

Sundaram BNP Paribas Home Finance Limited

19th Annual Report
2017-18



SUNDARAM BNP PARIBAS
— HOME FINANCE —

Board of Directors

S. Viji	Chairman
T.T. Srinivasaraghavan	
Anthony Colwyn-Thomas	
Alexandre Adam	
N. Ganga Ram	
P.N. Venkatachalam	
Radha Unni	
P.C. Mathew	
Srinivas Acharya	Managing Director

Audit Committee

N. Ganga Ram	Chairman
Radha Unni	
P.C. Mathew	
T.T. Srinivasaraghavan	
Anthony Colwyn-Thomas	

Executive Committee

T.T. Srinivasaraghavan	Chairman
Anthony Colwyn-Thomas	
Srinivas Acharya	

Asset Liability Management Committee

M. Ramaswamy	Chairman
Srinivas Acharya	
Alexandre Adam	
G. Sundararajan	
S. Rajagopalan	
K. Moahan Venkatesan	
V. Swaminathan	

Risk Management Committee

P.N. Venkatachalam	Chairman
Anthony Colwyn-Thomas	
Srinivas Acharya	

Corporate Social Responsibility Committee

Srinivas Acharya	Chairman
P.N. Venkatachalam	
N. Ganga Ram	

Nomination & Remuneration Committee

T.T. Srinivasaraghavan Chairman
Anthony Colwyn-Thomas
N. Ganga Ram
Radha Unni

Stakeholders Relationship Committee

Anthony Colwyn-Thomas Chairman
N. Ganga Ram
Srinivas Acharya

Key Managerial Personnel

Srinivas Acharya Managing Director
G. Sundararajan Chief Financial Officer
V. Swaminathan Company Secretary & Head-Compliance & Administration

Senior Executives

S. Rajagopalan Senior Vice-President & Head - Operations
K. Moahan Venkatesan Vice-President - Strategy & Special Projects
V. Janaki Senior General Manager & Head - Information Systems

Statutory Auditors

M/s. Sundaram & Srinivasan
Chartered Accountants
23, C.P. Ramaswamy Road
Alwarpet
Chennai - 600 018

Secretarial Auditor

Mr. M. Damodaran
M/s. M. Damodaran & Associates
New No.6, Old No.12
Appavoo Gramani 1st Street
Mandaveli
Chennai - 600 028

Information Security Assurance Services

M/s. