	1223810	1.85
		1223810	1.85	Mar 31, 2017	-	-	1223810	1.85
7	Steadview Capital Mauritius Limited	1087799	1.65	Apr 1, 2016	-	-	1087799	1.65
				May 5, 2016	-366	Transfer	1087433	1.64
				May 27, 2016	-108350	Transfer	979083	1.48
				Jun 03, 2016	-34875	Transfer	944208	1.43
				Jul 08, 2016	-944208	Transfer	-	-
		Mar 31, 2017	-	-	-	-		
8	Bank Muscat S A O G A/c Bank Muscat India Fund	1050000	1.59	Apr 1, 2016	-	-	1050000	1.59
		1050000	1.59	Mar 31, 2017	-	-	1050000	1.59
9	Acacia Partners, LP	1000000	1.51	Apr 1, 2016	-	-	1000000	1.51
		1000000	1.51	Mar 31, 2017	-	-	1000000	1.51

Sl. No.	Name of the shareholder	Shareholding at the beginning (April 1, 2016)/ End of the the Year (March 31, 2017)		Date	Increase/ Decrease in shareholding during the Year specifying the reasons	Reasons	Cumulative Shareholding during the Year			
		No. of shares	% of total shares of the Company				No. of Shares	% of total shares of the Company		
10	Buena Vista Asian Opportunities Master Fund Ltd	747778	1.13	Apr 1, 2016	-	-	747778	1.13		
				Apr 8, 2016	113902	Transfer	861680	1.31		
				Jul 15, 2016	45000	Transfer	906680	1.37		
				Sep 09, 2016	-10839	Transfer	895841	1.36		
				Sep 16, 2016	-7226	Transfer	888615	1.35		
				Oct 14, 2016	-24735	Transfer	863880	1.31		
				Oct 21, 2016	-9723	Transfer	854157	1.29		
				Oct 28, 2016	-87477	Transfer	766680	1.16		
				Dec 16, 2016	38306	Transfer	804986	1.22		
				Dec 23, 2016	43780	Transfer	848766	1.28		
				Mar 17, 2017	-160000	Transfer	688766	1.04		
				688766	1.04	Mar 31, 2017	-	-	688766	1.04
		11	East Bridge Capital Master Fund Limited	659398	1.00	Apr 1, 2016	-	-	659398	1.00
						Apr 15, 2016	50000	Transfer	709398	1.07
				Dec 02, 2016	181693	Transfer	891091	1.35		
				Dec 23, 2016	322476	Transfer	1213567	1.84		
				Jan 20, 2017	585000	Transfer	1798567	2.72		
				Feb 10, 2017	595657	Transfer	2394224	3.63		
				Feb 17, 2017	142000	Transfer	2536224	3.84		
				Mar 10, 2017	26140	Transfer	2562364	3.88		
		2562364	3.88	Mar 31, 2017	-	-	2562364	3.88		
12	SBI Mutual Fund (under various sub accounts)	722913	1.09	Apr 1, 2016	-	-	722913	1.09		
				Apr 8, 2016	-52925	Transfer	669988	1.02		
				Apr 15, 2016	-50242	Transfer	619746	0.94		
				Apr 22, 2016	-6130	Transfer	613616	0.93		
				Apr 29, 2016	-30832	Transfer	582784	0.88		
				May 06, 2016	-201	Transfer	582583	0.88		
				May 13, 2016	-4946	Transfer	577637	0.87		
				May 20, 2016	-6271	Transfer	571366	0.86		
				May 27, 2016	-35338	Transfer	536028	0.81		
				Jul 08, 2016	475000	Transfer	1011028	1.53		
				Jul 21, 2016	-50000	Transfer	961028	1.45		
				Dec 16, 2016	-54500	Transfer	906528	1.37		
				Dec 23, 2016	-5500	Transfer	901028	1.36		
				Jan 13, 2017	3000	Transfer	904028	1.37		
		Feb 17, 2017	-3000	Transfer	901028	1.36				
		901028	1.36	Mar 31, 2017	-	-	901028	1.36		
13	Birla Sun Life Trustee Company Private Limited (under various sub accounts)	18595	0.02	Apr 1, 2016	-	-	18595	0.02		
				May 13, 2016	200	Transfer	18795	0.03		
				Jun 10, 2016	-200	Transfer	18595	0.02		
				Jul 08, 2016	1597129	Transfer	1615724	2.45		
				Sep 09, 2016	19700	Transfer	1635424	2.48		
				Nov 25, 2016	-29249	Transfer	1606175	2.43		
				Dec 02, 2016	-54600	Transfer	1551575	2.35		
				Dec 23, 2016	-10190	Transfer	1541385	2.34		
				Dec 30, 2016	-2555	Transfer	1538830	2.33		
				Jan 13, 2017	-4236	Transfer	1534594	2.33		
				Jan 20, 2017	-3764	Transfer	1530830	2.32		
				Feb 03, 2017	-1362	Transfer	1529468	2.32		
				Feb 24, 2017	-126338	Transfer	1403130	2.12		
				Mar 17, 2017	-25000	Transfer	1378130	2.09		
		Mar 31, 2017	8861	Transfer	1386991	2.10				
		1386991	2.10	Mar 31, 2017	-	-	1386991	2.10		

Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name	Shareholding at the beginning (April 1, 2016)/ End of the the Year (March 31, 2017)		Date	Increase/ Decrease in shareholding during the Year specifying the reasons	Reasons	Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Sri Duruvasan Ramachandra, MD & CEO	-	-	Apr, 2016	-	-	-	-
		-	-	Mar 31, 2017	-	-	-	-
2	Smt Subhasri Sriram, CFO	100	0.00	Apr 1, 2016	-	-	-	-
		100	0.00	Mar 31, 2017	-	-	-	-
3	Sri Ramasubramanian Chandrasekar, CFO	-	-	Apr 1, 2016	-	-	-	-
		-	-	Mar 31, 2017	-	-	-	-
4	Sri C R Dash, CS	-	-	Apr 1, 2016	-	-	9079	0.01
		-	-	Aug 19, 2016	-106	Transfer	8973	0.00
		9079	0.01	Aug 23, 2016	-100	Transfer	8873	0.00
		-	-	Sep 6, 2016	-496	Transfer	8377	0.00
		-	-	Sep 14, 2016	-100	Transfer	8277	0.00
		8277	0.00	Mar 31, 2017			8277	0.00

Smt Subhasri Sriram resigned as the Chief Financial Officer (“CFO”) w.e.f. January 30, 2017 Sri Ramasubramanian Chandrasekar was appointed as the Chief Financial officer (“CFO”) w.e.f. January 30, 2017

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

Particulars	Secured Loans	Unsecured Loans excluding deposits	Deposits	Total Indebtedness
Indebtedness as on April 1, 2016				
i) Principal Amount	10,354.16	1,140.96	3,017.61	14,512.73
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	194.78	234.07	202.94	631.79
Total (i+ii+iii)	10,548.94	1,375.03	3,220.55	15,144.52
Change in Indebtedness during the financial Year				
Addition	17,926.00	5,170.00	1,185.58	24,281.58
Reduction	17,736.20	3,324.29	915.53	21,976.02
Net Change	189.80	1,845.71	270.05	2,305.56
Indebtedness at the end of the financial Year				
Principal Amount	10,795.24	3,025.54	3,346.83	17,167.61
Interest due but not paid	-	-	-	-
Interest accrued but not due	135.26	256.26	285.05	676.57
Total (i+ii+iii)	10,930.50	3,281.80	3,631.88	17,844.18

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	Name of MD/WTD/Manager Sri Duruvasan Ramachandra*	Total Amount
1.	Gross Salary		
(a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	0.53	0.53
(b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.03	0.03
(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	-	-
	Total (A)	0.56	0.56

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 Pranab Prakash Pattanayak	Sri Subramaniam Krishnamurthy	Sri Venkataraman Murali	Sri Vipen Kapur	
I	Independent Directors							
	• Fee for attending Board Committee Meetings	0.050	0.039	0.040	0.039	0.039	0.023	0.230
	• Commission	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-
	Total (I)							
II	Other Non-Executive Directors							
	• Fee for attending Board Committee meetings	-	-	-	-	-	-	-
	• Commission	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-
	Total (II)							
	Total (B) = (I+II)	0.050	0.039	0.040	0.039	0.039	0.023	0.230
	Total Managerial Remuneration (A + B)							0.79

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

₹ in crores

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	CS	CFO	
1.	Gross Salary		0.351	0.111	0.462
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961				
	(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.	Stock Option		-	-	-
3.	Sweat Equity		-	-	-
4.	Commission		-	-	-
5.	Others, please specify		-	-	-
	Total		0.351	0.111	0.462

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.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Penalty/ Punishment/ Compounding/ fees imposed	Authority [RD/ NCLT/ Court]	Appeal made, if any (give details)
A. Company					
Penalty		*	₹ 34,20,979	RBI	No
Punishment					
Compounding		**	₹ 57,10,000	RBI	No
B. Directors					
Penalty					
Punishment					
Compounding					
C. Other Officers in default					
Penalty					
Punishment					
Compounding					

*₹ 14,20,979 penal interest was paid for shortfall in maintaining Statutory Liquidity Ratio (SLR) in an earlier year

₹ 20,00,000 penalty was for delay in compliance with Fair Practices Code guidelines of RBI.

**₹ 57,10,000 compounding fee was paid for issue of warrants to overseas subscribers earlier years without prior approval of RBI.

Annexure 7

Disclosure pursuant to the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as at March 31, 2017.

Particulars	SCUF Employees Stock Option Scheme, 2006
Date of shareholder's approval	October 30, 2006
a) Options Granted	13,55,000 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	13,55,000
d) Options exercised	12,82,520
Number of options outstanding at the beginning of the period	88,730
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	16,250
e) Number of shares arising as a result of exercise of option	16,250
f) Options lapsed	-
g) Variation of terms of options	-
h) Money realized by exercise of options	₹ 4,48,88,200
Number of options outstanding at the end of the Year	72,480
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'	₹ 84.24
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 of
Shriram City Union Finance Limited

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 resolution 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 Pijush Gupta & Co.
Firm Registration No. 309015E
Chartered Accountants

Pijush Kumar Gupta
Partner
Membership No.015139

Place : Chennai
Date : May 2, 2017

Annexure 9

Disclosure under Rule 5 (1) of the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

S. No.	Name of the Director & KMPs	Designation	Category	Remuneration during the Year 2016 -17 (₹ in crores)	% of increase during the F Y 2016-17	Ratio of remuneration of each Director/ to median remuneration of employees
1	Sri Debendranath Sarangi	Chairman	NE, I	0.050	11.11	4.53
2	Sri Duruvasan Ramachandra	MD and CEO	E, NI	0.578	-	52.32
3	Sri Gopalamudram Srinivasaraghavan Sundararajan	Director	NE, NI	-	-	-
4	Sri Gerrit Lodewyk Van Heerde	Director	NE, NI	-	-	-
5	Sri Khushru Burjor Jijina	Director	NE, NI	-	-	-
6	Smt. Maya S Sinha	Director	NE, I	0.039	34.48	3.53
7	Sri Pranab Prakash Pattanayak	Director	NE, I	0.040	-	3.62
8	Sri Ramakrishnan Subramanian	Additional Director	NE, NI	-	-	-
9	Sri Ranvir Dewan	Director	NE, NI	-	-	-
10	Sri Shashank Singh	Director	NE, NI	-	-	-
11	Sri Subramaniam Krishnamurthy	Director	NE, I	0.039	-	3.53
12	Sri Venkataraman Murali	Director	NE, I	0.039	-	3.53
13	Sri Vipen Kapur	Director	NE, I	0.023	-	2.08
14	Smt. Subhasri Sriram	CFO		0.093	-	-
15	Sri Ramasubramanian Chandrasekar	CFO		0.018	-	-
16	Sri C R Dash	CS		0.351	8.28	-

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")

Sri Gopalamudram Srinivasaraghavan Sundararajan retired by rotation at the Annual General Meeting held on July 28, 2016. Sri Ramakrishnan Subramanian was appointed as an additional director w.e.f. July 28, 2016 and resigned from the Board and Committees w.e.f. February 3, 2017. Smt Subhasri Sriram resigned as the Chief Financial Officer ("CFO") w.e.f. January 30, 2017. Sri Ramasubramanian Chandrasekar was appointed as the Chief Financial officer ("CFO") w.e.f. January 30, 2017.

The percentage increase in the median remuneration of employees in the financial year is 2.22 (previous year 2016: 7.94)

The total number of employees on the rolls of the Company as on March 31, 2017 was 26,783 (March 31, 2016 : 25,472).

The average percentile increase in salaries of employees of the Company other than managerial personnel in the FY17 was 2.23 (previous year 2016: 16.17) and average decrease in salaries of managerial remuneration was 3.34% (previous year 2016: increase 8.11%). Since, the managerial remuneration decreased during the Year, the justification for increase is not required to be given.

Information As Per Rule 5 (2) Of The Companies (Appointment And Remuneration Of Managerial Personnel) Rules, 2014

Details of top 10 employees who are in receipt of remuneration of not less than ₹ 1.02 crores per annum

₹ in crores

Name of the employee	Sri Subramaniam Jambunathan	Sri Gouse Mohiddin Jilani
Designation	Executive Director	Executive Director
Remuneration* (₹ in crores)	1.17	1.22
Nature of employment, whether contractual or otherwise	Permanent	Permanent
Qualifications	BE, PGDBM	B.Sc
Experience (in Years)	24	25
Date of commencement of employment	September 6, 2010	July 1, 2014
Age (in Years)	46	49
Last employment held before joining the Company	Hong Kong and Shanghai Banking Corporation	Shriram Chits (Maharashtra) Pvt. Ltd.
Relationship with Director/ Manager of the Company	No	No

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

*includes value of perquisites on exercise of options under Employee Stock Option Scheme of the Company.

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. –

The Company undertakes CSR projects/activities as per its CSR Policy. CSR Policy of the Company is aligned with Schedule VII under section 135 of the Companies Act, 2013. 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 details of CSR policy are available on the website of the Company <https://www.shriramcity.in/Investors> → Company information → Policies. CSR Committee approved to spend on Education, Health care and Skill Development through the implementing agency during the year ended March 31, 2017.

2. The Composition of the CSR Committee

S No	Name of the Director	Type of Director	Position
i	Smt Maya S Sinha	NE, I	Chairperson
ii	Sri Debendranath Sarangi	NE, I	Member
iii	Sri Gopalamudram Srinivasaraghavan Sundararajan	NE, NI	Member
iv	Sri Khushru Burjor Jijina	NE, NI	Member

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

Sri Gopalamudram Srinivasaraghavan Sundararajan ceased to be member of the CSR Committee w.e.f July 28, 2016. The CSR Committee was reconstituted with Smt Maya S Sinha as the Chairperson, Sri Debendranath Sarangi and Sri Khushru Burjor Jijina as the Members of the Committee w.e.f. August 1, 2016

- 3.** Average net profit of the company for last three financial Years : ₹ 811.75 crores
- 4.** Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 16.24 crores
- 5.** (a) Details of CSR spent during the financial Year 2016-17 : ₹ 6.89crores
 (b) Total amount to be spent for the financial Year : ₹ 16.24 crores
 (c) Amount unspent if any : ₹ 9.35 crores

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

(₹ in crores)

S. 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	Shriram Matriculation School	Education	Tiruneermalai, Chennai, Tamil Nadu	1.52	1.52	1.52	Implementing Agency
2	Sri Sri Vidya Mandir,	Education	Anaikoil, Nagapattinam District, Tamil Nadu	1.00	1.00	1.00	Implementing Agency
3	Shriram Prajna Bharathi Vidya Kendra	Education	Nittur village, Shimoga district, Karnataka	0.27	0.27	0.27	Implementing Agency
4	Shriram Matriculation School	Education	Prakash Nagar, Guntur District, Andhra Pradesh	0.36	0.36	0.36	Implementing Agency
5	Mission 25	Education	Krishna District, Andhra Pradesh	0.62	0.62	0.62	Implementing Agency
6	IMCTF	Education	Chennai, Tamil Nadu	0.18	0.18	0.18	Implementing Agency
7	Shree Ramakrishna Ashrama,	Education	Kalahandi, Odisha	0.25	0.25	0.25	Implementing Agency
8	Youth Empowerment	Skill development	All over India	2.57	2.57	2.57	Implementing Agency
9	Child Welfare	Healthcare	Hyderabad, Telengana Andhra	0.12	0.12	0.12	Implementing Agency
Total				6.89	6.89	6.89	

(*) Direct Expenditure only. No overheads.

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 ₹ 6.89 crores during the year ended March 31, 2017 (Previous Year: ₹ 6.50 crores). There was a short fall of ₹ 9.35 crores in the CSR spend due to the time taken in identifying the CSR projects, working out modalities and identifying training partners.

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

Maya S Sinha
DIN – 03056226
Chairperson – CSR Committee

Place : Chennai
Date : May 2, 2017

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.

Place : Chennai
Date : May 2, 2017

R. Duruvasan
DIN - 00223052
Managing Director and CEO

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, 2017.

Place : Chennai
Date : May 2, 2017

R. Duruvasan
DIN - 00223052
Managing Director and CEO

POLICY ON APPOINTMENT, REMUNERATION AND DIVERSITY OF BOARD

1. BACKGROUND :

As required under Companies Act 2013 (“Act”) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulation”) the Nomination and Remuneration Committee (“Committee”) of Shriram City Union Finance Limited (“Company”) has formulated Policy on Appointment, Remuneration and Diversity of Board (“Policy”) and it is approved by the Board of Directors of the Company (“Board”). 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.

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.

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.	
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 Banking and Securities Management Committee) and General Meetings, attended, Sitting Fees of ₹ 10,000 per meeting of Stakeholders Relationship Committee attended.	Sitting Fees are subject to the applicable ceiling limits prescribed under the Act.
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 One crore 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, necessary improvemental activities shall be under taken.

Performance Evaluation Of The Directors:

Each director shall be provided with rating sheet on the pre set 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, 2017 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 14

BUSINESS RESPONSIBILITY REPORT

BUSINESS RESPONSIBILITY REPORT FOR THE YEAR ENDED ON MARCH 31, 2017

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	2016-17
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, 2017)	Please refer "PRODUCT RANGE" of this Annual Report
9	Total number of locations where business activity is undertaken by the Company	Please refer "VISIBLE ACROSS INDIA" of this Annual Report
a)	Number of International Locations (Provide details of major 5)	Nil
b)	Number of National Locations	Please refer "VISIBLE ACROSS INDIA" of this Annual Report
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)	6,594.34
2	Total Turnover (INR in lacs) (Consolidated)	4,70,901.53
3	Total profit after taxes (INR in lacs) (Consolidated)	57.808.84
4	Total Spending on Corporate Social Responsibility (CSR) as a percentage of profit after tax (%) (Standalone)	1.24
5	List of activities in which expenditure in 4 above has been incurred	Education, Health care, Welfare 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 (s)	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,
a)	Details of the Director/Director responsible for implementation of the BR policy/policies	DIN-00223052, Telephone No. +91 44 4392 5300,
b)	Details of BR Head	email id - md@shriramcity.com

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.

No.	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 SI no 3 to the above table : The policies are formulated based on applicable regulations/general practices and therefore the polices conform to national standards

Note for SI 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

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 is the first Business Sustainability Report published by the Company in this Annual Report. This report will be available on the link <https://www.shriramcity.in/Investors> → Annual Reports.

SECTION E : PRINCIPLE - WISE PERFORMANCE

1	Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group / Joint Ventures / suppliers / Contractors / NGOs / Others?	Yes. 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.	Nil
1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/ or opportunities	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	P2 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	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
P2	If yes, what steps have been taken to improve their capacity and capability of local and small vendors	
5	Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	No. Not Applicable.
1	Please indicate the Total number of employees as on March 31, 2017	26,783
2	Please indicate the Total number of employees hired on temporary/ contractual/ casual basis	Nil
3	Please indicate the Number of permanent women employees as on March 31, 2017	3,656
4	Please indicate the Number of permanent employees with disabilities	40
5	Do you have an employee associated that is recognized by management	No
6	What percentage of your permanent employees is members of this recognized employee association	Nil
7	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on end of the financial year	Nil
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	25% of employees were given safety and skill upgradation training during last year
1	Has the Company mapped its internal and external stakeholders	Yes
2	Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders	Yes
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.	Yes. Please refer to Note below.
1	Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs / Others	Yes. Only to Company
2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management	Nil
1	Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others	Company
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.	Yes
3	Does the Company identify and assess potential environment risks	No
4	Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed	No
5	Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. If yes, please hyperlink for web page etc.	No
6	Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB / SPCB for the financial year being reported	Not Applicable
7	Number of show cause / legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year	Nil

1		Is your Company a member of any trade and chamber or association ? If yes, Name only those major ones that your business deals with	Yes. M/s South India Hire Purchase Association, M/s Madras Chamber of Commerce and Industry
2	P7	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)	Yes. Governance and Administration
1		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 organization?	Programmes/Projects are undertaken by the Company, in house, external NGOs and combination of these.
3	P8	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		What percentage of customer complaints / consumer cases are pending as on the end of financial year.	2.5%
2		Does the Company display product information on the product label, over and above what is mandated as per local laws	Not Applicable
3	P9	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 complying with relevant laws. Corporate Governance of the Company reflects on ethics, transparency and accountability. The Code of Conduct for Board Members and Senior Management depicts the Conduct of Directors and Senior Management personnel. These are reviewed and upgraded regularly. The Company maintains transparency in its communication with shareholders. The Whistle Blower Policy of the Company is aimed at bringing out unethical conducts and thereby making transactions ethical and transparent. The familiarisation programme conducted for independent directors makes activities transparent. The Company has separate persons for the role of Chairman and CEO bringing in more transparency and ethics. The Chairman of the Board is Non-executive Independent Director.

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 deals with financial products. 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

Our employees are our most valuable asset and greatest strength. We provide equal opportunity 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 continue to encourage the capable female employees reaching senior positions and participating in the organization's decision making process. During the year we continued employee welfare measures on counseling on stress free living, medical and eye checkup, aadhar card camp etc. 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. Diverse work force, inclusive work place, employee engagement 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

Our customers, investors, market intermediaries, lenders, employees, communities and society at large have been guide posts of our decision making process. Our Investors comprise of shareholders (including Institutional Investors) and Debenture holders. Our lenders comprise of banks, financial institutions, Fixed Deposit holders. We quite fast respond to grievances of stake holders and a Committee of the Board oversees this. Our policy is to treat all customers in fair manner. The loan recovery and collection operation are in-house and are not outsourced, which ensures relationship based recovery procedures well-suited to our customers. We have track record of payment of Dividend consistently, 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. We enjoy good

reputation, goodwill and standing in the financial markets. 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

We continue to create awareness about environment protection among employees & customers. The Company has established a comprehensive system to identify and assess potential environmental risks and opportunities in its operations. The Company adheres to all pollution control. We appeal to our shareholders to participate in the 'Green initiative' to reduce use of paper by converting their holding of physical shares into electronic shareholding by dematerialization, receiving soft copies of annual reports using internet facilities, receiving dividend by direct credit to their bank accounts instead of physical dividend warrants etc. As a part of Green initiative for paperless office, we use electronic methods of communication within and outside our offices and avoid use of paper as far as possible. For payment of Interest, dividend, maturity refunds FDs/NCDs, we use electronic remittances such as NECS, NEFT, RTGS which also ensures faster credit of money to the bank accounts of the investors, avoids use of paper for dividend warrants, interest warrants, cheques.

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 take up the issues and matters impacting our business segment and give our suggestions in respect of the proposals of the regulatory and government bodies directly as well as through chambers of commerce and industrial associations i.e. Confederation of Indian Industries (CII) and Federation of Indian Chambers of Commerce and Industry (FICCI) in the best interest of the financing segment of the Industry.

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.

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

Our customers being associated with us, have achieved advancement, progress, growth in their business through our innovative financing. We believe our leadership position in most of our business areas rests upon our ability to consistently improve value to our customers. We engage with our customers to understand their need in order to offer a suitable product to them. Our Fair Practice Code for redressal of customer grievances helps to serve our customers in responsible manner. Apart from providing loans, we help our customers with settlement of various matters linked to finance like insurance claim etc.

Form No.MR-3
SECRETARIAL AUDIT REPORT
FINANCIAL YEAR ENDED 31st MARCH, 2017

[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
123,ANGAPPA NAICKEN STREET,
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, 2017 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, 2017 according to the provisions of:

- | | |
|--|---|
| <ol style="list-style-type: none"> 1) The Companies Act,2013 (the Act) and the rules made there under; 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; | <ol style="list-style-type: none"> 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'):- <ol style="list-style-type: none"> (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.

(P.Sriram)

Place : Chennai

Membership No. - 4862

Date : May 2, 2017

Certificate of Practice No. - 3310

Annexure A

To
THE MEMBERS,
SHRIRAM CITY UNION FINANCE LIMITED

My report of even 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 a 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 as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

(P.Sriram)

Place : Chennai

Membership No. - 4862

Date : May 2, 2017

Certificate of Practice No. - 3310

PROMOTER

Shriram Capital Limited

“PROMOTER GROUP” (PG) AS DEFINED UNDER REGULATION 2 (1) (t) OF SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS), REGULATIONS, 2011 (SAST REGULATIONS 2011)

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 Automall India Limited
5. Shriram Asset Management Company Limited
6. Shriram Life Insurance Company Limited
7. Shriram General Insurance Company Limited
8. Shriram Credit Company Limited
9. Bharat Reinsurance Brokers Private Limited
10. Shriram Overseas Investments Private Limited
11. Shriram Investments Holdings Limited
12. Bharat Investments Pte. Limited, Singapore
13. Shriram Fortune Solutions Limited
14. Shriram Wealth Advisors Limited
15. Shriram Insight Share Brokers Limited
16. Shriram Financial Products Solutions (Chennai) Private Limited
17. Insight Commodities and Futures Private Limited
18. Shrilekha Business Consultancy Private Limited
- # 19. Shriram Seva Sankalp Foundation
20. SGI Philippines General Insurance Co Inc.

THE “PERSONS ACTING IN CONCERT” (PAC), AS DEFINED IN THE SAST REGULATIONS 2011 FOR

THE PURPOSE OF REGULATION 10 OF SAST REGULATIONS, 2011 :

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.

Except Shriram Capital Limited none of the entities mentioned above holds shares in the Company.

All the entities mentioned in above said note are PG/ PACs for not less than three years except the entities at SI No 18 and 19 (under Promoter Group) and SI No 8 (under PAC Category).

Shrilekha Financial Services (a firm registered under the Partnership Act 1932 has been converted into a Private Limited Company (as “Shrilekha Business Consultancy Private Limited”) under Part I of Chapter XXI of the Companies Act, 2013 with effect from January 9, 2017.

PIJUSH GUPTA & CO
CHARTERED ACCOUNTANTS

P-199, C.I.T.ROAD, SCHEME IV-M, KOLKATA – 700 010

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 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 there under.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit/loss 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, 2017 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 'A', a statement on the matters

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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 purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

i. The Company has disclosed the impact of pending litigations which would impact its financial position in its financial statements – Refer Note No 27 to the financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

iv. The Company has provided disclosures in Note 53 in the standalone financial statements in respect of holding of Specified Bank Notes (SBNs) on November 8, 2016 and on December 30, 2016 as well as dealings in the said SBNs during the period from November 9, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including those in SBNs, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced before us. As per information and explanations given to us and as stated in the said note 53, borrowers of the Company have further directly deposited cash in the Company's bank accounts and that denomination wise details of such deposits are not available with the Company.

For Pijush Gupta & Co.
Chartered Accountants
Firm Registration Number: 309015E

Pijush Kumar Gupta
Partner

Membership No. 015139

Place: Chennai
Date: May 02, 2017.

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ANNEXURE 'A'

Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Report under The Companies (Auditor's Report) Order, 2016

As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in this Annexure, a statement on the matters specified in paragraphs 3 and 4 of the said Order.

- | | |
|---|---|
| <p>i. (a) According to the information and explanations given to us and records produced before us, the Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.</p> <p>(b) According to the information and explanations given to us and records produced before us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such physical verification.</p> <p>(c) According to the information and explanations given to us and records produced before us, the title deeds of all the immovable properties are held in the name of the company.</p> <p>ii. The Company is engaged in financing activities which does not involve maintenance of any inventory.</p> <p>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.</p> <p>iv. According to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013</p> | <p>in respect of loans, investments, guarantees, and security.</p> <p>v. In respect of deposit and according to the information and explanations given to us, the Company complied with the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder, where applicable. No order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in this regard in respect of the company.</p> <p>vi. According to the information and explanations given to us the Central Government has not prescribed maintenance of cost records under Section 148(1) of the Act.</p> <p>vii. (a) According to the information and explanations provided to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities and there are no dues payable as at the year end with such authorities.</p> <p>(b) According to the information and explanations given to us and the relevant documents produced before us, the following dues outstanding in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Value Added Tax and Cess have not been deposited on account of dispute –</p> |
|---|---|

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Statute	Nature of Dues	Amount ₹ lacs	Years to which the amount relates	Forum where dispute is pending
Income Tax, 1961	Income Tax demands	40.78	Assessment Year 2011-12	ITAT, Chennai, Tamilnadu
Kerala Value Added Tax, 2003	Value Added Tax	4.65	Assessment Year 2007-08	Dy. Commissioner (Appeals) Ernakulum, Kerala
Kerala Value Added Tax, 2003	Value Added Tax	0.72	Assessment Year 2011-12	Asst. Commissioner (Appeals) Ernakulum, Kerala

- viii. Based upon the audit procedures and according to the information and explanations provided to us, the company has not defaulted in repayment of loans or borrowing to financial institution, bank, government or dues to debenture holders.
- ix. In our opinion and to the best of our knowledge and belief and according to the information and explanations given to us, the company has not raised money by way of initial public offer or further public offer (including debt instruments). The Company has obtained term loans from the Banks and the same were applied for the purposes for which those were raised.
- x. We have been informed that during the period under audit certain borrowers/employees have defrauded the company by pledging stolen/spurious gold against gold loans and producing fake documents against other loans total amounting to ₹ 222.98 lacs. The Company has taken necessary action against the said borrowers. Refer Note 29 of the financial statements.
- xi. Based on our audit procedures and as per information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- xii. In our opinion the Company is not a Nidhi Company.
- xiii. According to the information and explanations given to us, the Company has complied with section 177 and 188 of Companies Act, 2013 where applicable in respect of all transactions with the related parties and the details have been disclosed in the Financial Statements etc. as required by the applicable accounting standards
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review
- 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
- xvi. According to the information and explanations given to us the company is registered under section 45 IA of the Reserve Bank of India Act, 1934

For Pijush Gupta & Co.
Chartered Accountants
Firm Registration Number: 309015E

Pijush Kumar Gupta
Partner
Membership No. 015139

Place: Chennai
Date: May 02,2017.

PIJUSH GUPTA & CO
CHARTERED ACCOUNTANTS
P-199, C.I.T.ROAD, SCHEME IV-M, KOLKATA – 700 010

ANNEXURE 'B'

Annexure referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" in the independent auditor's report of even date.

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, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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CHARTERED ACCOUNTANTS
P-199, C.I.T.ROAD, SCHEME IV-M, KOLKATA – 700 010

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

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 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
- provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For Pijush Gupta & Co.
Chartered Accountants
Firm Registration Number: 309015E

Place: Chennai
Date: May 02, 2017.

Pijush Kumar Gupta
Partner
Membership No. 015139

BALANCE SHEET

As at March 31, 2017

Particulars	Note No	₹ in lacs	
		As at March 31, 2017	As at March 31, 2016
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	3	6,594.34	6,592.72
(b) Reserves and surplus	4	496,246.51	444,569.04
		502,840.85	451,161.76
2. Share application money pending allotment		0.09	-
3. Non-current liabilities			
(a) Long-term borrowings	5	981,425.92	926,754.33
(b) Other long-term liabilities	6	35,046.56	49,908.67
(c) Long-term provisions	7	115,891.97	17,508.50
		1,132,364.45	994,171.50
4. Current liabilities			
(a) Short-term borrowings	8	381,301.95	100,027.58
(b) Other current liabilities	6	431,188.38	472,792.29
(c) Short-term provisions	7	5,950.44	67,289.24
		818,440.77	640,109.11
Total		2,453,646.16	2,085,442.37
II. ASSETS			
1. Non-current assets			
(a) Fixed assets	9		
(i) Tangible assets		6,974.96	7,044.05
(ii) Intangible assets		841.14	1,441.11
(b) Non-current investments	10	48,535.69	45,685.33
(c) Deferred tax assets(Net)	11	4,422.47	3,720.83
(d) Long-term loans and advances	12	992,796.27	622,714.45
(e) Other non-current assets	13	1,532.39	3,520.69
		1,055,102.92	684,126.46
2. Current assets			
(a) Current Investments	14	22,915.89	33,548.53
(b) Cash and bank balances	15	63,713.44	64,190.54
(c) Short-term loans and advances	12	1,303,341.46	1,291,345.74
(d) Other current assets	13	8,572.45	12,231.10
		1,398,543.24	1,401,315.91
Total		2,453,646.16	2,085,442.37

Significant accounting policies

2.1

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

 As per our report of even date
 For Pijush Gupta & Co.
 Chartered Accountants
 Firm Registration No. 309015E

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

 Pijush Kumar Gupta
 Partner
 Membership No. 015139

 R Duruvasan
 Managing Director & CEO
 DIN: 00223052

 S. Krishnamurthy
 Director
 DIN: 00140414

 Place: Chennai
 Date: May 02, 2017

 C R Dash
 Company Secretary

 R Chandrasekar
 Chief Financial Officer

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2017

Particulars	Note No	₹ lacs	
		Year ended March 31, 2017	Year ended March 31, 2016
INCOME			
Revenue from operations	16	443,162.42	383,486.50
Other income	17	290.57	2,115.63
Total income		443,452.99	385,602.13
EXPENSES			
Employee benefits expenses	18	55,028.92	51,323.19
Finance costs	19	153,441.60	138,344.88
Depreciation and amortization expense	9	3,462.17	3,691.62
Other expenses	20	55,103.44	49,923.86
Provisions & write-offs	21	91,052.60	61,634.33
Total expenses		358,088.73	304,917.88
Profit before tax		85,364.26	80,684.25
Tax expense:			
- Current tax		30,459.91	28,332.03
- Deferred tax		(701.64)	(625.81)
Total tax expense		29,758.27	27,706.22
Profit after tax from continuing operations		55,605.99	52,978.03
Earnings per equity share	22		
Equity shares of par value ₹10/- each			
Basic (₹)		84.34	80.37
Diluted (₹)		84.24	80.27

Significant accounting policies

2.1

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

As per our report of even date
For Pijush Gupta & Co.
Chartered Accountants
Firm Registration No. 309015E

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

Pijush Kumar Gupta
Partner
Membership No. 015139

R Duruvasan
Managing Director & CEO
DIN: 00223052

S. Krishnamurthy
Director
DIN: 00140414

Place: Chennai
Date: May 02, 2017

C R Dash
Company Secretary

R Chandrasekar
Chief Financial Officer

CASH FLOW STATEMENT

for the year ended March 31, 2017

Particulars	₹ in lacs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Taxes	85,364.26	80,684.25
Adjustments for :		
Depreciation and amortization	3,462.17	3,691.62
(Profit)/Loss on sale of fixed assets (net)	7.64	(4.06)
Public issue expenditure for non-convertible debentures	366.48	734.59
Provision for Non-performing assets and bad debts written off	89,007.09	59,989.85
Provision for standard assets	2,045.51	1,599.36
Provision for diminution in the value of investments	-	45.12
Provision no longer required	-	(1,553.08)
(Gain)/Loss on sale of investments	-	(417.53)
Dividend Income	(128.43)	-
Operating profit before working capital changes	180,124.72	144,770.12
Movements in Working capital:		
(Increase) / decrease in assets under financing activities	(426,961.88)	(357,900.23)
(Increase) / decrease in Short-term loans and advances	(567.13)	1,082.51
(Increase) / decrease in Long-term loans and advances	836.15	224.24
(Increase) / decrease in other current assets	3593.14	859.77
(Increase) / decrease in other non-current assets	1,687.33	1,994.76
(Increase) / decrease in Investments	13,829.26	46,426.96
Increase / (decrease) in other current liabilities	(41,613.66)	60,130.69
Increase / (decrease) in other non-current liabilities	(16,273.04)	15,138.53
Cash generated from operations	(285,345.11)	(87,272.65)
Direct taxes paid (net of refunds)	(30,459.91)	(28,332.03)
Net Cash from/(used in) operating activities (A)	(315,805.02)	(115,604.68)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed including intangible assets	(2,827.07)	(3,979.72)
Capital advance for assets	(10.88)	1,400.92
Proceeds from sale of fixed assets	26.32	32.68
Purchase of investments	(4,643.10)	(20,305.85)
Proceeds from sale of investments	1,326.53	18,600.00
Dividend Income	128.43	
Gain/(Loss) on sale of investments	-	417.53
Net Cash from/(used in) investing activities (B)	(5,999.77)	(3,834.44)

CASH FLOW STATEMENT

for the year ended March 31, 2017

₹ in lacs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of equity share capital including securities premium and share application money	5.77	7.55
Increase / (decrease) of long-term borrowings	54,671.59	153,466.70
Increase / (decrease) of short-term borrowings	281,274.37	(17,717.53)
Dividend Paid	(9,880.26)	(10,203.64)
Tax on dividend	(2,013.37)	(2,079.82)
Net Cash from/(used in) financing activities (C)	324,058.10	123,473.26
Net increase / (decrease) in cash and cash equivalents (A+B+C)	2,253.31	4,034.14
Cash and cash equivalents at the beginning of the year	41,004.95	36,970.81
Cash and cash equivalents at the end of the year	43,258.26	41,004.95

₹ in lacs

Components of cash and cash equivalents	As at March 31, 2017	As at March 31, 2016
Cash on hand	5,562.57	4,485.06
Balances with banks in :		
Current accounts	36,662.77	34,181.71
Unclaimed dividend accounts	82.92	73.18
Deposits with maturity of less than 3 months	950.00	2,265.00
Total Cash and cash equivalents (Note 15)	43,258.26	41,004.95

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 Pijush Gupta & Co.
Chartered Accountants
Firm Registration No. 309015E

Pijush Kumar Gupta
Partner
Membership No. 015139

Place: Chennai
Date: May 02, 2017

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

R Duruvasan
Managing Director & CEO
DIN: 00223052

C R Dash
Company Secretary

S. Krishnamurthy
Director
DIN: 00140414

R Chandrasekar
Chief Financial Officer

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

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 Ltd.(BSE) and National Stock Exchange of India Ltd.(NSE). The Company is a Deposit Accepting Non Banking Finance Company (NBFC) registered with Reserve Bank of India (RBI) with registration number 07-00458. 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 paragraph 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

- (i) As per the requirements of pre-revised AS 4, the Company used to create a liability for dividend proposed/ declared after the balance sheet date if dividend related to periods covered by the financial statements. Going forward, as per AS 4(R), the company cannot create provision for dividend proposed/ declared after the balance sheet date unless a statute requires otherwise. Rather, company will need to disclose the same in notes to the financial statements. Accordingly, the company has disclosed dividend

proposed by board of directors after the balance sheet date in the notes.

Had the company continued with creation of provision for proposed dividend, its surplus in the statement of profit and loss would have been lower by ₹ 7936.79 lacs and current provision would have been higher by ₹ 7936.79 lacs (including dividend distribution tax of ₹ 1342.45 lacs).

- (ii) 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 150 days to 120 days and increased provision on standard assets from 0.30% to 0.35%. Had the Company continued to use the earlier policy of classification of NPA and provision for standard asset, provisions and write-offs for year ended March 31, 2017 would have been lower by ₹ 15599.03 lacs, income from operations for the same period would have been higher by ₹ 959.77 lacs and profit before tax for the same period would have been higher by ₹ 16558.79 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

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

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

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.

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 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

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.

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 assets, 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

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

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. Ancillary and other borrowing costs are 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.

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 recognized 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 securitization/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.

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

- (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 translation and balances

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.

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.

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. 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

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

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 recognizes 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

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

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. Derivative instruments

In accordance with the ICAI guidelines and on principle of prudence, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the Statement of Profit and Loss. However net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

u. 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

₹ in lacs

Particulars	As at March 31, 2017	As at March 31, 2016
Authorised		
11,85,00,000 (March 31, 2016: 11,85,00,000) equity shares of ₹10/- each	11,850.00	11,850.00
40,00,000 (March 31, 2016: 40,00,000) cumulative redeemable preference shares of ₹100/- each	4,000.00	4,000.00
	15,850.00	15,850.00
Issued, Subscribed and Fully Paid-up		
Equity Shares		
6,59,43,402 (March 31, 2016: 6,59,27,152) shares of ₹10/- each	6,594.34	6,592.72
Total Issued, Subscribed and fully Paid-up share capital	6,594.34	6,592.72

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

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

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number of shares	₹ in lacs	Number of shares	₹ in lacs
At the beginning of the year	65,927,152	6,592.72	65,905,612	6,590.56
Issued during the year - ESOP (Refer Note no-24)	16,250	1.62	21,540	2.16
Outstanding at the end of the year	65,943,402	6,594.34	65,927,152	6,592.72

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, 2017, the amount of per equity share dividend proposed in total for distributions to equity shareholders is ₹ 15.00 (March 31, 2016 ; ₹ 15.00). Out of the said total dividend proposed for the year ended March 31, 2017, amount of interim dividend paid during the year was ₹ 5.00 (March 31, 2016 : ₹ 5.00) per equity share and amount of final dividend proposed by the Board of Directors is ₹ 10.00 (March 31, 2016: ₹ 10.00) per equity share. The amount of the Proposed final Dividend of ₹ 10.00 per equity share has not been recognized in the Statement of Profit and Loss due to a change in accounting policy as mentioned under Significant Accounting Policies.

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, 2017		As at March 31, 2016	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Equity share of ₹10 each fully paid				
Shriram Capital Limited	22,268,877	33.78	22,268,877	33.78
Dynasty Acquisition FPI Limited	13,421,889	20.36	13,421,889	20.36
Piramal Enterprises Limited	6,579,840	9.98	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 scheme (ESOP) [Refer note no -24]

3.5 The Company has issued 315,311 equity shares (March 31, 2016: 8,29,393) 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.

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

4. RESERVES & SURPLUS

₹ in lacs

Particulars	As at March 31, 2017	As at March 31, 2016
Capital reserve	7,871.88	7,871.88
Capital redemption reserve	2,328.98	2,328.98
Securities premium account		
Opening balance	175,328.39	175,274.22
Add : Securities premium received	40.86	54.17
Closing balance	175,369.25	175,328.39
Debenture redemption reserve		
Opening balance	7,412.07	16,494.61
Add: Transfer from surplus in the statement of profit and loss	2,247.40	5,122.26
Less: Amount transferred to General reserve on Redemption	(3,236.93)	(14,204.80)
Closing balance	6,422.54	7,412.07
Share options outstanding account		
Employee stock option outstanding	200.93	249.71
Less: Utilised during the year	(36.80)	(48.78)
Closing balance	164.13	200.93
Statutory reserve (in pursuant to section 45-IC of the RBI Act, 1934)		
Opening balance	64,013.30	53,416.00
Add: Transfer from surplus in the statement of profit and loss	11,122.00	10,597.30
Closing balance	75,135.30	64,013.30
General reserve		
Opening balance	53,899.42	34,395.62
Add: Transfer from surplus in the statement of profit and loss	5,561.00	5,299.00
Add: Transfer from Debenture redemption reserve	3,236.93	14,204.80
Closing balance	62,697.35	53,899.42
Surplus in the Statement of Profit and Loss		
Opening balance	133,514.07	113,492.54
Add: Net profit for the year	55,605.99	52,978.03
Less: Appropriations		
- Interim dividends	(3,297.28)	(3,296.12)
- Tax on interim dividend	(635.30)	(671.03)
- Proposed final Equity dividend	-	(6,592.72)
- Tax on proposed Equity dividend	-	(1,378.07)
- Transfer to Statutory reserve (in pursuant to section 45-IC of the RBI Act, 1934)	(11,122.00)	(10,597.30)
- Transfer to General reserve	(5,561.00)	(5,299.00)
- Transfer to Debenture redemption reserve	(2,247.40)	(5,122.26)
Net surplus in the Statement of Profit and Loss	166,257.08	133,514.07
Total	496,246.51	444,569.04

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

5. LONG-TERM BORROWINGS

₹ in lacs

Particulars	Non-current portion		Current maturities	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Secured				
Privately placed redeemable non-convertible debentures (Retail)	515.98	2,995.61	2,473.56	27,286.78
Privately placed redeemable non-convertible debentures (Institutional)	42,800.00	39,586.67	35,786.67	63,766.66
Public issue of redeemable non-convertible debentures:				
Issued in 2012	-	11,116.35	11,116.35	-
Issued in 2013	7,900.60	8,624.82	658.77	6,736.24
Issued in 2014	9,514.02	13,788.52	4,274.50	6,211.48
Term loan from Banks	640,577.05	512,486.11	95,408.81	217,847.10
Term loan from Financial Institutions	25,000.00	19,500.00	19,500.00	8,000.00
Total Secured	726,307.65	608,098.08	169,218.66	329,848.26
Unsecured				
Fixed deposits	165,575.88	216,877.43	160,014.96	81,708.14
Subordinated debts	89,542.39	101,778.82	12,236.43	2,499.77
Total Unsecured	255,118.27	318,656.25	172,251.39	84,207.91
Amount disclosed under the head "other current liabilities" [Refer note no-6]	-	-	(341,470.05)	(414,056.17)
Total	981,425.92	926,754.33	-	-

5.1 Secured Loans - Long Term Borrowings

A. Secured Redeemable Non Convertible Debentures

(i) Privately Placed Secured Redeemable Non- Convertible Debentures (NCDs) of ₹ 1000/- each - Unquoted (Retail)

Terms of repayment as at March 31, 2017		Rate of interest				Total
		< 10%	>= 10% < 12%	>= 12% < 14%	>= 14%	
Redeemable at par within						
12-24 months		2.80	513.18	-	-	515.98
Total non-current portion		2.80	513.18	-	-	515.98
12 months		7.94	2,144.26	321.36	-	2,473.56
Total current maturities		7.94	2,144.26	321.36	-	2,473.56
Grand Total		10.74	2657.44	321.36	-	2989.54

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

Terms of repayment as at March 31, 2016

₹ in lacs

Redeemable at par within	Rate of interest				Total
	< 10%	>= 10% < 12%	>= 12% < 14%	>= 14%	
24-36 months	2.80	513.18	-	-	515.98
12-24 months	8.47	2,149.80	321.36	-	2,479.63
Total non-current portion	11.27	2,662.98	321.36	-	2,995.61
12 months	127.91	26,916.27	241.48	1.12	27,286.78
Total current maturities	127.91	26,916.27	241.48	1.12	27,286.78
Grand Total	139.18	29,579.25	562.84	1.12	30,282.39

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.

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

(ii) Privately Placed Redeemable Non-Convertible Debenture (Institutional)

Privately Placed Redeemable Non-Convertible Debenture (NCDs) of ₹10,00,000/- each - Quoted

₹ in lacs

Rate of Interest	Non-current portion		Current maturities		Redeemable/ Redeemed at par on
	As at March 31,		As at March 31,		
	2017	2016	2017	2016	
10.75%	300.00	400.00	100.00	100.00	04-Feb-21
9.30%	5,000.00	5,000.00	-	-	22-Jun-20
9.30%	5,000.00	5,000.00	-	-	17-Jun-20
8.20%	11,500.00	-	-	-	16-Apr-20
8.25%	10,000.00	-	-	-	07-Oct-19
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	10,000.00	-	27-Mar-18
8.85%	-	-	17,500.00	-	22-Mar-18
10.60%	-	2,500.00	2,500.00	-	13-Dec-17
10.50%	-	666.67	666.67	666.66	23-Nov-17
10.75%	-	1,000.00	1,000.00	-	26-Jul-17
10.75%	-	2,150.00	2,150.00	-	12-Jul-17
9.18%	-	270.00	270.00	-	10-Jul-17
9.00%	-	1,600.00	1,600.00	-	01-Jun-17
10.49%	-	-	-	27,500.00	30-Mar-17
8.82%	-	-	-	15,000.00	28-Feb-17

Notes

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Rate of Interest	Non-current portion				Current maturities		Redeemable/ Redeemed at par on
	As at March 31,		As at March 31,				
	2017	2016	2017	2016			
9.12%	-	-	-	5,000.00			14-Feb-17
9.12%	-	-	-	5,000.00			26-Dec-16
8.98%	-	-	-	500.00			21-Oct-16
9.14%	-	-	-	10,000.00			23-Sep-16
Total	42,800.00	39,586.67	35,786.67	63,766.66			

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.

(iii) Public Issue Of Secured Redeemable Non-Convertible Debentures (NCDs) of ₹1000/- each - Quoted

a. Issued in 2012

Non-current Portion

Option Detail	Rate of Interest	As at March 31,		Redeemable at par on
		2017	2016	
Option II	11.75%	-	7,551.36	06-Oct-17
	10.75%	-	94.83	06-Oct-17
Option IV	11.75%	-	3,467.11	06-Oct-17
	10.75%	-	3.05	06-Oct-17
Total		-	11,116.35	

Current portion

Option Detail	Rate of Interest	As at March 31,		Redeemable at par on
		2017	2016	
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
Total		11,116.35	-	

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

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

Option Detail	Rate of Interest	As at March 31,		Redeemable at par on
		2017	2016	
		₹ in lacs		
Series II	10.75%	-	7.40	04-Jan-18
	11.25%	-	309.78	04-Jan-18
Series III	10.75%	503.40	503.82	04-Jan-19
	11.50%	4,515.94	4,515.52	04-Jan-19
Series V	10.75%	-	14.75	04-Jan-18
	11.25%	-	261.38	04-Jan-18
Series VI	10.75%	289.65	292.67	04-Jan-19
	11.50%	2,526.14	2,523.12	04-Jan-19
Series VII	10.75%	0.13	0.40	04-Jan-19
	11.25%	65.34	195.98	04-Jan-19
Total		7,900.60	8,624.82	

Current portion

Option Detail	Rate of Interest	As at March 31,		Redeemed/ Redeemable at par on
		2017	2016	
		₹ in lacs		
Series I	10.75%	-	180.00	04-Jan-17
	11.00%	-	4,205.06	04-Jan-17
Series II	10.75%	6.40	-	04-Jan-18
	11.25%	310.78	-	04-Jan-18
Series IV	10.75%	-	118.00	04-Jan-17
	11.00%	-	2,233.18	04-Jan-17
Series V	10.75%	16.74	-	04-Jan-18
	11.25%	259.39	-	04-Jan-18
Series VII	10.75%	0.13	-	04-Jan-19
	11.25%	65.33	-	04-Jan-19
Total		658.77	6,736.24	

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 Standalone Financial Statements for the year ended March 31, 2017

c. Issued in 2014

Non-current portion

Option Detail	Rate of Interest	As at March 31,		Redeemable at par on
		2017	2016	
Series II	10.75%	-	0.17	03-May-17
	11.50%	-	3,508.59	03-May-17
Series III	10.85%	3,017.20	3,031.26	03-May-19
	11.75%	5,046.35	5,032.29	03-May-19
Series V	10.75%	-	10.24	03-May-17
	11.50%	-	755.50	03-May-17
Series VI	10.85%	510.66	507.63	03-May-19
	11.75%	939.81	942.84	03-May-19
Total		9,514.02	13,788.52	

Current portion

Option Detail	Rate of Interest	As at March 31,		Redeemed/ Redeemable at par on
		2017	2016	
Series I	10.50%	-	5,112.10	03-May-16
	11.00%	-	843.67	03-May-16
Series II	10.75%	7.04	-	03-May-17
	11.50%	3,501.72	-	03-May-17
Series IV	10.50%	-	2.53	03-May-16
	11.00%	-	253.18	03-May-16
Series V	10.75%	9.19	-	03-May-17
	11.50%	756.55	-	03-May-17
Total		4,274.50	6,211.48	

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, 2017

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 60 installments of bullet, half yearly and yearly frequency	482,369.67	18,625.00

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

Terms of repayment as at March 31, 2017

₹ in lacs				
Tenor	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
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
Upto 12 months	9.65% to 10.40%	1 to 12 installments of bullet, Quarterly & half yearly frequency	-	-
			6,40,577.05	95,408.81

Terms of repayment as at March 31, 2016

₹ in lacs				
Tenor	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
48-60 months	9.30% to 9.65%	1 to 60 installments of bullet, half yearly and yearly frequency	69,986.11	2,013.89
36-48 months	9.65% to 9.95%	1 to 48 installments of bullet, half yearly and yearly frequency	270,000.00	-
24-36 months	9.60% to 9.70%	1 to 36 installments of bullet & quarterly frequency	100,000.00	-
12-24 months	9.30% to 10.40%	1 to 24 installments of bullet, monthly, quarterly and half yearly frequency	72,500.00	2,500.00
Upto 12 months	9.65% to 10.40%	1 to 12 installments of bullet, Quarterly & half yearly frequency	-	213,333.21
			512,486.11	217,847.10

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, 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
Grand Total			25,000.00	19,500.00

Terms of repayment as at March 31, 2016

₹ in lacs				
Tenor	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
24-36 months	9.95%	1 to 36 installments of yearly frequency	19,500.00	8,000.00
Grand Total			19,500.00	8,000.00

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

Nature of security

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

5.2 Unsecured Loan - Long Term Borrowings

A. Fixed Deposits Of ₹1000/- each - Unquoted 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
Total non-current portion	19,858.84	133,814.76	11,902.28	165,575.88
12 months	30,726.06	28,904.56	100,384.34	160,014.96
Total current maturities	30,726.06	28,904.56	100,384.34	160,014.96
Grand Total	50,584.90	162,719.32	112,286.62	325,590.84

Terms of repayment as at March 31, 2016

₹ in lacs

Redeemable at par within	Rate of interest			Total
	>=6% <8%	>=8% <10%	>=10% <12%	
48-60 months	-	6,970.42	82.02	7,052.44
36-48 months	-	1,795.90	8,519.11	10,315.02
24-36 months	-	72,342.22	3,502.58	75,844.80
12-24 months	-	21,085.33	102,579.84	123,665.17
Total non-current portion	-	102,193.87	114,683.55	216,877.43
12 months	52.99	48,421.81	33,233.34	81,708.14
Total current maturities	52.99	48,421.81	33,233.34	81,708.14
Grand Total	52.99	150,615.69	147,916.89	298,585.57

B. Privately Placed Subordinated Debts

The company has issued subordinated debt bonds with coupon rate of 7% to 15% per annum which are redeemable over a period of 60 months to 88 months.

(i) Privately Placed Subordinated Debts of ₹1000/- each - Unquoted as at March 31,2017

₹ in lacs

Redeemable at par within	Rate of interest		Total
	< 10%	>= 10% < 12%	
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
Total non-current portion	9.03	61,513.36	61,522.39
12 months	1,230.54	8,490.89	9,721.43
Total current maturities	1,230.54	8,490.89	9,721.43
Grand Total	1,239.57	70,004.25	71,243.82

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

(ii) Privately Placed Subordinated Debts of ₹1,00,000/- each - Quoted as at March 31, 2017.

₹ in lacs

Redeemable at par within	Rate of interest		
	< 10%	>= 10% < 12%	Total
24-36 months	-	12,520.00	12,520.00
12-24 months	-	15,500.00	15,500.00
Total non-current portion	-	28,020.00	28,020.00
12 months		2,515.00	2,515.00
Total current maturities	-	30,535.00	30,535.00

Terms of repayment as at March 31, 2016

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

₹ in lacs

Redeemable at par within	Rate of interest		
	< 10%	>= 10% < 12%	Total
48-60 months	-	14,272.81	14,272.81
36-48 months	-	21,728.87	21,728.87
24-36 months	9.03	25,511.68	25,520.71
12-24 months	1,230.54	8,490.89	9,721.43
Total non-current portion	1,239.57	70,004.25	71,243.82
12 months	56.17	2,443.60	2,499.77
Total current maturities	56.17	2,443.60	2,499.77
Grand Total	1,295.74	72,447.85	73,743.59

(ii) Privately Placed Subordinated Debts of ₹1,00,000/- each - Quoted

₹ in lacs

Redeemable at par within	Rate of interest		
	< 10%	>= 10% < 12%	Total
36-48 months	-	20,520.00	20,520.00
24-36 months	-	2,515.00	2,515.00
Total non-current portion	-	23,035.00	23,035.00

(iii) Privately Placed Subordinated Debts of ₹10,00,000/- each - Quoted

₹ in lacs

Redeemable at par within	Rate of interest		
	< 10%	>= 10% < 12%	Total
36-48 months	-	7,500.00	7,500.00
Total non-current portion	-	7,500.00	7,500.00

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

6. OTHER LIABILITIES

Particulars	₹ in lacs			
	Long-term		Short-term	
	As at March 31,		As at March 31,	
	2017	2016	2017	2016
Current maturities of long-term borrowings [Refer note-5]	-	-	341,470.05	414,056.17
Interest accrued but not due on borrowings	34,520.21	47,673.17	36,689.71	15,512.49
Interest received in advance	-	-	-	152.52
Unclaimed dividend	-	-	82.92	73.18
Unclaimed matured deposits and interest accrued thereon	-	-	9,092.22	3,175.79
Unclaimed matured debentures and interest accrued thereon	-	-	2,695.26	5,441.77
Unclaimed matured Subordinate debts and interest accrued thereon	-	-	775.00	1,817.70
Temporary credit balance in bank accounts	-	-	24,591.54	16,907.37
Tax deducted at source	-	-	560.72	478.55
Statutory due pertaining to employees	-	-	546.56	475.00
Unrealised gain on securitisation *	526.35	2,137.79	1,657.98	3,473.75
Retention and other liabilities	-	97.72	13,026.42	11,227.99
Total	35,046.56	49,908.67	431,188.38	472,792.29

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

7. PROVISIONS

Particulars	₹ in lacs			
	Long-term		Short-term	
	As at March 31,		As at March 31,	
	2017	2016	2017	2016
Provision for Employee benefits:				
Provision for gratuity	-	2,200.04	427.87	70.32
Provision for leave encashments	104.32	721.32	1,079.75	31.19
Other provisions:				
Provision for Non performing assets (NPA)	112,690.16	12,685.65	-	55,623.62
Provision for standard assets	3,015.73	1,819.73	4,442.82	3,593.32
Provision for Diminution in the value of Investments	81.76	81.76	-	-
Proposed dividend	-	-	-	6,592.72
Corporate dividend tax	-	-	-	1,378.07
Total	115,891.97	17,508.50	5,950.44	67,289.24

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

8. SHORT TERM BORROWINGS

Particulars	₹ in lacs	
	As at March 31, 2017	As at March 31, 2016
Secured		
Term loan from financial institutions	35,000.00	5,000.00
Cash Credit from banks	112,401.95	84,527.58
Working capital demand loan from banks	33,900.00	2,500.00
	181,301.95	92,027.58
Unsecured		
Commercial papers	200,000.00	8,000.00
	200,000.00	8,000.00
Total	381,301.95	100,027.58

8.1 Term Loan From Institutions

Rate of interest	Repayment Details	₹ in lacs	
		As at March 31, 2017	2016
9.25%	Bullet payment at the end of 1 year	-	5,000.00
8.90%	Bullet payment at the end of 1 year	10,000.00	-
8.75%	Bullet payment at the end of 1 year	10,000.00	-
8.30%	Bullet payment at the end of 1 year	15,000.00	-
Total		35,000.00	5,000.00

Nature of Security

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

8.2 Cash Credit And Working Capital Demand Loans from Banks

Nature of Security

Cash credit and working capital demand loan from banks are secured by way of hypothecation of specific movable assets relating to the loans.

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

Particulars	Gross Block			Depreciation / Amortisation			Net Block	
	As at April 1, 2016	Additions during the year	Deletions during the year	As at March 31, 2017	For the year	Deletions	As at March 31, 2017	As at March 31, 2016
Tangible Assets								
Assets For Own Use								
Land - Freehold	2.31	-	-	2.31	-	-	2.31	2.31
Buildings	12.94	-	-	12.94	0.18	-	3.50	9.44
Plant and Equipment								
Computer	5651.04	831.83	173.51	6309.36	584.09	164.45	4,929.52	1,379.84
Electrical Installations and Equipments	2199.89	231.82	15.06	2416.65	220.04	5.23	892.93	1,523.72
Furniture and Fixtures								
Furniture and Fixtures	1896.42	221.07	13.42	2104.07	154.31	8.26	1,089.69	1,014.38
Office Equipment	2864.51	149.47	37.55	2976.43	476.73	30.89	2,177.64	798.79
Vehicles	33.03	-	0.32	32.71	3.63	0.05	14.45	18.26
Leasehold Improvement	8813.65	1227.83	32.18	10009.30	1258.16	29.19	7,781.08	2,228.22
Total Tangible Assets	21473.79	2662.02	272.04	23863.77	2697.14	238.07	16888.81	7044.05
Intangible Assets								
Computer Software	3475.60	165.05	-	3640.65	765.03	-	2,799.51	841.14
Total Intangible Assets	3,475.60	165.05	-	3,640.65	765.03	-	2,799.51	1,441.11
Total	24,949.39	2,827.07	272.04	27,504.42	3,462.17	238.07	19,688.32	8,485.16
Year Ended March 31, 2016	21,121.92	3,979.73	152.27	24,949.39	3,691.62	123.65	16,464.22	8,225.67

Note:

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, 2017

10. NON-CURRENT INVESTMENTS

Particulars	₹ in lacs	
	As at March 31, 2017	As at March 31, 2016
Long-Term Investment		
A. Trade Investment		
Investment in subsidiary (valued at cost unless stated otherwise)		
Unquoted Equity Instruments :		
16,54,40,000 (March 31, 2016: 16,54,40,000) Equity shares of ₹10 each fully paid-up in Shriram Housing Finance Limited	16,544.00	16,544.00
Total	16,544.00	16,544.00
B. Other than Trade Investment		
1) Investment in Equity Instruments (valued at cost unless stated otherwise)		
Quoted Equity Instruments :		
12,64,470 (March 31, 2016: 12,64,470) Equity shares at the FV of ₹776.50/- each fully paid-up in Ceylinco Insurance PLC	9,877.38	9,877.38
Total	9,877.38	9,877.38
Unquoted Equity Instruments :		
(i) 9,63,265 (March 31, 2016: 9,63,265) Equity shares of ₹10 /-each fully paid-up in Highmark Credit Information Services Private Limited	118.00	118.00
(ii) 18,000 (March 31, 2016: 18,000) Equity Shares of ₹10/- each fully paid-up in Shriram Seva Sankalp Foundation	1.80	1.80
(iii) 5,98,726 (March 31, 2016: 5,98,726) Equity shares of ₹10/- each fully paid-up in Visage Holdings & Finance Private Limited	997.00	997.00
Total	1,116.80	1,116.80
2) Investment in Approved Government securities (valued at cost unless stated otherwise)		
Quoted Investments :		
6.13% GOI 2028 (M.V of ₹ 90.58 lacs)	101.45	101.45
9.22% Gujarat SDL 2023 (M.V of ₹ 3326.70 lacs)	3,175.64	3,175.64
9.55% Tamil Nadu SDL 2023 (M.V of ₹ 1914.03 lacs)	1,833.24	1,833.24
9.25% Maharashtra SDL 2023 (M.V of ₹ 3775.36 lacs)	3,605.33	3,605.33
8.27% GOI 2020 (M.V of ₹ 12,576.00 lacs)	12,281.85	7,638.75
Total	20,997.51	16,354.41
3) Investment in Pass Through Certificates		
Unquoted Investment :		
Small Business Loan Trust - Series I	-	1,792.74
Total	-	1,792.74
Grand Total	48,535.69	45,685.33
Aggregate amount of Unquoted Investments (cost of acquisition)	17,660.80	19,453.54
Aggregate amount of Quoted Investments (cost of acquisition)	30,874.89	26,231.79
Aggregate amount of provision for diminution in value of Investments	81.76	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 ₹ 20,997.51 lacs (March 31, 2016: ₹ 16,354.41 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, 2017

11. DEFERRED TAX ASSET (Net)

Particulars	₹ in lacs	
	As at March 31, 2017	As at March 31, 2016
Deferred tax asset		
Timing difference on account of :		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting period	1,574.27	1,327.56
Provision against standard assets	2,581.26	1,873.35
Provision for leave encashment	298.10	142.75
Provision for gratuity	-	520.62
Provision for Lease rental	28.70	21.94
Provision for Bonus	43.98	65.05
Merger Expenses	0.24	0.48
Gross deferred tax assets (A)	4,526.55	3,951.75
Deferred tax liabilities		
Deferred expenses incurred for NCD mobilization	104.08	230.92
Gross deferred tax liabilities (B)	104.08	230.92
Deferred tax asset (Net) (A-B)	4,422.47	3,720.83

12. LOANS AND ADVANCES

Particulars	₹ in lacs			
	Long-term		Short-term	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Unsecured, Considered Good				
Capital advances	-	44.26	55.14	-
Service tax credit (input) receivable	-	-	83.58	42.18
Prepaid expenses	-	-	517.58	408.88
Interest paid in Advance	-	-	3,553.69	6.75
Security Deposits	1,575.85	1,617.73	551.48	354.77
Advances recoverable in cash or in kind or for value to be received	-	-	3,232.70	6,576.08
Investment through Pass through certificate - Own	92.35	886.62	1,782.96	1,766.20
Loans and Advances				
Assets under financing activities :				
- Secured, considered good	644,722.20	574,131.20	1,036,423.17	1,130,236.73
- Unsecured, considered good	192,728.10	26,989.27	257,141.16	72,991.23
- Doubtful	153,677.77	19,045.38	-	78,962.92
Total	992,796.27	622,714.45	1,303,341.46	1,291,345.74

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

Disclosure on loan against gold as on March 31, 2017 Vide RBI notification DNBS.CC.PD. No.266/03.10.01/2011-12 dated March 26, 2012:

₹ in lacs

Particulars	As at March 31, 2017	As at March 31, 2016
Total Assets under Management	2,284,692.40	1,902,356.72
Total Loan against gold	342,681.28	340,799.72
Percentage of Gold Loan on Total Assets (on book)	15.00%	17.91%

13. OTHER ASSETS

₹ in lacs

Particulars	Non-current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Other Bank balances of non-current portion [Refer note-15]	1,200.01	1,200.01	-	-
Public issue expenses for non-convertible debentures to the extent not written off or adjusted	-	300.97	300.75	366.26
Interest accrued on fixed deposit and other loan and advances	81.84	486.35	1,017.17	1,691.63
Securitisation-receivable	250.54	1,533.36	1,306.73	3,725.55
Advance Tax (net of provisions for tax)	-	-	5,947.80	6,447.65
Total	1,532.39	3,520.69	8,572.45	12,231.10

14. CURRENT INVESTMENTS

₹ in lacs

Particulars	As at March 31, 2017	As at March 31, 2016
Treasury Bills	22,249.68	18,348.53
Certificate of Deposits with Banks	-	15,000.00
Mutual Fund	200.00	200.00
Small Business Loan Trust - Series I	466.21	-
Total	22,915.89	33,548.53

a) 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
Total				22,249.68

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

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, 2016

14.1 Treasury Bills

Particulars	Date of Investment	Date of Maturity	Rate of Interest	₹ in lacs
				Amount
364D T-Bill	25-Jun-15	28-Apr-16	7.67%	4,097.94
364D T-Bill	7-Jan-16	16-Sep-16	7.20%	8,558.85
364D T-Bill	7-Jan-16	16-Sep-16	7.22%	2,380.85
364D T-Bill	29-Mar-16	5-Jan-17	7.10%	2,370.06
364D T-Bill	29-Mar-16	16-Feb-17	7.09%	940.83
Total				18,348.53

14.2 Certificate of Deposits

Particulars	Date of Investment	Date of Maturity	Rate of Interest	₹ in lacs
				Amount
IDBI	31-Mar-16	4-Apr-16	7.95%	5,000.00
Corporation Bank	31-Mar-16	7-Jun-16	12.00%	10,000.00
Total				15,000.00

14.3. 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

Particulars	Non-current		Current	
	As at	As at	As at	As at
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Cash and cash equivalents :				
Balances with banks in :				
- Current accounts	-	-	36,662.77	34,181.71
- Unclaimed dividend	-	-	82.92	73.18
- Deposits with maturity of less than 3 months	-	-	950.00	2,265.00
Cash on hand	-	-	5,562.57	4,485.06
			43,258.26	410,04.95
Other bank Balances :				
Deposits with original maturity for more than 3 months but less than 12 months	-	-	17,450.00	14,000.00
Margin money deposit *	1,200.01	1,200.01	3,005.18	9,185.59
	1,200.01	1,200.01	63,713.44	64,190.54
Amount disclosed under the head "other non-current asset" [Refer note-13]	(1,200.01)	(1,200.01)	-	-
Total	-	-	63,713.44	64,190.54

* Margin money deposit of ₹ 4205.19 lacs as at March 31, 2017 (March 31, 2016 ₹ 10,385.60 lacs) are pledged with banks as margin for securitisation.

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

16. REVENUE FROM OPERATIONS

Particulars	₹ in lacs	
	Year ended March 31, 2017	Year ended March 31, 2016
Income from finance and other charges	4,28,225.23	3,65,036.22
Income on Long Term Securitisation / assignment *	4,388.97	6,311.56
Interest on Long Term Investment through PTC-Securitisation **	133.30	266.00
Interest on Margin money on securitisation / assignment	690.52	1,358.45
Bad debts recovery	4,733.75	5,866.91
Interest on deposit with bank	1,466.64	2,111.29
Interest on government securities	3,054.66	2,147.55
Other financial services- Commission	469.35	388.52
Total	4,43,162.42	3,83,486.50

*Includes exempt income (subject to EIS tax u/s 115 TA of the Income Tax Act) of ₹ 33.90 lacs for the period ending March 31, 2017.

**Includes exempt income of ₹ 3.08 lacs for the period ending March 31, 2017

17. OTHER INCOME

Particulars	₹ in lacs	
	Year ended March 31, 2017	Year ended March 31, 2016
Dividend Income	128.43	-
Gain on sale of investments-Short Term	-	417.53
Profit on sale of assets	12.64	15.51
Miscellaneous income	149.50	91.01
Provision no longer required	-	1,553.08
Gain on Interest rate swap	-	38.50
Total	290.57	2,115.63

18. EMPLOYEE BENEFITS EXPENSES

Particulars	₹ in lacs	
	Year ended March 31, 2017	Year ended March 31, 2016
Salaries and allowances	50,047.34	46,797.46
Contributions to Provident fund and ESI	3,610.09	3,334.67
Gratuity	622.07	371.37
Staff welfare expenses	749.42	819.69
Total	55,028.92	51,323.19

Notes

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19. FINANCE COSTS

Particulars	₹ in lacs	
	Year ended March 31, 2017	Year ended March 31, 2016
Interest expense on :		
Debentures	16,817.82	24,856.02
Subordinate debts	14,092.77	14,421.66
Fixed deposits	32,683.12	26,667.59
Loans from banks	76,123.26	60,177.95
Loans from institutions and others	3,554.24	3,465.28
Commercial Papers	7,829.12	5,332.78
Other Borrowing Costs:		
Bank Charges	956.96	824.27
Processing and other charges	218.88	687.22
Brokerage	1,165.43	1,912.11
Total	1,53,441.60	1,38,344.88

20. OTHER EXPENSES

Particulars	₹ in lacs	
	Year ended March 31, 2017	Year ended March 31, 2016
Rent	4,923.62	4,596.52
Power and Fuel expenses	867.93	945.67
Repairs & maintenance to Buildings	1,287.50	1,024.51
Repairs & maintenance to Office Equipments	57.54	45.51
Office upkeep expenses	1,133.10	1,174.54
Rates & taxes	1,313.25	1,370.61
Printing & stationery	1,925.20	1,914.82
Traveling & conveyance	5,768.40	5,165.68
Advertisement	957.11	1,055.29
Business promotion expenses	4,734.87	4,509.80
Commission	11,383.52	8,685.53
Royalty	4,908.45	4,321.01
Directors' sitting fees	26.43	29.99
Insurance	362.23	433.63
Communication expenses	3,034.47	3,041.23
Payments to the auditor		
(a) Audit fees	34.64	31.30
(b) Tax audit fees	6.89	6.22
(c) Certification	8.15	7.37
(d) Out of pocket	7.25	11.46
Professional charges	9,541.05	8,668.49
Legal & Professional fees	669.78	772.89
Donation	-	7.45
Public issue expenses for non-convertible debentures	366.48	734.59
Loss on sale of assets	20.28	11.45
CSR expenses	688.55	649.77
Miscellaneous expenses	1,076.75	708.53
Total	55,103.44	49,923.86

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

21. PROVISIONS & WRITE-OFFS

Particulars	₹ in lacs	
	Year ended March 31, 2017	Year ended March 31, 2016
Provision for Non performing assets	44,380.89	29,828.73
Provision for standard assets	2,045.51	1,599.36
Bad debts written off	44,626.20	30,161.12
Provision for Diminution in value of Investments	-	45.12
Total	91,052.60	61,634.33

22. EARNINGS PER SHARE (EPS)

Particulars	₹ in lacs	
	Year ended March 31, 2017	Year ended March 31, 2016
Net profit after tax as per statement of profit and loss (₹ in lacs) (A)	55,605.99	52,978.03
Weighted average number of equity shares for calculating Basic EPS (No. in lacs) (B)	659.34	659.16
Weighted average number of equity shares for calculating Diluted EPS (No. in lacs) (C)	660.05	660.03
Basic earnings per equity share (in ₹) (Face value of ₹10/- per share) (A) / (B)	84.34	80.37
Diluted earnings per equity share (in ₹) (Face value of ₹10/- per share) (A) / (C)	84.24	80.27

Particulars	₹ in lacs	
	Year ended March 31, 2017	Year ended March 31, 2016
Weighted average number of equity shares for calculating EPS (No. in lacs)	659.34	659.16
Add : Equity shares for no consideration arising on grant of stock options under ESOP (No. in lacs)	0.71	0.87
Weighted average number of equity shares for calculating diluted EPS (No. in lacs)	660.05	660.03

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)

Particulars	₹ in lacs	
	Gratuity	
	For the year ended March 31,	
	2017	2016
Current service cost	474.66	466.95
Interest cost on benefit obligation	180.49	158.00
Expected return on plan assets	N.A.	N.A.
Net actuarial (gain) / loss recognised in the year	(33.08)	253.59
Past service cost	-	-
Net benefit expense	622.07	878.54
Actual return on plan assets	N.A.	N.A.

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Balance Sheet

Benefit asset/(liability)

Particulars	₹ in lacs	
	Gratuity	
	As at March 31,	
	2017	2016
Present value of the defined benefit obligation	2,732.94	2,270.36
Fair value of plan assets	(2,305.07)	N.A.
Total	427.87	2,270.36
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	(427.87)	(2,270.36)

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

Particulars	₹ in lacs	
	Gratuity	
	As at March 31,	
	2017	2016
Opening defined benefit obligation	2,270.36	1,955.49
Interest cost	180.49	158.00
Current service cost	474.66	466.95
Transferred in liabilities	-	11.84
Transferred out liabilities	(20.02)	-
Benefits paid	(174.19)	(68.34)
Actuarial (gains) / losses on obligation	1.64	(253.58)
Closing defined benefit obligation	2,732.94	2,270.36

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

Particulars	Gratuity	
	As at March 31,	
	2017	2016
Investments with insurer	2305.07	NA

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

Particulars	Gratuity	
	As at March 31,	
	2017	2016
Discount Rate	7.20%	7.95%
Increase in compensation cost	5.00%	5.00%
Employee Turnover	2%&13%	2.00%

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, 2017

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

₹ in lacs

Particulars	As at March 31,			
	2017	2016	2015	2014
Present value of defined benefit obligation	2,732.94	2,270.36	1955.49	1,005.76
Plan assets	2305.07	NA	NA	NA
Surplus / (deficit)	(427.87)	(2270.36)	(1955.49)	(1005.76)
Experience adjustments on plan liabilities	(143.41)	(294.08)	(84.58)	(89.71)
Experience adjustments on plan assets	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 ₹ 1184.07 lacs as on March 31, 2017 (₹ 752.51 lacs as on March 31, 2016)

24. EMPLOYEE STOCK OPTION PLAN

24.1 The Company provides share-based payment schemes to its Employees. For the period ended March 31, 2017 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	: 13,55,000
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 summarized below:

Particulars	As at Mar 31, 2017		As at Mar 31, 2016	
	Number of Shares	Weighted Average Exercise Price(in ₹)	Number of Shares	Weighted Average Exercise Price(in ₹)
Outstanding at the beginning of the year	88,730	35.00	1,10,270	35.00
Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	-	-	-	-
Less: Exercised during the year	16,250	35.00	21,540	35.00
Less: Expired during the year	-	-	-	-
Outstanding at the end of the period	72,480	35.00	88,730	35.00
Exercisable at the end of the period	-	-	-	-
Weighted average remaining contractual life (in years)	-	3.55	-	4.55
Weighted average fair value of options granted	-	227.42	-	227.42

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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 ₹)
2017	35.00	72,480	3.55	35.00
2016	35.00	88,730	4.55	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,	
	2017	2016
Compensation cost pertaining to equity-settled employee share-based payment plan included above	-	-
Liability for employee stock options outstanding as at end of period	164.13	200.93
Deferred compensation cost	Nil	Nil

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

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

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,	
	2017	2016
Profit as reported (₹ in lacs)	55,605.99	52,978.03
Add: Employee stock compensation under intrinsic value method (₹ in lacs)	-	-
Less: Employee stock compensation under fair value method (₹ in lacs)	-	-
Proforma profit (₹ in lacs)	55,605.99	52,978.03
Less: Preference Dividend	-	-
Proforma Net Profit for Equity Shareholders (₹ in lacs)	55,605.99	52,978.03
Earnings per share		
Basic (₹)		
- As reported	84.34	80.37
- Proforma	84.34	80.37
Diluted (₹)		
- As reported	84.24	80.27
- Proforma	84.24	80.27

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 segment wise reporting has not been given.

26. RELATED PARTY DISCLOSURE

I) Key Managerial Personnel

- Mr. R Duruvasan, Managing Director & CEO
- Mrs. Subhasri Sriram, Chief Financial Officer (up to January 30, 2017)
- Mr. R Chandrasekar, Chief Financial Officer (From January 30, 2017)
- Mr. C R Dash, Company Secretary

II) Subsidiaries

- Shriram Housing Finance Limited (SHFL)

III) Enterprises having significant influence over the Company

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

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

Particulars	₹ in lacs							
	Enterprises having significant influence over the Company		Subsidiaries		Key Managerial Personnel		Total	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Payments/Expenses								
Royalty to SOT	4,908.45	4,321.01	-	-	-	-	4,908.45	4,321.01
Reimbursement of business promotion expenses, rent and other expenses to SCL	476.49	349.02	-	-	-	-	476.49	349.02
License Fees to SCL	2,203.75	2,137.36	-	-	-	-	2,203.75	2,137.36
Rent and other expenses to SHFL	-	-	296.87	160.08	-	-	296.87	160.08
Equity dividend to SCL	3,340.34	3,451.68	-	-	-	-	3,340.34	3,451.68
Equity dividend to Dynasty Acquisition FPI Limited	2,013.28	2,080.39	-	-	-	-	2,013.28	2,080.39
Equity dividend to Pirmal Enterprises Limited	986.98	1,019.88	-	-	-	-	986.98	1,019.88
Salary to Key Managerial Personnel	-	-	-	-	103.99	114.38	103.99	114.38
Receipts								
Commission and sublease income - SHFL	-	-	-	295.36	-	-	-	295.36
Reimbursement of expenses - SHFL	-	-	31.13	23.76	-	-	31.13	23.76
Balance outstanding as at								
Share Capital held by SCL	2,226.89	2,226.89	-	-	-	-	2,226.89	2,226.89
Share Capital held by Dynasty Acquisition FPI Limited	1,342.19	1,342.19	-	-	-	-	1,342.19	1,342.19
Share Capital held by Pirmal Enterprises Limited	657.98	657.98	-	-	-	-	657.98	657.98
Investment of SCL	329.62	-	-	-	-	-	329.62	-
Investment in Shares of SHFL	-	-	16,544.00	16,544.00	-	-	16,544.00	16,544.00
Security deposits with SHFL	-	-	117.38	117.38	-	-	117.38	117.38
Outstanding Receivable SHFL	-	-	-	43.74	-	-	-	43.74
Outstanding Expenses SHFL	-	-	25.04	0.54	-	-	25.04	0.54
Outstanding Expenses SCL	155.43	14.40	-	-	-	-	155.43	14.40
Outstanding Expenses SOT	1029.79	503.90	-	-	-	-	1,029.79	503.90

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

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

I) Contingent Liabilities

Particulars	As at March 31,	
	2017	2016
a. Income Tax	2,990.65	2,956.88
b. Kerala Value Added Tax	5.37	4.65
c. Tamil Nadu Value Added Tax	125.65	75.50
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 2014-15

Disputed Income Tax demand are on account of Disallowance of Interest expenses u/s 234D - ₹ 116.45 lacs and Disallowance u/s 40 a (ia) - ₹ 2,784.20 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.

The disputed Kerala Value Added Tax demand on account of sale of seized vehicles for the assessment year 2007-08 is ₹ 4.65 lacs. The company has filed appeal before the Deputy Commissioner (Appeals), Ernakulam.

The disputed Kerala Value Added Tax demand on account of goods in transit u/s 47 (6) for the assessment

year 2011-12 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.

The disputed Tamil Nadu Value Added Tax demand 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 before STAT, Chennai / Dy.Commissioner (A), Chennai.

The company has issued a guarantee for ₹ 2500 lacs against refinance obtained by Shriram Housing Finance Limited for NHB

II) Commitments

As at March 31, 2017, ₹ 119.35 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

Particulars	₹ in lacs	
	Year ended March 31, 2017	Year ended March 31, 2016
Total number of transactions under par structure	-	1
Total book value of assets	-	10,000.00
Sale consideration received	-	10,000.00

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

(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, 2017	As at March 31, 2016
1	No of SPVs sponsored by the NBFC for securitisation transactions	3	8
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	11,034.10	35,719.00
3	Total amount of exposures retained by the NBFC 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	4,205.19	10,051.01
	Others	140.72	708.69
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	-	334.59
	ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

B. Direct Assignment

		₹ in lacs	
Particulars		Year ended March 31, 2017	Year ended March 31, 2016
(i)	No. of accounts	70,569	59,652
(ii)	Aggregate value (net of provisions) of accounts sold	23,963.46	25,107.53
(iii)	Aggregate consideration	20,022.18	20,127.08
(iv)	Additional consideration realised in respect of accounts transferred in earlier years	394.13	499.54
(v)	Aggregate gain / loss over net book value	1,060.43	1,623.65

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

29. Disclosure of frauds reported during the year ended March 31, 2017

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
A) Person involved								
Staff	-	-	-	-	-	-	-	-
Customer	-	-	-	-	2	210.80	2	210.80
Customer & Outsider	-	-	-	-	-	-	-	-
Staff, Customer & Outsider	-	-	2	12.18	-	-	2	12.18
Total	-	-	2	12.18	2	210.80	4	222.98
B) Type of Fraud								
Misappropriation and Criminal breach of trust	-	-	-	-	-	-	-	-
Fraudulent encashment/ manipulation of books of accounts	-	-	2	12.18	-	-	2	12.18
Unauthorised credit facility extended	-	-	-	-	-	-	-	-
Cheating and Forgery	-	-	-	-	2	210.80	2	210.80
Total	-	-	2	12.18	2	210.80	4	222.98

30. Derivatives

Interest Rate Swap

The Company has entered into an interest rate swap to convert the floating rate into a fixed rate liability @ 10.49% till maturity date of March 30, 2017 (underlying long term debt of ₹ 27,500 lacs)

₹ in lacs

S. No	Particulars	As at Mar 31, 2017	As at Mar 31, 2016
i)	The notional principal of swap agreements	-	27,500.00
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-
iii)	Collateral required by the NBFC upon entering into swaps	-	-
iv)	Concentration of credit risk arising from the swaps	-	-
v)	The fair value of the swap book	-	27,500.00

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

31. EXPOSURE

31.1 EXPOSURE TO CAPITAL MARKET

S. No	Particulars	₹ in lacs	
		As at March 31, 2017	As at March 31, 2016
(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;	10,077.38	10,077.38
(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;	48,468.26	49,101.70
(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	3,955.44
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows / issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	-	-
	Total	59,102.55	63,134.52

31.2 EXPOSURE TO REAL ESTATE SECTOR

S. no	Particulars	₹ in lacs	
		As at March 31, 2017	As at March 31, 2016
i)	Residential Mortgages -Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	25,803.20	14,064.36
ii)	Commercial Real Estate -Lending secured by mortgages on commercial real estates (office buildings, retail space, multi- purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	34,313.10	22,072.94
iii)	Investments in Mortgage Backed Securities(MBS) and other securitised exposures -	-	-
	Residential	-	-
	Commercial Real Estate	-	-
	Total Exposure to Real Estate Sector	60,116.30	36,137.30

32. Expenditure in Foreign Currency (Cash Basis) - Nil

33. The company had no discontinuing operations during the year ended March 31, 2017.

34. The Company has taken various office premises under operating lease. The lease payments recognised in the statement of profit and loss account are ₹ 4920.68 lacs (March 31, 2016 - ₹ 4596.52 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:

Particulars	₹ in lacs	
	For the year ended March 31,	
	2017	2016
a. Not later than 1 year	403.83	347.75
b. More than 1 year and less than 5 years	1,081.11	977.60
c. Later than 5 years	349.03	467.23

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

35. Capital

S. No	Particulars	As at March 31, 2017	As at March 31, 2016
i)	CRAR (%)	23.88%	26.14%
ii)	CRAR - Tier I Capital (%)	22.22%	23.36%
iii)	CRAR - Tier II Capital (%)	1.66%	2.78%
iv)	Amount of subordinated debt raised as Tier-II capital (₹ in lacs)	29,485.91	47,137.31
v)	Amount raised by issue of Perpetual Debt Instruments	-	-

36. Investments

S. No	Particulars	As at March 31, 2017	As at March 31, 2016
₹ in lacs			
1)	Value of Investments		
i)	Gross Value of Investments		
a)	In India	61,574.20	69,356.48
b)	Outside India	9,877.38	9,877.38
ii)	Provisions for Diminution		
a)	In India	81.76	81.76
b)	Outside India	-	-
iii)	Value of Net Investments		
a)	In India	61,492.44	69,274.72
b)	Outside India	9,877.38	9,877.38
2)	Movement of provisions held towards diminution on investments		
i)	Opening Balance	81.76	36.64
ii)	Add : Provisions made during the year	-	45.12
iii)	Less : Write-off / write-back excess provisions during the year	-	-
iv)	Closing Balance	81.76	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 (SGL) / Group Borrower Limit (GBL) exceeded by the NBFCs - Nil

40. Registration obtained from other financial sector regulators - Nil

41. Details of Penalties imposed by RBI and other regulators

₹ 14.21 lacs levied and paid during the year as Penal Interest to RBI for shortfall in SLR in an earlier year, ₹ 57.10 lacs levied and paid during the year as compounding fee to RBI for issuance of convertible warrants to foreign investors without prior permission of RBI in earlier years and ₹ 20 lacs levied and paid after the balance sheet date as penal interest to RBI for delay in complying with requirements of Fair Practices Code.

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

42. Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	₹ in lacs	
	Year ended March 31, 2017	Year ended March 31, 2016
Provisions for diminution on Investment	-	45.12
Provision towards NPA	44,380.89	29,828.73
Provision made towards Income tax	30,459.91	28,332.03
Other Provisions and Contingencies (with details)		
Provision for Standard Assets	2,045.51	1,599.36
Provision for Gratuity	622.07	371.37
Provision for Leave encashments	508.34	302.45

43. Draw Down Reserves - Nil

44. Concentration of Deposits, Advances, Exposures and NPAs

a. Concentration of Deposits (for deposit taking NBFCs)

	₹ in lacs
Total Deposits of twenty largest depositors	4,479.82
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	1.38%

b. Concentration of Advances

	₹ in lacs
Total Advances to twenty largest borrowers	76,170.71
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	3.33%

c. Concentration of Exposures

	₹ in lacs
Total Exposure to twenty largest borrowers / customers	76,170.71
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	3.33%

d. Concentration of NPAs

	₹ in lacs
Total Exposure to top four NPA accounts	7,022.89

e. Sector-wise NPAs

S.No.	Sector	Percentage of NPAs to Total Advances in that sector
1	Agriculture & allied activities	-
2	MSME / Corporate borrowers	7.12%
3	Services	-
4	Unsecured personal loans	9.00%
5	Auto loans	
	i) Auto Loans	8.99%
	ii) Two wheeler	7.37%
6	Other personal loans	
	i) Consumer Durable	-
	ii) Pledged Jewel	2.68%
7	Others	0.18%

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

45. Movement of NPAs

		₹ in lacs	
S. No	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
i)	Net NPAs to Net Advances (%)	1.79%	1.56%
ii)	Movement of NPAs (Gross)		
	a) Opening balance	98,008.30	49,142.87
	b) Additions during the year	112,915.95	82,975.23
	c) Reductions during the year	57,246.68	34,109.80
	d) Closing balance	153,677.77	98,008.30
iii)	Movement of Net NPAs		
	a) Opening balance	29,699.03	10,662.34
	b) Additions during the year	38,407.17	29,119.81
	c) Reductions during the year	27,118.58	10,083.12
	d) Closing balance	40,987.61	29,699.03
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	a) Opening balance	68,309.27	38,480.54
	b) Provisions made during the year	74,508.79	53,855.42
	c) Write-off / write-back of excess provisions	30,127.90	24,026.68
	d) Closing balance	112,690.16	68,309.27

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 ₹ 1,623.50 lacs for the year 2016-17 .The company has spent ₹ 688.55 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

forming part of Standalone Financial Statements for the year ended March 31, 2017

49. Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

Particulars	₹ in lacs								
	Upto 30/31 Days	Over 1 month upto 2 Months	Over 2 months upto 3months	Over 3 months & up to 6 months	Over 6 Months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	21,451.53	12,832.51	14,290.11	41,639.54	78,893.49	144,612.52	20,963.36	-	334,683.06
Advances	144,984.55	99,338.36	100,508.93	303,732.14	645,000.35	659,385.74	130,974.90	47,089.66	2,131,014.63
Investments	288.60	90.39	6,714.39	195.01	15,627.50	-	12,281.85	36,253.84	71,451.58
Borrowings	195,316.64	81,741.03	65,493.78	71,239.07	177,028.32	611,458.19	179,391.84	25,000.00	1,406,668.87
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

50. Rating assigned by credit rating agencies and migration of ratings during the year

Rating Agency	Rating Instrument	As at March 31, 2017		As at March 31, 2016	
India Ratings	Long-Term (NCDs)	IND AA / Stable	IND AA / Stable	IND AA / Stable	IND AA / Stable
	Short-Term (CP)	IND A1+	IND A1+	IND A1+	IND A1+
	Bank Loan Ratings	IND AA/ Stable	IND AA/ Stable	IND AA	IND AA
	Fixed deposit	IND tAA/ Stable	IND tAA/ Stable	IND tAA	IND tAA
CARE	Long-Term (NCDs)	CARE AA+	CARE AA+	CARE AA+	CARE AA+
	Short-Term (CP)	CARE A1+	CARE A1+	CARE A1+	CARE A1+
	Subordinate Debt	CARE AA+	CARE AA+	CARE AA+	CARE AA+
	Fixed deposit	CARE AA+ (FD)	CARE AA+ (FD)	CARE AA+ (FD)	CARE AA+ (FD)
ICRA	Long-Term (NCDs)	ICRA AA / stable	ICRA AA / stable	ICRA AA / stable	ICRA AA / stable
	Short-Term (CP)	ICRA A1+	ICRA A1+	ICRA A1+	ICRA A1+
	Fixed deposit	MAA+/ Stable	MAA+/ Stable	MAA+(Stable)	MAA+(Stable)
CRISIL	Long-Term (NCDs)	CRISIL AA-/Positive	CRISIL AA-/Positive	CRISIL AA-/Stable	CRISIL AA-/Stable
	Short-Term (CP)	CRISIL A1+	CRISIL A1+	CRISIL A1+	CRISIL A1+
	Subordinate Debt	CRISIL AA-/ Positive	CRISIL AA-/ Positive	CRISIL AA-/Stable	CRISIL AA-/Stable
	Fixed deposit	FAA /Positive	FAA /Positive	FAA (Stable)	FAA (Stable)

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

51. Customer Complaints

S. No	Particulars	Count
(a)	No. of complaints pending at the beginning of the year	16
(b)	No. of complaints received during the year	1,220
(c)	No. of complaints redressed during the year	1,201
(d)	No. of complaints pending at the end of the year	35

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. Details of Specified Bank Notes

The details of Specified Bank Notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016 as provided in the Table below:-

Particulars	₹ in lacs		
	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	4,741.65	184.73	4,926.38
(+) Permitted receipts	-	63,067.03	63,067.03
(-) Permitted payments	-	48,921.89	48,921.89
(-) Amount deposited in Banks	4,741.65	12,078.22	16,819.87
Closing cash in hand as on 30.12.2016	-	2,251.65	2,251.65

In the ordinary course of business, loan borrowers of the Company have directly deposited cash as part of their loan repayments in the collection bank accounts of the Company with various banks, aggregating to ₹ 147.44 lacs during the period November 9, 2016 to December 30, 2016 the denomination wise details of which are currently not available with the Company and hence not included in the above table.

Explanation : For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

54. Auction Details

The Company auctioned 7013 loan accounts (Previous Year : 21,946 accounts) during the financial year and the outstanding dues on these loan accounts were ₹ 1936.69 lacs (Previous Year : ₹ 5217.96 lacs) till the respective dates of auction. The Company realized ₹ 1784.77 lacs (Previous Year : ₹ 5020.86 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.

55. 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.

56. Previous year figures have been regrouped / rearranged, wherever considered necessary, to conform with current year presentation.

As per our report of even date
For Pijush Gupta & Co.
Chartered Accountants
Firm Registration No. 309015E

Pijush Kumar Gupta
Partner
Membership No. 015139
Place: Chennai
Date: May 02, 2017

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

R Duruvasan
Managing Director & CEO
DIN: 00223052
C R Dash
Company Secretary

S. Krishnamurthy
Director
DIN: 00140414
R Chandrasekar
Chief Financial Officer

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

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	20,950.14
6	Total assets	192,944.67
7	Total Liabilities	150,578.52
8	Investments	8,929.49
9	Turnover	27,917.90
10	Profit before taxation	4,391.22
11	Provision for taxation	1,494.74
12	Profit after taxation	2,896.48
13	Proposed Dividend	NA
14	Percentage of shareholding	77.25%
Notes:		
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

Place: Chennai	R.Duruvasan Managing Director & CEO	S. Krishnamurthy Director	C R Dash Company Secretary	R Chandrasekar Chief Financial Officer
Date: May 2, 2017	DIN: 00223052	DIN: 00140414		

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

As per Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, Schedule to the Balance Sheet of a NBFC

Particulars		₹ in lacs	
		As at March 31, 2017	
S.no	Liabilities side :	Amount outstanding	Amount overdue
(1)	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
	(a) Debenture : Secured	128,600.61	2,695.26#
	: Unsecured	-	-
	(other than falling within the meaning of public deposits*)		
	(b) Deferred Credits	-	-
	(c) Term Loans	818,016.90	-
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial Paper	196,446.31	-
	(f) Public Deposits*	363,187.58	9,092.22#
	(g) Other Loans - Subordinate Debts	131,733.20	775.00#
	- Cash Credit (including working capital demand loan)	146,432.03	-
	Total (1)	1,784,416.63	12,562.48
	*Please see Note 1 below		
(2)	Break-up of (1)(f) above (Outstanding Public deposits inclusive of interest accrued thereon but not paid):		
	(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	363,187.58	9,092.22#
	Total (2)	363,187.58	9,092.22
	*Please see Note 1 below		
	# Represent amount unclaimed.		

Assets side :		₹ in lacs	
		Amount outstanding	
(3)	Break-up of Loans and Advances including bills receivables (other than those included in (4) below):		
	(a) Secured		18,21,098.71
	(b) Unsecured		4,63,593.69
	Total (3)		2,284,692.40
(4)	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
	(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		-
	Total (4)		-
(5)	Break-up of Investments :		
	Current Investments :		

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

		₹ in lacs
Assets side :		Amount outstanding
1.	Quoted :	
	(i) Shares : (a) Equity	-
	(b) Preference	-
	(ii) Debenture and Bonds	-
	(iii) Units of mutual funds	200.00
	(iv) Government Securities	22,249.68
	(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)	466.21
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	20,997.51
	(v) Others (Please specify)	-
2.	Unquoted :	
	(i) Shares: (a) Equity	17,660.80
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others (Please specify)	-
Total (5)		71,451.58

(6) Borrower group-wise classification of assets, financed as in (3) and (4) above :

Please see Note 2 below

Category	₹ in lacs		
	Amount (Net of provisions)		Total
	Secured	Unsecured	
1. Related Parties **			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	17,22,132.99	44,98,69.25	21,72,002.24
Total (6)	17,22,132.99	4,49,869.25	21,72,002.24

Notes

forming part of Standalone Financial Statements for the year ended March 31, 2017

(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

Category	₹ in lacs	
	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	54,907.58	54,907.58
Total (7)	71,451.58	71,451.58

** As per Accounting Standard of ICAI (Please see Note 3)

(8) Other information

Particulars	₹ in lacs	
	Amount	
(i) Gross Non-Performing Assets		
(a) Related parties		-
(b) Other than related parties		153,677.77
(ii) Net Non-Performing Assets		
(a) Related parties		-
(b) Other than related parties		40,987.61
(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 - Systemically 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 - Systemically 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

	R.Duruvasan	S. Krishnamurthy	C R Dash	R Chandrasekar
Place: Chennai	Managing Director & CEO	Director	Company Secretary	Chief Financial Officer
Date: May 2, 2017	DIN: 00223052	DIN: 00140414		

PIJUSH GUPTA & CO
CHARTERED ACCOUNTANTS

P-199, C.I.T.ROAD, SCHEME IV-M, KOLKATA – 700 010

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 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (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 requirements of the Companies Act, 2013 (hereinafter referred to as "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 the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements 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.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, 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 the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us 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

PIJUSH GUPTA & CO
CHARTERED ACCOUNTANTS

P-199, C.I.T.ROAD, SCHEME IV-M, KOLKATA – 700 010

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 31st March, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law have been kept far as it appears from our examination of those books
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the preparation of 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.
- e) On the basis of the written representations received from the directors of the Holding Company and the subsidiary as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the subsidiary, none of the directors is disqualified as on 31st March, 2017 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 A".
- 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, read with companies (Audit and Auditors) Amendment Rules, 2017. 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 the consolidated financial position of the Group – Refer Note no 27 to the consolidated financial statements.
- ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
- 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.
- (iv) The Company has provided disclosures in Note 54 in the consolidated financial statements in respect of holding of Specified Bank Notes (SBNs) on November 8, 2016 and on December 30, 2016 as well as dealings in the said SBNs during the period from November 9, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including those in SBNs, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced before us. As per information and explanations given to us and as stated in the said note 54, borrowers of the Company have further directly deposited cash in the Company's bank accounts and that denomination wise details of such deposits are not available with the Company.

For Pijush Gupta & Co.
Chartered Accountants
Firm Registration Number: 309015E

Pijush Kumar Gupta
Partner
Membership No. 015139

Place: Chennai
Date: May 02, 2017

PIJUSH GUPTA & CO
CHARTERED ACCOUNTANTS
P-199, C.I.T.ROAD, SCHEME IV-M, KOLKATA – 700 010

ANNEXURE 'A'

Annexure referred to in paragraph 1(f) under the heading " Report on other legal and regulatory requirements" in the independent auditors' report of even date on the consolidated 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")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Shriram City Union Finance Limited (hereinafter referred to as "the Holding Company") and its subsidiary as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary are 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 (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent

applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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

PIJUSH GUPTA & CO
CHARTERED ACCOUNTANTS
P-199, C.I.T.ROAD, SCHEME IV-M, KOLKATA – 700 010

A company's internal financial control over financial reporting includes those policies and procedures that

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 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
- provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the

internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India" .

For Pijush Gupta & Co.
Chartered Accountants
Firm Registration Number: 309015E

Place: Chennai
Date: May 02,2017

Pijush Kumar Gupta
Partner
Membership No. 015139

CONSOLIDATED BALANCE SHEET

as at March 31, 2017

Particulars	Note No	₹ in lacs	
		As at March 31, 2017	As at March 31, 2016
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	3	6,594.34	6,592.72
(b) Reserves and surplus	4	512,163.14	458,282.83
		518,757.48	464,875.55
2. Share application money pending allotment		0.09	-
3. Non-current liabilities			
(a) Long-term borrowings	5	1,093,733.15	1,001,268.70
(b) Other long-term liabilities	6	35,411.03	50,126.10
(c) Long-term provisions	7	118,065.42	19,055.34
		1,247,209.60	1,070,450.14
4. Current liabilities			
(a) Short-term borrowings	8	381,485.51	105,315.62
(b) Other current liabilities	6	466,505.50	490,289.15
(c) Short-term provisions	7	6,152.84	67,472.58
		854,143.85	663,077.35
5. Minority Interest		9,559.48	8,910.74
Total		2,629,670.50	2,207,313.78
II. ASSETS			
1. Non-current assets			
(a) Fixed assets	9		
(i) Tangible assets		7,484.85	7,282.77
(ii) Intangible assets		844.48	1,442.40
(b) Non-current investments	10	37,797.91	36,742.09
(c) Deferred tax assets(Net)	11	4,575.26	3,919.49
(d) Long-term loans and advances	12	1,160,086.68	741,004.32
(e) Other non-current assets	13	4,540.54	3,520.69
		1,215,329.72	793,911.76
2. Current assets			
(a) Current Investments	14	26,039.16	34,690.87
(b) Cash and bank balances	15	64,204.56	65,468.65
(c) Short-term loans and advances	12	1,314,488.24	1,300,990.57
(d) Other current assets	13	9,608.82	12,251.93
		1,414,340.78	1,413,402.02
Total		2,629,670.50	2,207,313.78

Significant accounting policies

2.1

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

 As per our report of even date
For Pijush Gupta & Co.
 Chartered Accountants
 Firm Registration No. 309015E

 For and on behalf of the Board of Directors of
Shriram City Union Finance Limited
Pijush Kumar Gupta
 Partner
 Membership No. 015139

R Duruvasan
 Managing Director & CEO
 DIN: 00223052

S. Krishnamurthy
 Director
 DIN: 00140414

 Place: Chennai
 Date: May 02, 2017

C R Dash
 Company Secretary

R Chandrasekar
 Chief Financial Officer

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2017

₹ in lacs

Particulars	Note No	Year ended March 31, 2017	Year ended March 31, 2016
INCOME			
Revenue from operations	16	470,359.28	399,819.04
Other income	17	542.25	2,141.19
Total income		470,901.53	401,960.23
EXPENSES			
Employee benefits expenses	18	59,729.79	54,082.64
Finance costs	19	165,231.69	144,038.43
Depreciation and amortization expense	9	3,571.21	3,762.29
Other expenses	20	58,853.77	52,456.12
Provisions & write-offs	21	93,828.28	62,683.41
Total expenses		381,214.74	317,022.89
Profit before tax		89,686.79	84,937.34
Tax expense:			
- Current tax		31,878.38	29,873.93
- Deferred tax		(655.77)	(801.50)
- Tax of earlier years		6.61	2.19
Total tax expense		31,229.22	29,074.62
Profit after tax from continuing operations		58,457.57	55,862.72
Less: Minority interest		648.73	656.27
		57,808.84	55,206.45
Earnings per equity share	22		
Equity shares of par value ₹10/- each			
Basic (₹)		87.68	83.75
Diluted (₹)		87.58	83.64

Significant accounting policies

2.1

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

As per our report of even date
For Pijush Gupta & Co.
Chartered Accountants
Firm Registration No. 309015E

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

Pijush Kumar Gupta
Partner
Membership No. 015139

R Duruvasan
Managing Director & CEO
DIN: 00223052

S. Krishnamurthy
Director
DIN: 00140414

Place: Chennai
Date: May 02, 2017

C R Dash
Company Secretary

R Chandrasekar
Chief Financial Officer

CASH FLOW STATEMENT

for the year ended March 31, 2017

Particulars	₹ in lacs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Taxes	89,686.79	84,937.34
Adjustments for :		
Depreciation and amortization	3,571.21	3,762.29
(Profit)/Loss on sale of fixed assets (net)	8.82	(2.63)
Public issue expenditure for non-convertible debentures	366.48	734.59
Provision for Non-performing assets and bad debts written off	89,956.62	60,759.59
Provision for standard assets	2,353.21	1,878.70
Provision for diminution in the value of investments	-	45.12
Provision no longer required	2.11	(1,555.10)
(Gain)/Loss on sale of investments	(228.31)	(417.53)
Provision for Lease rental	19.92	1.53
Gain on sale of investments	-	(8.08)
Loss on sale of Loan and repossessed assets	1,518.45	-
Dividend Income	(128.43)	-
Operating profit before working capital changes	187,126.87	150,135.82
Movements in Working capital:		
(Increase) / decrease in assets under financing activities	(426,961.88)	(357,900.23)
(Increase) / decrease in Short-term loans and advances	(2,069.08)	(5,520.24)
(Increase) / decrease in Long-term loans and advances	(49,841.08)	(47,078.78)
(Increase) / decrease in other current assets	2,577.60	847.76
(Increase) / decrease in other non-current assets	(1,320.82)	1,994.76
(Increase) / decrease in Investments	13,829.26	46,426.96
Increase / (decrease) in other current liabilities	(44,666.14)	67,106.70
Increase / (decrease) in other non-current liabilities	(16,125.99)	15,218.95
Cash generated from operations	(337,451.26)	(128,768.30)
Direct taxes paid (net of refunds)	(32,273.47)	(29,891.61)
Net Cash from/(used in) operating activities (A)	(369,724.73)	(158,659.91)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed including intangible assets	(3,211.35)	(4,177.91)
Capital advance for assets	(10.88)	1,400.92
Proceeds from sale of fixed assets	27.16	34.30
Purchase of investments	(4,643.10)	(27,805.85)
Proceeds from sale of investments	1,366.34	19,367.37
Dividend Income	128.43	-
Gain/(Loss) on sale of investments	-	417.53
Miscellaneous income	-	4.68
Net Cash from/(used in) investing activities (B)	(6,343.40)	(10,758.96)

CASH FLOW STATEMENT

for the year ended March 31, 2017

₹ in lacs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of equity share capital including securities premium and share application money	5.77	7.55
Increase / (decrease) of long-term borrowings	113,252.42	197,300.02
Increase / (decrease) of short-term borrowings	276,169.89	(12,429.49)
Dividend Paid	(9,880.26)	(10,203.64)
Tax on dividend	(2,013.37)	(2,079.82)
Net Cash from/(used in) financing activities (C)	377,534.45	172,594.62
Net increase / (decrease) in cash and cash equivalents (A+B+C)	1,466.32	3,175.75
Cash and cash equivalents at the beginning of the year	42,283.06	39,107.31
Cash and cash equivalents at the end of the year	43,749.38	42,283.06

₹ in lacs

Components of cash and cash equivalents	As at March 31, 2017	As at March 31, 2016
Cash on hand	5,752.94	4,577.87
Balances with banks in :		
Current accounts	36,963.52	35,367.01
Unclaimed dividend accounts	82.92	73.18
Deposits with maturity of less than 3 months	950.00	2,265.00
Total Cash and cash equivalents (Note 15)	43,749.38	42,283.06

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 Pijush Gupta & Co.
Chartered Accountants
Firm Registration No. 309015E

Pijush Kumar Gupta
Partner
Membership No. 015139

Place: Chennai
Date: May 02, 2017

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

R Duruvasan
Managing Director & CEO
DIN: 00223052

C R Dash
Company Secretary

S. Krishnamurthy
Director
DIN: 00140414

R Chandrasekar
Chief Financial Officer

Notes

forming part of Consolidated Financial Statements for the year ended March 31, 2017

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, 2017 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 2017	March 31 2016
Shriram Housing Finance Limited	India	72.75%	72.75%

2.1 Summary of significant accounting policies

a. Change in accounting policy

- (i) 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 150 days to 120 days and increased provision on standard assets from 0.30% to 0.35%. Had the Company continued to use the earlier policy of classification of NPA and provision for standard asset, provisions and write offs for year ended March 31, 2017 would have been lower by ₹ 15599.03 lacs, income from operations for the same period would have been higher by ₹ 959.77 lacs and profit before tax for the same period would have been higher by ₹ 16558.79 lacs.

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- (ii) As per the requirements of pre-revised AS 4, the Company used to create a liability for dividend proposed/ declared after the balance sheet date if dividend related to periods covered by the financial statements. Going forward, as per AS 4(R), the company cannot create provision for dividend proposed/ declared after the balance sheet date unless a statute requires otherwise. Rather, company will need to disclose the same in notes to the financial statements. Accordingly, the company has disclosed dividend proposed by board of directors after the balance sheet date in the notes.

Had the company continued with creation of provision for proposed dividend, its surplus in the statement of profit and loss would have been lower by ₹ 7936.79 lacs and current provision would have been higher by ₹ 7936.79 lacs (including dividend distribution tax of ₹ 1342.45 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

Fixed assets - Tangible

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.

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 it's 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

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Leasehold improvement is amortised on SLM over the lease term subject to a maximum 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.

Fixed Assets - Intangible

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.

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 assets, net selling price and value in use. In assessing the value in use, the estimated future cashflows 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. Ancillary and other borrowing costs are 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.

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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 recognized 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 securitization/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 translation and balances

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.

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.

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

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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

The measurement and disclosure of the employee share based payment plans is done in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments issued by The Institute of Chartered Accountants of India (ICAI). The Company measures cost relating to employees stock option by intrinsic value method. Compensation expenses is amortised on straight line method over the period of vesting of options.

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 recognizes 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 utilized 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.

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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. Derivative instruments

In accordance with the ICAI guidelines and on principle of prudence, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the Statement of Profit and Loss. However net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

u. 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.

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3. SHARE CAPITAL

Particulars	₹ in lacs	
	As at March 31, 2017	As at March 31, 2016
Authorised		
11,85,00,000 (March 31, 2016: 11,85,00,000) equity shares of ₹10/- each	11,850.00	11,850.00
40,00,000 (March 31, 2016: 40,00,000) cumulative redeemable preference shares of ₹100/- each	4,000.00	4,000.00
	15,850.00	15,850.00
Issued, Subscribed and Fully Paid-up		
Equity Shares		
6,59,43,402 (March 31, 2016: 6,59,27,152) shares of ₹10/- each	6,594.34	6,592.72
Total Issued, Subscribed and fully Paid-up share capital	6,594.34	6,592.72

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

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number of shares	₹ in lacs	Number of shares	₹ in lacs
At the beginning of the year	65,927,152	6,592.72	65,905,612	6,590.56
Issued during the year - ESOP (Refer Note no-24)	16,250	1.62	21,540	2.16
Outstanding at the end of the year	65,943,402	6,594.34	65,927,152	6,592.72

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, 2017, the amount of per equity share dividend proposed in total for distributions to equity shareholders is ₹ 15.00 (March 31, 2016; ₹ 15.00). Out of the said total dividend proposed for the year ended March 31, 2017, amount of interim dividend paid during the year was ₹ 5.00 (March 31, 2016 : ₹ 5.00) per equity share and amount of final dividend proposed by the Board of Directors is ₹ 10.00 (March 31, 2016: ₹ 10.00) per equity share. The amount of the Proposed final Dividend of ₹ 10.00 per equity share has not been recognized in the Statement of Profit and Loss due to a change in accounting policy as mentioned under Significant Accounting Policies.

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, 2017		As at March 31, 2016	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Equity share of ₹10 each fully paid				
Shriram Capital Limited	22,268,877	33.78	22,268,877	33.78
Dynasty Acquisition FPI Limited	13,421,889	20.36	13,421,889	20.36
Piramal Enterprises Limited	6,579,840	9.98	6,579,840	9.98

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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 scheme (ESOP) [Refer note no -24]

3.5 The Company has issued 315,311 equity shares (March 31, 2016: 8,29,393) 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

Particulars	₹ in lacs	
	As at March 31, 2017	As at March 31, 2016
Capital reserve	7,871.88	7,871.88
Capital redemption reserve	2,328.98	2,328.98
Securities premium account		
Opening balance	184,737.44	184,683.27
Add : Securities premium received	40.86	54.17
Closing balance	184,778.30	184,737.44
Debenture redemption reserve		
Opening balance	7,412.07	16,494.61
Add: Transfer from surplus in the statement of profit and loss	2,247.40	5,122.26
Less: Amount transferred to General reserve on Redemption	(3,236.93)	(14,204.80)
Closing balance	6,422.54	7,412.07
Share options outstanding account		
Employee stock option outstanding	200.93	249.71
Less: Utilised during the year	(36.80)	(48.78)
Closing balance	164.13	200.93
Statutory reserve (in pursuant to section 45-IC of the RBI Act, 1934)		
Opening balance	65,020.18	53,959.38
Add: Transfer from surplus in the statement of profit and loss	11,569.51	11,060.80
Closing balance	76,589.69	65,020.18
General reserve		
Opening balance	53,899.42	34,395.62
Add: Transfer from surplus in the statement of profit and loss	5,561.00	5,299.00
Add: Transfer from Debenture redemption reserve	3,236.93	14,204.80
Closing balance	62,697.35	53,899.42
Surplus in the Statement of Profit and Loss		
Opening balance	136,811.93	115,025.47
Add: Net profit for the year	57,808.84	55,206.46
Less: Appropriations		
- Interim dividends	(3,297.28)	(3,296.12)
- Tax on interim dividend	(635.30)	(671.03)
- Proposed final Equity dividend	-	(6,592.72)
- Tax on proposed Equity dividend	-	(1,378.07)
- Transfer to Statutory reserve (in pursuant to section 45-IC of the RBI Act, 1934)	(11,569.51)	(11,060.80)
- Transfer to General reserve	(5,561.00)	(5,299.00)
- Transfer to Debenture redemption reserve	(2,247.40)	(5,122.26)
Net surplus in the Statement of Profit and Loss	171,310.27	136,811.93
Total	512,163.14	458,282.83

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5. LONG-TERM BORROWINGS

₹ in lacs

Particulars	Non-current portion		Current maturities	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Secured				
Privately placed redeemable non-convertible debentures (Retail)	515.98	2,995.61	2,473.56	27,286.78
Privately placed redeemable non-convertible debentures (Institutional)	96,700.00	70,586.67	55,286.67	64,366.66
Public issue of redeemable non-convertible debentures:				
Issued in 2012	-	11,116.35	11,116.35	-
Issued in 2013	7,900.60	8,624.82	658.77	6,736.24
Issued in 2014	9,514.02	13,788.52	4,274.50	6,211.48
Term loan from Banks	697,346.08	553,713.88	102,055.66	222,605.97
Term loan from Financial Institutions	25,000.00	19,500.00	19,500.00	8,000.00
Refinance from National Housing Bank	1,638.20	2,286.60	160.05	160.05
Total Secured	838,614.88	682,612.45	195,525.56	335,367.18
Unsecured				
Fixed deposits	165,575.88	216,877.43	160,014.96	81,708.14
Subordinated debts	89,542.39	101,778.82	12,236.43	2,499.77
Total Unsecured	255,118.27	318,656.25	172,251.39	84,207.91
Amount disclosed under the head "other current liabilities" [Refer note no-6]	-	-	(367,776.95)	(419,575.09)
Total	1,093,733.15	1,001,268.70	-	-

5.1 Secured Loans - Long Term Borrowings

A. Secured Redeemable Non Convertible Debentures

(i) Privately Placed Secured Redeemable Non-Convertible Debentures (NCDs) of ₹1000/- each - Unquoted (Retail)

Terms of repayment as at March 31, 2017

₹ in lacs

Redeemable at par within	Rate of interest				Total
	< 10%	>= 10% < 12%	>= 12% < 14%	>= 14%	
12-24 months	2.80	513.18	-	-	515.98
Total non-current portion	2.80	513.18	-	-	515.98
12 months	7.94	2,144.26	321.36	-	2,473.56
Total current maturities	7.94	2,144.26	321.36	-	2,473.56
Grand Total	10.74	2657.44	321.36	-	2989.54

Terms of repayment as at March 31, 2016

₹ in lacs

Redeemable at par within	Rate of interest				Total
	< 10%	>= 10% < 12%	>= 12% < 14%	>= 14%	
24-36 months	2.80	513.18	-	-	515.98
12-24 months	8.47	2,149.80	321.36	-	2,479.63
Total non-current portion	11.27	2,662.98	321.36	-	2,995.61
12 months	127.91	26,916.27	241.48	1.12	27,286.78
Total current maturities	127.91	26,916.27	241.48	1.12	27,286.78
Grand Total	139.18	29,579.25	562.84	1.12	30,282.39

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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.

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

(ii) Privately Placed Redeemable Non-Convertible Debenture (Institutional)

Privately Placed Redeemable Non-Convertible Debenture (NCDs) of ₹10,00,000/- each - Quoted

Rate of Interest	₹ in lacs				Redeemable/ Redeemed at par on
	Non-current portion As at March 31,		Current maturities As at March 31,		
	2017	2016	2017	2016	
10.30%	4,000.00	4,000.00	-	-	10-Oct-24
9.00%	1,500.00	-	-	-	2-May-23
9.00%	2,500.00	-	-	-	29-Apr-23
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
9.50%	2,000.00	-	-	-	1-Jul-21
10.75%	300.00	400.00	100.00	100.00	04-Feb-21
9.00%	4,000.00	4,000.00	-	-	27-Oct-20
9.30%	5,000.00	5,000.00	-	-	22-Jun-20
9.30%	5,000.00	5,000.00	-	-	17-Jun-20
8.20%	11,500.00	-	-	-	16-Apr-20
9.25%	4,000.00	4,000.00	-	-	26-Dec-19
8.45%	1,400.00	-	-	-	25-Nov-19
8.25%	10,000.00	-	-	-	07-Oct-19
8.95%	7,500.00	7,500.00	-	-	30-Oct-18
8.97%	10,000.00	-	-	-	19-Sep-19
8.97%	9,000.00	-	-	-	12-Sep-19
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	-	-	-	28-Jun-18
Zero coupon	1,000.00	-	-	-	25-Apr-18
9.10%	-	10,000.00	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	4,500.00	-	26-Dec-17
10.60%	-	2,500.00	2,500.00	-	13-Dec-17
9.30%	-	5,000.00	5,000.00	-	1-Dec-17
10.50%	-	666.67	666.67	666.66	23-Nov-17

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Rate of Interest	Non-current portion		Current maturities		Redeemable/ Redeemed at par on
	As at March 31,		As at March 31,		
	2017	2016	2017	2016	
10.75%	-	1,000.00	1,000.00	-	26-Jul-17
10.75%	-	2,150.00	2,150.00	-	12-Jul-17
9.18%	-	270.00	270.00	-	10-Jul-17
9.00%	-	1,600.00	1,600.00	-	01-Jun-17
10.49%	-	-	-	27,500.00	30-Mar-17
8.82%	-	-	-	15,000.00	28-Feb-17
9.12%	-	-	-	5,000.00	14-Feb-17
9.12%	-	-	-	5,000.00	26-Dec-16
8.98%	-	-	-	500.00	21-Oct-16
Zero coupon	-	-	-	600.00	24-Nov-16
9.14%	-	-	-	10,000.00	23-Sep-16
Total	96,700.00	70,586.67	55,286.67	64,366.66	

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.

(iii) Public Issue of Secured Redeemable Non-Convertible Debentures (NCDs) of ₹1000/- each - Quoted

a. Issued in 2012

Non-current Portion

Option Detail	Rate of Interest	As at March 31		Redeemable at par on
		2017	2016	
Option II	11.75%	-	7,551.36	06-Oct-17
	10.75%	-	94.83	06-Oct-17
Option IV	11.75%	-	3,467.11	06-Oct-17
	10.75%	-	3.05	06-Oct-17
Total		-	11,116.35	

Current portion

Option Detail	Rate of Interest	As at March 31		Redeemable at par on
		2017	2016	
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
Total		11,116.35	-	

Notes

forming part of Consolidated Financial Statements for the year ended March 31, 2017

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

Option Detail	Rate of Interest	As at March 31		Redeemable at par on
		₹ in lacs		
		2017	2016	
Series II	10.75%	-	7.40	04-Jan-18
	11.25%	-	309.78	04-Jan-18
Series III	10.75%	503.40	503.82	04-Jan-19
	11.50%	4,515.94	4,515.52	04-Jan-19
Series V	10.75%	-	14.75	04-Jan-18
	11.25%	-	261.38	04-Jan-18
Series VI	10.75%	289.65	292.67	04-Jan-19
	11.50%	2,526.14	2,523.12	04-Jan-19
Series VII	10.75%	0.13	0.40	04-Jan-19
	11.25%	65.34	195.98	04-Jan-19
Total		7,900.60	8,624.82	

Current portion

Option Detail	Rate of Interest	As at March 31		Redeemed/ Redeemable at par on
		₹ in lacs		
		2017	2016	
Series I	10.75%	-	180.00	04-Jan-17
	11.00%	-	4,205.06	04-Jan-17
Series II	10.75%	6.40	-	04-Jan-18
	11.25%	310.78	-	04-Jan-18
Series IV	10.75%	-	118.00	04-Jan-17
	11.00%	-	2,233.18	04-Jan-17
Series V	10.75%	16.74	-	04-Jan-18
	11.25%	259.39	-	04-Jan-18
Series VII	10.75%	0.13	-	04-Jan-19
	11.25%	65.33	-	04-Jan-19
Total		658.77	6,736.24	

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

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c. Issued in 2014

Non-current portion

₹ in lacs

Option Detail	Rate of Interest	As at March 31		Redeemable at par on
		2017	2016	
Series II	10.75%	-	0.17	03-May-17
	11.50%	-	3,508.59	03-May-17
Series III	10.85%	3,017.20	3,031.26	03-May-19
	11.75%	5,046.35	5,032.29	03-May-19
Series V	10.75%	-	10.24	03-May-17
	11.50%	-	755.50	03-May-17
Series VI	10.85%	510.66	507.63	03-May-19
	11.75%	939.81	942.84	03-May-19
Total		9,514.02	13,788.52	

Current portion

₹ in lacs

Option Detail	Rate of Interest	As at March 31		Redeemed/ Redeemable at par on
		2017	2016	
Series I	10.50%	-	5,112.10	03-May-16
	11.00%	-	843.67	03-May-16
Series II	10.75%	7.04	-	03-May-17
	11.50%	3,501.72	-	03-May-17
Series IV	10.50%	-	2.53	03-May-16
	11.00%	-	253.18	03-May-16
Series V	10.75%	9.19	-	03-May-17
	11.50%	756.55	-	03-May-17
Total		4,274.50	6,211.48	

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, 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 installments of bullet, half yearly and 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

Notes

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Terms of repayment as at March 31, 2017

₹ in lacs				
Tenor	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
36-48 months	8.40% to 10%	1 to 60 installments of bullet, half yearly and yearly frequency	482,369.67	18,625.00
24-36 months	8.40% to 10%	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
Upto 12 months	9.65% to 10.40%	1 to 12 installments of bullet, Quarterly & half yearly frequency	-	-
Grand Total			697,346.08	102,055.66

Terms of repayment as at March 31, 2016

₹ in lacs				
Tenor	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
Above 60 months	9.75% to 9.80%	1 to 20 installments of bullet, monthly, quarterly and half yearly frequency	10,102.80	2,217.20
48-60 months	9.10% to 9.65%	1 to 60 installments of bullet, half yearly and yearly frequency	101,111.08	4,555.49
36-48 months	9.65% to 9.95%	1 to 48 installments of bullet, half yearly and yearly frequency	270,000.00	-
24-36 months	9.60% to 9.70%	1 to 36 installments of bullet & quarterly frequency	100,000.00	-
12-24 months	9.30% to 10.40%	1 to 24 installments of bullet, monthly, quarterly and half yearly frequency	72,500.00	2,500.00
Upto 12 months	9.65% to 10.40%	1 to 12 installments of bullet, Quarterly & half yearly frequency	-	2,13,333.21
Grand Total			553,713.88	2,22,605.90

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 Institutions

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
Grand Total			25,000.00	19,500.00

Notes

forming part of Consolidated Financial Statements for the year ended March 31, 2017

Terms of repayment as at March 31, 2016

₹ in lacs				
Tenor	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
24-36 months	9.95%	1 to 36 installments of yearly frequency	19,500.00	8,000.00
Grand Total			19,500.00	8,000.00

Nature of security

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

(iii) Refinance from National Housing Bank

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
Grand Total			1,638.20	160.05

Terms of repayment as at March 31, 2016

₹ 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	2,286.60	160.05
Grand Total			2,286.60	160.05

Nature of security

Refinance from NHB is secured by way of exclusive charge on specified home loan receivables

5.2 Unsecured Loan - Long Term Borrowings

A. Fixed Deposits of ₹1000/- each - Unquoted 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
Total non-current portion	19,858.84	133,814.76	11,902.28	165,575.88
12 months	30,726.06	28,904.56	100,384.34	160,014.96
Total current maturities	30,726.06	28,904.56	100,384.34	160,014.96
Grand Total	50,584.90	162,719.32	112,286.62	325,590.84

Notes

forming part of Consolidated Financial Statements for the year ended March 31, 2017

Terms of repayment as at March 31, 2016

₹ in lacs

Redeemable at par within	Rate of interest			Total
	>= 6% < 8%	>= 8% < 10%	>= 10% < 12%	
48-60 months	-	6,970.42	82.02	7,052.44
36-48 months	-	1,795.90	8,519.11	10,315.02
24-36 months	-	72,342.22	3,502.58	75,844.80
12-24 months	-	21,085.33	102,579.84	123,665.17
Total non-current portion	-	102,193.87	114,683.55	216,877.43
12 months	52.99	48,421.81	33,233.34	81,708.14
Total current maturities	52.99	48,421.81	33,233.34	81,708.14
Grand Total	52.99	150,615.68	147,916.89	298,585.57

B. Privately Placed Subordinated Debts

The company has issued subordinated debt bonds with coupon rate of 7% to 15% per annum which are redeemable over a period of 60 months to 88 months.

(i) Privately Placed Subordinated Debts of ₹ 1000/- each - Unquoted as at March 31, 2017

₹ in lacs

Redeemable at par within	Rate of interest		Total
	< 10%	>= 10% < 12%	
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
Total non-current portion	9.03	61,513.36	61,522.39
12 months	1,230.54	8,490.89	9,721.43
Total current maturities	1,230.54	8,490.89	9,721.43
Grand Total	1,239.57	70,004.25	71,243.82

Notes

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(ii) Privately Placed Subordinated Debts of ₹ 1,00,000/- each - Quoted as at March 31, 2017

₹ in lacs

Redeemable at par within	Rate of interest		
	< 10%	>= 10% < 12%	Total
24-36 months	-	12,520.00	12,520.00
12-24 months	-	15,500.00	15,500.00
Total non-current portion	-	28,020.00	28,020.00
12 months	-	2,515.00	2,515.00
Total current maturities	-	30,535.00	30,535.00

Terms of repayment as at March 31, 2016

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

₹ in lacs

Particulars	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
Over 60 months	-	14,272.81	-	14,272.81
48-60 months	-	21,728.87	-	21,728.87
36-48 months	9.03	25,511.68	-	25,520.71
24-36 months	1,230.54	8,490.89	-	9,721.43
12-24 months	56.17	2,443.60	-	2,499.77
Total non-current portion	1,295.74	72,447.85	-	73,743.59
12 months	-	8,731.43	55.61	8,787.04
Total current maturities	-	8,731.43	55.61	8,787.04
Grand Total	1,295.74	81,179.28	55.61	82,530.63

(ii) Privately Placed Subordinated Debts of ₹1,00,000/- each - Quoted

₹ in lacs

Redeemable at par within	Rate of interest		
	< 10%	>= 10% < 12%	Total
36-48 months	-	20,520.00	20,520.00
24-36 months	-	2,515.00	2,515.00
Total non-current portion	-	23,035.00	23,035.00

(iii) Privately Placed Subordinated Debts of ₹10,00,000/- each - Quoted

₹ in lacs

Redeemable at par within	Rate of interest		
	< 10%	>= 10% < 12%	Total
48-60 months	-	7,500.00	7,500.00
Total non-current portion	-	7,500.00	7,500.00

Notes

forming part of Consolidated Financial Statements for the year ended March 31, 2017

6. OTHER LIABILITIES

₹ in lacs

Particulars	Long-term		Short-term	
	As at March 31,		As at March 31,	
	2017	2016	2017	2016
Current maturities of long-term borrowings[Refer note-5]	-	-	367,776.95	419,575.09
Interest accrued but not due on borrowings	34,884.68	47,773.20	39,953.30	16,587.77
Interest received in advance	-	-	-	152.52
Unclaimed dividend	-	-	82.92	73.18
Unclaimed matured deposits and interest accrued thereon	-	-	9,092.22	3,175.79
Unclaimed matured debentures and interest accrued thereon	-	-	2,695.26	5,441.77
Unclaimed matured Subordinate debts and interest accrued thereon	-	-	775.00	1,817.70
Temporary credit balance in bank accounts	-	-	28,670.50	26,564.71
Tax deducted at source	-	-	591.64	496.93
Statutory due pertaining to employees	-	-	574.06	492.32
Service tax - contested	-	-	0.51	8.67
Unrealised gain on securitisation *	526.35	2,137.79	1,657.98	3,473.75
Retention and other liabilities	-	215.11	14,635.16	12,428.95
Total	35,411.03	50,126.10	466,505.50	490,289.15

* 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,		As at March 31,	
	2017	2016	2017	2016
Provision for Employee benefits:				
Provision for gratuity	-	2,302.34	427.87	71.11
Provision for leave encashment	127.69	729.42	1,083.54	31.91
Other provisions:				
Provision for Non performing assets (NPA)	113,975.50	13,568.85	95.56	55,718.52
Provision for standard assets	3,853.64	2,354.14	4,510.01	3,656.31
Provision for lease rent	26.83	18.83	35.86	23.94
Provision for Diminution in the value of Investments	81.76	81.76	-	-
Proposed dividend	-	-	-	6,592.72
Corporate dividend tax	-	-	-	1,378.07
Total	118,065.42	19,055.34	6,152.84	67,472.58

Notes

forming part of Consolidated Financial Statements for the year ended March 31, 2017

8. SHORT TERM BORROWINGS

Particulars	₹ in lacs	
	As at March 31, 2017	As at March 31, 2016
Secured		
Term loan from financial institutions	35,000.00	5,000.00
Cash Credit from banks	112,585.51	88,315.62
Working capital demand loan from banks	33,900.00	3,000.00
	181,485.51	96,315.62
Unsecured		
Commercial papers	200,000.00	8,000.00
Short term loan from banks		1,000.00
	200,000.00	9,000.00
Total	381,485.51	105,315.62

8.1 Term loan from Financial Institutions

Rate of interest	Repayment Details	₹ in lacs	
		As at March 31, 2017	2016
9.25%	Bullet payment at the end of 1 year	-	5,000.00
8.90%	Bullet payment at the end of 1 year	10,000.00	-
8.75%	Bullet payment at the end of 1 year	10,000.00	-
8.30%	Bullet payment at the end of 1 year	15,000.00	-
Total		35,000.00	5,000.00

Nature of Security

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

8.2 Cash Credit and working capital demand loans from Banks

Nature of Security

Cash credit and working capital demand loan from banks are secured by way of hypothecation of specific movable assets relating to the loans.

8.3 Short Term Loan From Banks

Terms of repayment as at March 31, 2017-NIL

Terms of repayment as at March 31, 2016

Rate of Interest	Repayment Details	₹ in lacs
		March 31, 2016
9.30%	Bullet payment at the end of 90 days	1,000.00

Notes

forming part of Consolidated Financial Statements for the year ended March 31, 2017

9 Tangible and Intangible Fixed Assets

Particulars	Gross Block			Depreciation / Amortisation		Net Block	
	As at April 1, 2016	Additions during the year	Deletions during the year	As at April 1, 2016	For the year	As at March 31, 2017	As at March 31, 2016
Tangible Assets							
Assets For Own Use							
Land - Freehold	2.40	-	-	-	-	2.40	2.40
Buildings	12.94	-	-	3.32	0.18	9.44	9.62
Plant and Equipment							
Computer	5828.12	930.89	175.40	4610.21	636.23	1,503.11	1,217.92
Electrical Installations and Equipments	2260.41	319.57	17.61	684.34	230.05	1,654.16	1,576.08
Furniture and Fixtures							
Furniture and Fixtures	1919.92	257.21	13.42	947.01	158.11	1,066.88	972.92
Office Equipment	2865.47	152.33	37.55	1731.89	476.95	802.30	1,133.58
Vehicles	33.03	-	0.32	10.87	3.63	18.26	22.16
Leasehold Improvement	8963.53	1381.96	32.18	6615.44	1298.76	2,428.30	2,348.10
Total Tangible Assets	21885.84	3041.96	276.48	14603.08	2803.90	7484.85	7282.77
Intangible Assets							
Computer Software	3591.10	169.39	-	2,148.70	767.31	844.48	1,442.40
Total Intangible Assets	3,591.10	169.39	-	2,148.70	767.31	844.48	1,442.40
Total	25,476.94	3,211.35	276.48	16,751.78	3,571.21	8,329.33	8,725.17
Year Ended March 31, 2016	21,463.94	4,177.92	164.93	13,122.73	3,762.29	16,751.77	8,725.17

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, 2017

10. NON-CURRENT INVESTMENTS

Particulars	₹ in lacs	
	As at March 31, 2017	As at March 31, 2016
Long-Term Investment		
A. Other than Trade Investment		
1) Investment in Equity Instruments (valued at cost unless stated otherwise)		
Quoted Equity Instruments :		
12,64,470 (March 31, 2016: 12,64,470) Equity shares at the FV of ₹776.50/- each fully paid-up in Ceylinco Insurance PLC	9,877.38	9,877.38
Total	9,877.38	9,877.38
Unquoted Equity Instruments :		
(i) 9,63,265 (March 31, 2016: 9,63,265) Equity shares of ₹10 /-each fully paid-up in Highmark Credit Information Services Private Limited	118.00	118.00
(ii) 18,000 (March 31, 2016: 18,000) Equity Shares of ₹10/- each fully paid-up in Shriram Seva Sankalp Foundation	1.80	1.80
(iii) 5,98,726 (March 31, 2016: 5,98,726) Equity shares of ₹10/- each fully paid-up in Visage Holdings & Finance Private Limited	997.00	997.00
Total	1,116.80	1,116.80
2) Investment in Approved Government securities (valued at cost unless stated otherwise)		
Quoted Investments :		
6.13% GOI 2028 (M.V of ₹ 90.58 Lacs)	101.45	101.45
9.22% Gujarat SDL 2023 (M.V of ₹ 3326.70 Lacs)	3,175.64	3,175.64
9.55% Tamil Nadu SDL 2023 (M.V of ₹ 1914.03 Lacs)	1,833.24	1,833.24
9.25% Maharashtra SDL 2023 (M.V of ₹ 3775.36 Lacs)	3,605.33	3,605.33
8.27% GOI 2020 (M.V of ₹ 12,576.00 Lacs)	12,281.85	7,638.75
Total	20,997.51	16,354.41
3) Investment in Pass Through Certificates		
Unquoted Investment :		
Small Business Loan Trust - Series I	5,806.22	9,393.50
Total	5,806.22	9,393.50
Grand Total	37,797.91	36,742.09
Aggregate amount of Unquoted Investments (cost of acquisition)	6,923.02	10,510.30
Aggregate amount of Quoted Investments (cost of acquisition)	30,874.89	26,231.79
Aggregate amount of provision for diminution in value of Investments	81.76	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 government securities being statutory liquid assets to the extent of ₹ 20,997.51 lacs (March 31, 2016: ₹16,354.41 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, 2017

11. DEFERRED TAX ASSET (Net)

₹ in lacs

Particulars	As at	
	March 31, 2017	March 31, 2016
Deferred tax asset		
Timing difference on account of :		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting period	1,574.27	1,330.97
Provision against standard assets	2,894.50	2,080.10
Provision for substandard and doubtful asset	406.95	338.50
Provision for leave encashment	306.80	145.80
Provision for gratuity	-	556.30
Provision for Lease rental	50.39	36.74
Provision for Bonus	65.19	80.65
Merger Expenses	0.24	0.48
Gross deferred tax assets (A)	5,298.34	4,569.54
Deferred tax liabilities		
Deferred expenses incurred for NCD mobilization	106.46	230.92
Special reserve	589.25	416.56
Rating Expenses	27.37	2.57
Gross deferred tax liabilities (B)	723.08	650.05
Deferred tax asset (Net) (A-B)	4,575.26	3919.49

12. LOANS AND ADVANCES

₹ in lacs

Particulars	Long-term		Short-term	
	As at	As at	As at	As at
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Unsecured, Considered Good				
Capital advances	-	44.26	55.14	-
Service tax credit (input) receivable	-	-	89.22	42.28
Prepaid expenses	8.29	7.53	543.59	469.03
Interest paid in Advance	-	-	3,553.69	6.75
Security Deposits	1,683.01	1,899.75	790.28	360.29
Advances recoverable in cash or in kind or for value to be received	446.97	57.44	3,242.36	6,594.86
Investment through Pass through certificate - Own	92.35	886.62	1,782.96	1,766.20
Loans and Advances				
Assets under financing activities :				
- Secured, considered good	806,991.30	688,855.81	1,047,047.05	1,139,488.08
- Unsecured, considered good	192,826.74	27,000.65	257,141.16	72,992.14
- Doubtful	158,038.02	22,252.27	242.79	79,270.94
Total	1,160,086.68	741,004.32	1,314,488.24	1,300,990.57

Notes

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Disclosure on loan against gold as on March 31, 2017 Vide RBI notification DNBS.CC.PD. No.266/03.10.01/2011-12 dated March 26, 2012:

Particulars	₹ in lacs	
	As at March 31, 2017	As at March 31, 2016
Total Assets under Management	2,462,287.06	2,029,859.88
Total Loan against gold	342,681.28	340,799.72
Percentage of Gold Loan on Total Assets (on book)	13.92%	16.79%

13. OTHER ASSETS

Particulars	₹ in lacs			
	Long-term		Short-term	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Other Bank balances of non-current portion [Refer note no-15]	1,200.01	1,200.01	-	-
Public issue expenses for non-convertible debentures to the extent not written off or adjusted	-	300.97	300.75	366.26
Interest accrued on fixed deposit and other loan and advances	81.84	486.36	1,060.18	1,710.07
Securitisation-receivable	250.54	1,533.36	1,306.73	3,725.55
Advance Tax (net of provisions for tax)	-	-	5,947.80	6,447.65
Other Assets	3,008.15	-	993.36	2.39
Total	4,540.54	3,520.69	9,608.82	12,251.93

14. CURRENT INVESTMENTS

Particulars	₹ in lacs	
	As at March 31, 2017	As at March 31, 2016
Treasury Bills	22,249.68	18,348.53
Certificate of Deposits with Banks	-	15,000.00
Mutual Fund	2,000.00	200.00
Small Business Loan Trust - Series I	466.21	-
Investment in pass through certificates	1,323.27	1,142.34
Total	26,039.16	34,690.87

Notes

forming part of Consolidated Financial Statements for the year ended March 31, 2017

a) 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
Total				22,249.68

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, 2016

14.1 Treasury Bills

₹ in lacs

Particulars	Date of Investment	Date of Maturity	Rate of Interest	Amount
364D T-Bill	25-Jun-15	28-Apr-16	7.67%	4,097.94
364D T-Bill	7-Jan-16	16-Sep-16	7.20%	8,558.85
364D T-Bill	7-Jan-16	16-Sep-16	7.22%	2,380.85
364D T-Bill	29-Mar-16	5-Jan-17	7.10%	2,370.06
364D T-Bill	29-Mar-16	16-Feb-17	7.09%	940.83
Total				18,348.53

14.2 Certificate of Deposits

₹ in lacs

Particulars	Date of Investment	Date of Maturity	Rate of Interest	Amount
IDBI	31-Mar-16	4-Apr-16	7.95%	5,000.00
Corporation Bank	31-Mar-16	7-Jun-16	12.00%	10,000.00
Total				15,000.00

14.3. 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.

Notes

forming part of Consolidated Financial Statements for the year ended March 31, 2017

15. CASH AND BANK BALANCES

Particulars	₹ in lacs			
	Non-current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Cash and cash equivalents :				
Balances with banks in :				
- Current accounts	-	-	36,963.52	35,367.01
- Unclaimed dividend	-	-	82.92	73.18
- Deposits with maturity of less than 3 months	-	-	950.00	2,265.00
Cash on hand	-	-	5,752.94	4,577.87
			43,749.38	42,283.06
Other bank Balances :				
Deposits with original maturity for more than 3 months but less than 12 months	-	-	17,450.00	14,000.00
Margin money deposit *	1,200.01	1,200.01	3,005.18	9,185.59
	1,200.01	1,200.01	64,204.56	65,468.65
Amount disclosed under the head "other non-current asset" [Refer note-13]	(1,200.01)	(1,200.01)		
Total	-	-	64,204.56	65,468.65

* Margin money deposit of ₹ 4205.19 lacs as at March 31, 2017 (March 31, 2016 ₹ 10,385.60 lacs) are pledged with banks as margin for securitisation.

16. REVENUE FROM OPERATIONS

Particulars	₹ in lacs	
	Year ended March 31, 2017	Year ended March 31, 2016
Income from finance and other charges	455,013.13	381,477.78
Income on Long Term Securitisation / assignment *	4,388.97	6,311.56
Interest on Long Term Investment thru PTC-Securitisation **	1,011.61	545.28
Interest on Margin money on securitisation / assignment	690.52	1,358.45
Bad debts recovery	4,733.75	5,867.13
Interest on deposit with bank	1,466.64	2,111.29
Interest on government securities	3,054.66	2,147.55
Other financial services- Commission	-	-
Total	470,359.28	399,819.04

*Includes exempt income (subject to EIS tax u/s 115 TA of the Income Tax Act) of ₹33.90 lacs for the period ending March 31, 2017.

**Includes exempt income of ₹ 3.08 lacs for the period ending March 31, 2017

17. OTHER INCOME

Particulars	₹ in lacs	
	Year ended March 31, 2017	Year ended March 31, 2016
Dividend Income	128.43	-
Gain on sale of investments-Short Term	228.31	425.61
Profit on sale of assets	12.82	16.19
Miscellaneous income	172.69	107.81
Provision no longer required	-	1,553.08
Gain on Interest rate swap	-	38.50
Total	542.25	2,141.19

Notes

forming part of Consolidated Financial Statements for the year ended March 31, 2017

18. EMPLOYEE BENEFITS EXPENSES

Particulars	₹ in lacs	
	Year ended March 31, 2017	Year ended March 31, 2016
Salaries and allowances	54,383.35	49,318.72
Contributions to Provident fund and ESI	3,760.93	3,422.23
Gratuity	652.47	436.67
Staff welfare expenses	933.04	905.02
Total	59,729.79	54,082.64

19. FINANCE COSTS

Particulars	₹ in lacs	
	Year ended March 31, 2017	Year ended March 31, 2016
Interest expense on :		
Debentures	22,269.64	27,625.40
Subordinate debts	14,092.77	14,421.66
Fixed deposits	32,683.12	26,667.59
Loans from banks	82,082.24	62,939.36
Loans from institutions and others	3,741.56	3,527.34
Commercial Papers	7,923.80	5,362.91
Other Borrowing Costs:		
Bank Charges	956.96	824.27
Processing and other charges	316.17	757.79
Brokerage	1,165.43	1,912.11
Total	165,231.69	144,038.43

20. OTHER EXPENSES

Particulars	₹ in lacs	
	Year ended March 31, 2017	Year ended March 31, 2016
Rent	5,399.43	5,034.67
Power and Fuel expenses	933.56	1,001.00
Repairs & maintenance to Buildings	1,287.50	1,024.51
Repairs & maintenance to Office Equipments	57.54	45.51
Office upkeep expenses	1,301.18	1,312.69
Rates & taxes	1,318.81	1,384.86
Printing & stationery	2,031.99	1,975.01
Travelling & conveyance	6,150.28	5,356.21
Advertisement	987.92	1,072.31
Business promotion expenses	4,759.49	4,526.53
Commission	11,415.99	8,920.67
Royalty	5,209.27	4,500.67
Directors' sitting fees	29.66	32.24
Insurance	373.29	439.31

Notes

forming part of Consolidated Financial Statements for the year ended March 31, 2017

20. OTHER EXPENSES

Particulars	₹ in lacs	
	Year ended March 31, 2017	Year ended March 31, 2016
Communication expenses	3,206.03	3,149.40
Payments to the auditor		
(a) Audit fees	49.05	44.72
(b) Tax audit fees	6.89	6.22
(c) Certification	8.15	7.37
(d) Out of pocket	10.35	13.92
Professional charges	10,499.65	9,002.34
Legal & Professional fees	788.42	798.84
Donation	-	8.05
Public issue expenses for non-convertible debentures	366.48	734.59
Loss on sale of assets	21.64	13.56
Loan processing expenses	501.06	421.18
CSR expenses	692.75	651.27
Miscellaneous expenses	1,447.39	978.48
Total	58,853.77	52,456.12

21. PROVISIONS & WRITE-OFFS

Particulars	₹ in lacs	
	Year ended March 31, 2017	Year ended March 31, 2016
Provision for Non performing assets	44,783.70	30,533.12
Provision for standard assets	2,353.21	1,878.70
Bad debts written off	45,156.43	30,226.47
Provision for Diminution in value of Investments	-	45.12
Loss on repossessed assets	1.04	-
Loss on sale of loan assets	1,533.90	-
Total	93,828.28	62,683.41

22. EARNINGS PER SHARE (EPS)

Particulars	₹ in lacs	
	Year ended March 31, 2017	Year ended March 31, 2016
Net profit after tax as per statement of profit and loss (₹ in lacs) (A)	57,808.84	55,206.45
Weighted average number of equity shares for calculating Basic EPS (No. in lacs) (B)	659.34	659.16
Weighted average number of equity shares for calculating Diluted EPS (No. in lacs) (C)	660.05	660.03
Basic earnings per equity share (in ₹) (Face value of ₹10/- per share) (A) / (B)	87.68	83.75
Diluted earnings per equity share (in ₹) (Face value of ₹10/- per share) (A) / (C)	87.58	83.64

Notes

forming part of Consolidated Financial Statements for the year ended March 31, 2017

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Weighted average number of equity shares for calculating EPS (No. in lacs)	659.34	659.34
Add : Equity shares for no consideration arising on grant of stock options under ESOP (No. in lacs)	0.71	0.71
Weighted average number of equity shares for calculating diluted EPS (No. in lacs)	660.05	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,	
	2017	2016
Current service cost	474.66	466.95
Interest cost on benefit obligation	180.49	158.00
Expected return on plan assets	N.A.	N.A.
Net actuarial (gain) / loss recognised in the year	(33.08)	253.59
Past service cost	-	-
Net benefit expense	622.07	878.54
Actual return on plan assets	N.A.	N.A.

Balance Sheet

Benefit asset/(liability)

Particulars	₹ in lacs	
	Gratuity	
	As at March 31,	
	2017	2016
Present value of the defined benefit obligation	2,732.94	2,270.36
Fair value of plan assets	(2,305.07)	N.A.
Total	427.87	2,270.36
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	(427.87)	(2,270.36)

Notes

forming part of Consolidated Financial Statements for the year ended March 31, 2017

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

Particulars	₹ in lacs	
	Gratuity	
	As at March 31,	
	2017	2016
Opening defined benefit obligation	2,270.36	1,955.49
Interest cost	180.49	158.00
Current service cost	474.66	466.95
Transferred in liabilities	-	11.84
Transferred out liabilities	(20.02)	-
Benefits paid	(174.19)	(68.34)
Actuarial (gains) / losses on obligation	1.64	(253.58)
Closing defined benefit obligation	2,732.94	2,270.36

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

Particulars	Gratuity	
	As at March 31,	
	2017	2016
Investments with insurer	2305.07	NA

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

Particulars	Gratuity	
	As at March 31,	
	2017	2016
Discount Rate	7.20%	7.95%
Increase in compensation cost	5.00%	5.00%
Employee Turnover	2%&13%	2.00%

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.

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

Particulars	₹ in lacs			
	As at March 31,			
	2017	2016	2015	2014
Present value of defined benefit obligation	2,732.94	2,270.36	1,955.49	1,005.76
Plan assets	2305.07	NA	NA	NA
Surplus / (deficit)	(427.87)	(2270.36)	(1955.49)	(1005.76)
Experience adjustments on plan liabilities	(143.41)	(294.08)	(84.58)	(89.71)
Experience adjustments on plan assets	34.72	NA	NA	NA

Notes

forming part of Consolidated Financial Statements for the year ended March 31, 2017

The Company has a leave encashment policy. The leave encashment liability is computed based on actuarial valuation and stands at ₹ 1184.07 lacs as on March 31, 2017 (₹ 752.51 lacs as on March 31, 2016)

23.2 Shriram Housing Finance Limited

The company operates one defined benefit plan of gratuity for its employees. Under the gratuity plan every employee who has completed at least five years of service gets a gratuity on separation at 15 days of last drawn basic salary for each completed year of service. The scheme is unfunded.

23.2.1 Net employee benefit expense (Recognized in Employee Benefits Expenses)

a) Gratuity :

In Statement of Profit & Loss

Particulars	₹ in lacs	
	Gratuity	
	For the year ended March 31,	
	2017	2016
Current service cost	14.60	4.69
Interest cost on benefit obligation	9.02	2.77
Expected return on plan assets	(0.42)	-
Net actuarial (gain). loss recognised in the year	28.24	(1.38)
Past services cost	-	6.08
Net benefit expense	51.44	12.16
Actual return on plan assets	0.42	-

* Gratuity expenses as per note 19 of the statement of Profit and Loss for the year ended March 31, 2017 is after netting of ₹ 21.04 Lacs on account of gratuity transferred from group companies.

In Balance Sheet

Benefit Asset/Liability

Particulars	₹ in lacs	
	Gratuity	
	As at March 31,	
	2017	2016
Opening defined benefit obligation	103.10	37.79
Interest cost	9.02	3.02
Current services cost	14.60	8.95
Benefits paid	(4.53)	-
Actuarial (gains)/losses on obligation	7.19	53.33
Liability transferred in/on account of transfer of employees	21.04	-
Closing defined benefit obligation	150.42	103.09
The principal assumptions used in determining gratuity and post employment medical benefit		
Salary rise (%)	5.00	5.00
Discount rate (%)	8.75	8.75
Attrition rate (%)	4.60	3.00
Average balance service	24.54 Years	24.92 Years

Notes

forming part of Consolidated Financial Statements for the year ended March 31, 2017

₹ in lacs

Particulars	Gratuity	
	As at March 31,	
	2017	2016
Present value of defined benefit obligation	(150.42)	(103.09)
Fair value of plan assets	150.42	-
Plan asset/(liability)*	-	(103.09)

b) Leave Encashment :

Company has provided Leave encashment liability as required under Accounting Standard – 15(Revised) and balance in books as on March 31, 2017 is ₹27.16 lacs (Previous Year ₹8.82 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, 2017 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	: 13,55,000
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:

Particulars	As at Mar 31, 2017		As at Mar 31, 2016	
	Number of Shares	Weighted Average Exercise Price(in ₹)	Number of Shares	Weighted Average Exercise Price(in ₹)
Outstanding at the beginning of the year	88,730	35.00	110,270	35.00
Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	-	-	-	-
Less: Exercised during the year	16,250	35.00	21,540	35.00
Less: Expired during the year	-	-	-	-
Outstanding at the end of the period	72,480	35.00	88,730	35.00
Exercisable at the end of the period	-	-	-	-
Weighted average remaining contractual life (in years)	-	3.55	-	4.55
Weighted average fair value of options granted	-	227.42	-	227.42

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forming part of Consolidated Financial Statements for the year ended March 31, 2017

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 ₹)
2017	35.00	72,480	3.55	35.00
2016	35.00	88,730	4.55	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,	
	2017	2016
Compensation cost pertaining to equity-settled employee share-based payment plan included above	-	-
Liability for employee stock options outstanding as at end of period	164.13	200.93
Deferred compensation cost	Nil	Nil

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

Notes

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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,	
	2017	2016
Profit as reported (₹ in lacs)	55,605.99	52,978.03
Add: Employee stock compensation under intrinsic value method (₹ in lacs)	-	-
Less: Employee stock compensation under fair value method (₹ in lacs)	-	-
Proforma profit (₹ in lacs)	55,605.99	52,978.03
Less: Preference Dividend	-	-
Proforma Net Profit for Equity Shareholders (₹ in lacs)	55,605.99	52,978.03
Earnings per share		
Basic (₹)		
- As reported	84.34	80.37
- Proforma	84.34	80.37
Diluted (₹)		
- As reported	84.24	80.27
- Proforma	84.24	80.27

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, 2017 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	370,000 & 150,000
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

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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 Sep 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,	
	2017	2016
Profit as reported (₹ in lacs)	2,896.49	2,895.26
Add: Employee stock compensation under intrinsic value method (₹ in lacs)	-	-
Less: Employee stock compensation under fair value method (₹ in lacs)	-	-
Proforma profit (₹ in lacs)	2,896.49	2,895.26
Less: Preference Dividend	-	-
Proforma Net Profit for Equity Shareholders	2,896.49	2,895.26
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

- | | |
|---|---|
| a. Mr. R Duruvasan, Managing Director & CEO | e. Mr. Sujan Sinha, Managing Director & CEO (SHFL) |
| b. Mrs. Subhasri Sriram, Chief Financial Officer (up to January 30, 2017) | f. Mr. Kunal Shah, CFO (SHFL) |
| c. Mr. R Chandrasekar, Chief Financial Officer (From January 30, 2017) | g. Ms Nikita Hule, CS (up to July 12, 2016) SHFL |
| d. Mr. C R Dash, Company Secretary | h. Ms Magesweri Pasupathy, CS (From July 12, 2016) SHFL |

II) Enterprises having significant influence

- Shriram Capital Limited- SCL
- Shriram Ownership Trust-SOT
- Dynasty Acquisition FPI Limited
- Piramal Enterprises Limited
- Valliant Mauritius Partners FDI Limited- VMPL

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Particulars	₹ in lacs					
	Enterprises having significant influence over the Company		Director/ Key managerial personnel		Total	
	2017	2016	2017	2016	2017	2016
	As at March 31,					
Payments/Expenses						
Royalty to SOT	5,229.51	4,512.39	-	-	5,229.51	4,512.39
Reimbursement of business promotion expenses, rent and other expenses to SCL	725.13	580.41	-	-	725.13	580.41
License Fees to SCL	2,203.75	2,137.36	-	-	2,203.75	2,137.36
Equity dividend to SCL	3,340.34	3,451.68	-	-	3,340.34	3,451.68
Equity dividend to Dynasty Acquisition FPI Limited	2,013.28	2,080.39	-	-	2,013.28	2,080.39
Equity dividend to Piramal Enterprises Limited	986.98	1,019.88	-	-	986.98	1,019.88
Payments of Key Managerial Personnel	-	-	319.84	258.34	319.84	258.34
Balance outstanding as at						
Share Capital held by SCL	2,226.89	2,226.89	-	-	2,226.89	2,226.89
Share Capital held by Dynasty Acquisition FPI Limited	1,342.19	1,342.19	-	-	1,342.19	1,342.19
Share Capital held by Piramal Enterprises Limited	657.98	657.98	-	-	657.98	657.98
Investment of SCL	329.62	-	-	-	329.62	-
Share Capital by VMPL in SHFL	4,872.00	4,872.00	-	-	4,872.00	4,872.00
Outstanding Expenses SCL	221.34	19.82	-	-	221.34	19.82
Outstanding Expenses SOT	1,107.13	608.53	-	-	1,107.13	608.53

Notes

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27. Contingent Liabilities and Commitments to the Extent Not Provided for

a. Shriram City Union Finance Limited

i) Contingent Liabilities:

Particulars	As at March 31,	
	2017	2016
a. Income Tax	2,990.65	2,956.88
b. Kerala Value Added Tax	5.37	4.65
c. Tamilnadu Value Added Tax	125.65	75.50
d. Guarantees issued by the company	2,500.00	2,500.00

₹ in lacs

The Income tax assessment of the company has been completed by Assessing officer upto the Assessment Year 2014-15

Disputed Income Tax demand are on account of Disallowance of Interest expenses u/s 234D - ₹ 116.45 lacs and Disallowance u/s 40 a (ia) - ₹ 2,784.20 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.

The disputed Kerala Value Added Tax demand on account of sale of seized vehicles for the assessment year 2007-08 is ₹ 4.65 lacs. The company has filed appeal before the Deputy Commissioner (Appeals), Ernakulam.

The disputed Kerala Value Added Tax demand on account of goods in transit u/s 47 (6) for the assessment year 2011-12 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.

The disputed Tamilnadu Value Added Tax demand 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 before STAT, Chennai / Dy.Commissioner (A), Chennai.

The company has issued a guarantee for ₹ 2500 lacs against refinance obtained by Shriram Housing Finance Limited for NHB

ii) Commitments :

As at March 31, 2017, ₹ 119.35 lacs is the estimated amount of contracts remaining to be executed on capital account.

b. Shriram Housing Finance Limited

i) Contingent Liabilities:

Particulars as at	As at March 31, 2016	
	As at March 31, 2016	As at March 31, 2016
Income Tax	3.91	14.64

₹ in lacs

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. 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

Notes

forming part of Consolidated Financial Statements for the year ended March 31, 2017

demands are not sustainable and expects to succeed in its appeals.

ii) Commitments :

As at March 31, 2017, ₹ 46.79 lacs is the estimated amount of contract 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

Particulars	₹ in lacs	
	Year ended March 31, 2017	Year ended March 31, 2016
Total number of transactions under par structure	-	1
Total book value of assets	-	10,000.00
Sale consideration received	-	10,000.00

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

S. no.	Particulars	₹ in lacs	
		As at March 31, 2017	As at March 31, 2016
1	No of SPVs sponsored by the NBFC for securitisation transactions	3	8
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	11,034.10	35,719.00
3	Total amount of exposures retained by the NBFC 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	4,205.19	10,051.01
	Others	140.72	708.69
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	-	334.59
	ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

Notes

forming part of Consolidated Financial Statements for the year ended March 31, 2017

B. Direct Assignment

Particulars	₹ in lacs	
	Year ended March 31, 2017	Year ended March 31, 2016
(i) No. of accounts	70,569	59,652
(ii) Aggregate value (net of provisions) of accounts sold	23,963.46	25,107.53
(iii) Aggregate consideration	20,022.18	20,127.08
(iv) Additional consideration realised in respect of accounts transferred in earlier years	394.13	499.54
(v) Aggregate gain / loss over net book value	1,060.43	1,623.65

29. Disclosure of frauds reported during the year ended March 31, 2017

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

Particulars	₹ in lacs							
	Less than ₹ 1 lac		₹ 1 to 25 lacs		Greater than ₹ 25 lacs		Total	
	Number	Value	Number	Value	Number	Value	Number	Value
A) Person involved								
Staff	-	-	-	-	-	-	-	-
Customer	-	-	-	-	2	210.80	2	210.80
Customer & Outsider	-	-	-	-	-	-	-	-
Staff, Customer & Outsider	-	-	2	12.18	-	-	2	12.18
Total	-	-	2	12.18	2	210.80	4	222.98
B) Type of Fraud								
Misappropriation and Criminal breach of trust	-	-	-	-	-	-	-	-
Fraudulent encashment/ manipulation of books of accounts	-	-	2	12.18	-	-	2	12.18
Unauthorised credit facility extended	-	-	-	-	-	-	-	-
Cheating and Forgery	-	-	-	-	2	210.80	2	210.80
Total	-	-	2	12.18	2	210.80	4	222.98

30. Derivatives

Interest Rate Swap

The Company has entered into an interest rate swap to convert the floating rate into a fixed rate liability @ 10.49% till maturity date of March 30, 2017 (underlying long term debt of ₹27,500 lacs)

S. no	Particulars	₹ in lacs	
		Year ended Mar 31, 2017	Year ended Mar 31, 2016
i)	The notional principal of swap agreements	-	27,500.00
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-
iii)	Collateral required by the NBFC upon entering into swaps	-	-
iv)	Concentration of credit risk arising from the swaps	-	-
v)	The fair value of the swap book	-	27500.00

Notes

forming part of Consolidated Financial Statements for the year ended March 31, 2017

31. EXPOSURE

31.1 Exposure to Capital Market

		₹ in lacs	
S. no	Particulars	As at March 31, 2017	As at March 31, 2016
(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;	11,877.38	10,077.38
(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;	48,468.26	49,101.71
(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	3,955.44
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows / issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total		60,902.55	63,134.53

31.2 Exposure to Real Estate Sector

		₹ in lacs	
S. no	Particulars	As at March 31, 2017	As at March 31, 2016
i)	Residential Mortgages -Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	169,342.81	128,873.67
ii)	Commercial Real Estate -Lending secured by mortgages on commercial real estates (office buildings, retail space, multi- purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	68,253.62	34,725.19
iii)	Investments in Mortgage Backed Securities(MBS) and other securitised exposures -		
	Residential	652.69	1,243.10
	Commercial Real Estate		
Total Exposure to Real Estate Sector		238,249.12	164,841.96

Notes

forming part of Consolidated Financial Statements for the year ended March 31, 2017

32. Expenditure in Foreign Currency (Cash Basis) - Nil

33. The company had no discontinuing operations during the year ended March 31, 2017.

34. The Company has taken various office premises under operating lease. The lease payments recognised in the statement of profit and loss account are ₹4920.68 lacs (March 31, 2016 - ₹4596.52 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:

Particulars	₹ in lacs	
	For the year ended March 31,	
	2017	2016
a. Not later than 1 year	403.83	347.75
b. More than 1 year and less than 5 years	1,081.11	977.60
c. Later than 5 years	349.03	467.23

35. Capital

35.1 Shriram City union Finance Limited

S. No	Particulars	As at March 31, 2017	As at March 31, 2016
i)	CRAR (%)	23.88%	26.14%
ii)	CRAR - Tier I Capital (%)	22.22%	23.36%
iii)	CRAR - Tier II Capital (%)	1.66%	2.78%
iv)	Amount of subordinated debt raised as Tier-II capital (₹ in lacs)	29,485.91	47,137.31
v)	Amount raised by issue of Perpetual Debt Instruments	-	-

35.2 Shriram Housing Finance Limited

S. No	Particulars	As at March 31, 2017	As at March 31, 2016
i)	CRAR (%)	29.95%	42.85%
ii)	CRAR - Tier I Capital (%)	29.31%	42.20%
v)	Amount raised by issue of Perpetual Debt Instruments	0.64%	0.65%

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forming part of Consolidated Financial Statements for the year ended March 31, 2017

36. Investments

		₹ in lacs	
S. no	Particulars	Year ended Mar 31, 2017	Year ended Mar 31, 2016
1)	Value of Investments		
i)	Gross Value of Investments		
a)	In India	70,501.69	61,555.58
b)	Outside India	9,877.38	9,877.38
ii)	Provisions for Diminution		
a)	In India	81.76	81.76
b)	Outside India	-	-
iii)	Value of Net Investments		
a)	In India	70,419.93	61,473.72
b)	Outside India	9,877.38	9,877.38
2)	Movement of provisions held towards diminution on investments		
i)	Opening Balance	81.76	36.64
ii)	Add : Provisions made during the year	-	45.12
iii)	Less : Write-off / write-back excess provisions during the year	-	-
iv)	Closing Balance	81.76	81.76

37. Details of non-performing financial assets purchased / sold

a ShriramCity Union Finance Limited - Nil

b Shriram Housing Finance Limited

		₹ in lacs	
S. No	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(i)	No. of accounts sold	349.00	-
(ii)	Aggregate outstanding	5,056.41	-
(iii)	Aggregate consideration received	3,539.00	-

38. Details of financing of parent company products - Nil

39. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFCs - Nil

40. Registration obtained from other financial sector regulators - Nil

41. Details of Penalties imposed by RBI and other regulators

₹ 14.21 lacs levied and paid during the year as Penal Interest to RBI for shortfall in SLR in an earlier year, ₹ 57.10 lacs levied and paid during the year as compounding fee to RBI for issuance of convertible warrants to foreign investors without prior permission of RBI in earlier years and ₹ 20 lacs levied and paid after the balance sheet date as penal interest to RBI for delay in complying with requirements of Fair Practices Code.

Notes

forming part of Consolidated Financial Statements for the year ended March 31, 2017

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, 2017	Year ended March 31, 2016
Provisions for diminution on Investment	-	45.12
Provision towards NPA	44,783.70	30,533.12
Provision made towards Income tax	31,884.99	29,710.17
Other Provisions and Contingencies (with details)		
Provision for Standard Assets	2,353.21	1,878.70
Provision for Gratuity	652.47	436.67
Provision for Leave encashment	535.98	307.51

43. Draw Down Reserves - Nil

44. Concentration of Deposits, Advances, Exposures and NPAs

A. Shriram City Union Finance Limited

a. Concentration of Deposits (for deposit taking NBFCs)

	₹ in lacs
Total Deposits of twenty largest depositors	4,479.82
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	1.38%

b. Concentration of Advances

	₹ in lacs
Total Advances to twenty largest borrowers	76,170.71
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	3.33%

c. Concentration of Exposures

	₹ in lacs
Total Exposure to twenty largest borrowers / customers	76,170.71
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	3.33%

d. Concentration of NPAs

	₹ in lacs
Total Exposure to top four NPA accounts	7,022.89

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forming part of Consolidated Financial Statements for the year ended March 31, 2017

e. Sector-wise NPAs

S.No.	Sector	Percentage of NPAs to Total Advances in that sector
1	Agriculture & allied activities	-
2	MSME / Corporate borrowers	7.12%
3	Services	-
4	Unsecured personal loans	9.00%
5	Auto loans	
	i) Auto Loans	8.99%
	ii) Two wheeler	7.37%
6	Other personal loans	
	i) Consumer Durable	-
	ii) Pledged Jewel	2.68%
7	Others	0.18%

B. Shriram Housing Finance Limited

a. Concentration of Advances

	₹ in lacs
Total Loans & Advances to twenty largest borrowers	29,644.98
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	16.70%

b. Concentration of Exposures

	₹ in lacs
Total Exposure to twenty largest borrowers / customers	39,190.09
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers"	20.18%

c. Sector-wise NPAs

S.No.	Sector	Percentage of NPAs to Total Advances in that sector
1	Housing	2.92%
2	Non housing	1.88%

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forming part of Consolidated Financial Statements for the year ended March 31, 2017

45. Movement of NPAs

a. Shriram City Union Finance Limited

		₹ in lacs	
S. no	Particulars	Year ended Mar 31, 2017	Year ended Mar 31, 2016
i)	Net NPAs to Net Advances (%)	1.79%	1.56%
ii)	Movement of NPAs (Gross)		
a)	Opening balance	98,008.30	49,142.87
b)	Additions during the year	112,915.95	82,975.23
c)	Reductions during the year	57,246.68	34,109.80
d)	Closing balance	153,677.77	98,008.30
iii)	Movement of Net NPAs		
a)	Opening balance	29,699.03	10,662.34
b)	Additions during the year	38,407.17	29,119.81
c)	Reductions during the year	27,118.58	10,083.12
d)	Closing balance	40,987.61	29,699.03
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
a)	Opening balance	68,309.27	38,480.54
b)	Provisions made during the year	74,508.79	53,855.42
c)	Write-off / write-back of excess provisions	30,127.90	24,026.68
d)	Closing balance	112,690.16	68,309.27

b. Shriram Housing Finance Limited

		₹ in lacs	
S. no	Particulars	Year ended Mar 31, 2017	Year ended Mar 31, 2016
i)	Net NPAs to Net Advances (%)	1.83%	2.01%
ii)	Movement of NPAs (Gross)		
a)	Opening balance	3,515.22	1,512.36
b)	Additions during the year	3,738.50	2,218.57
c)	Reductions during the year	2,650.68	215.71
d)	Closing balance	4,603.04	3,515.22
iii)	Movement of Net NPAs		
a)	Opening balance	2,537.12	1,238.62
b)	Additions during the year	2,606.97	1,479.29
c)	Reductions during the year	1,921.95	180.79
d)	Closing balance	3,222.14	2,537.12
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
a)	Opening balance	978.10	273.71
b)	Provisions made during the year	1,131.53	739.31
c)	Write-off / write-back of excess provisions	728.73	34.92
d)	Closing balance	1,380.90	978.10

Notes

forming part of Consolidated Financial Statements for the year ended March 31, 2017

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 ₹ 1,623.50 lacs for the year 2016-17. The company has spent ₹ 688.55 lacs during the year.

B. Shriram Housing Finance Limited

Section 135 of The Companies Act 2013, which mandate CSR for specific companies, applies to the Company. Accordingly the company is required to spend atleast 2% of the average net profit of the Company made during three immediate preceding financial years, which amounts to ₹ 59.05.lacs for the year 2016-17. The company has spent ₹4.20 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

forming part of Consolidated Financial Statements for the year ended March 31, 2017

49. Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

Particulars	₹ in lacs							Total
	Upto 30/31 Days	Over 1 month upto 2 Months	Over 2 months upto 3 months	Over 3 months & up to 6 months	Over 6 Months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	
Deposits	21,451.53	12,832.51	14,290.11	41,639.54	78,893.49	144,612.52	20,963.36	334,683.06
Advances	148,463.36	99,902.11	101,386.88	305,835.56	648,827.89	682,494.03	160,049.95	2,308,510.66
Investments	2,192.47	196.02	6,821.14	524.71	16,303.64	5,261.66	12,735.70	80,379.89
Borrowings	195,485.50	81,909.89	66,382.91	72,854.55	200,676.45	682,903.97	208,715.05	1,545,466.56
Foreign Currency assets	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-

50. Rating assigned by credit rating agencies and migration of ratings during the year

A Shriram City Union Finance Limited

Rating Agency	Rating Instrument	As at March 31, 2017	As at March 31, 2016
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
	Fixed deposit	IND tAA/ Stable	IND tAA
CARE	Long-Term (NCDs)	CARE AA+	CARE AA+
	Short-Term (CP)	CARE A1+	CARE A1+
	Subordinate Debt	CARE AA+	CARE AA+
	Fixed deposit	CARE AA+ (FD)	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-/Stable
	Short-Term (CP)	CRISIL A1+	CRISIL A1+
	Subordinate Debt	CRISIL AA-/ Positive	CRISIL AA-/Stable
	Fixed deposit	FAA /Positive	FAA (Stable)

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forming part of Consolidated Financial Statements for the year ended March 31, 2017

B Shriram Housing Finance Limited

Rating Agency	Rating Instrument	As at March 31, 2017	As at March 31, 2016
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	16
(b)	No. of complaints received during the year	1,666
(c)	No. of complaints redressed during the year	1,647
(d)	No. of complaints pending at the end of the year	35

52. Based on the intimation received by the company, none of the suppliers have confirmed to be registered under “the Micro, Small and Medium Enterprises Development (‘MSMED’) Act, 2006”. Therefore, the related information for this purpose stands to be Nil.

53. 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.

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
Parent				
Shriram City Union Finance Limited	92.05%	486,296.85	95.12%	55,605.99
Subsidiaries				
Indian				
Shriram Housing Finance Limited	7.95%	42,020.30	4.88%	2,851.58
Minority Interests in all Subsidiaries		(9559.48)		(648.73)
Associates	NA	NA	NA	NA
Joint Ventures	NA	NA	NA	NA
Total	100.00%	528,317.15	100.00%	58,457.57

Notes

forming part of Consolidated Financial Statements for the year ended March 31, 2017

54. Details of Specified Bank Notes

The details of Specified Bank Notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016 as provided in the Table below:-

Particulars	₹ in lacs		
	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	4,863.22	211.71	5,074.93
(+) Permitted receipts	-	63,234.15	63,234.15
(-) Permitted payments	-	48,923.04	48,923.04
(-) Amount deposited in Banks	4,863.22	12,249.20	17,112.42
Closing cash in hand as on 30.12.2016	-	2,273.62	2,273.62

In the ordinary course of business, loan borrowers of the Company have directly deposited cash as part of their loan repayments in the collection bank accounts of the Company with various banks, aggregating to ₹ 189.93 lacs during the period November 9, 2016 to December 30, 2016 the denomination wise details of which are currently not available with the Company and hence not included in the above table.

Explanation : For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

55. Auction Details

The Company auctioned 7013 loan accounts (Previous Year : 21,946 accounts) during the financial year. The outstanding dues on these loan accounts were ₹ 1,936.69 lacs (Previous Year : ₹ 5,217.96 lacs) till the respective dates of auction. The Company realized ₹ 1,784.77 lacs (Previous Year : ₹ 5020.86 lacs) on auctioning of gold jewellery taken as collateral security on these loans. The Company confirms that none of its sister concerns participated in the above auctions.

56. Previous year figures have been regrouped / rearranged, wherever considered necessary, to conform with current year presentation

As per our report of even date
For Pijush Gupta & Co.
Chartered Accountants
Firm Registration No. 309015E

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

Pijush Kumar Gupta
Partner
Membership No. 015139

R Duruvasan
Managing Director & CEO
DIN: 00223052

S. Krishnamurthy
Director
DIN: 00140414

Place: Chennai
Date: May 02, 2017

C R Dash
Company Secretary

R Chandrasekar
Chief Financial Officer

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 Gopalamudram Srinivasaraghavan Sundararajan

Director, Non Executive, Non Independent
(retired by rotation at the Annual General Meeting (AGM) held
on July 28, 2016)

Sri Gerrit Lodewyk Van Heerde

Director, Non Executive, Non Independent

Sri Khushru Burjor Jijina

Director, Non Executive, Non Independent

Smt Maya S Sinha

Director, Non Executive, Independent

Sri Pranab Prakash Pattanayak

Director, Non Executive, Independent

Sri Ramakrishnan Subramanian

Additional Director, Non Executive, Non Independent
(resigned from the Board w.e.f. February 3, 2017)

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
City Union 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 Hyderabad
State Bank of India
State Bank of Travancore
SBM Bank (Mauritius) Ltd
Syndicate Bank
The South Indian Bank Ltd
Union Bank of India
United Bank of India
Vijaya Bank

INSTITUTIONS

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

AUDITORS

Pijush Gupta & Co.
Chartered Accountants
P-199, C I T Road
Scheme IV – M, Kolkata - 700 010

REGISTERED OFFICE

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

LISTED AT

BSE Limited
National Stock Exchange of
India Limited

SECRETARIAL OFFICE

No.144, Santhome High
Road, Mylapore, Chennai 600 004.
Phone No.+ 91 44 4392 5300
Fax No. + 91 44 4392 5430

SHARE TRANSFER AGENTS

Integrated Registry Management
Services Pvt Ltd (formerly
Integrated Enterprises (India) Limited)
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
(formerly GDA Trusteeship Ltd)
GDA House, First Floor
Plot No 85, Bhusari Colony (Right)
Paud Road, Pune 411 038



SHRIRAM CITY UNION FINANCE LTD.
www.shriramcity.in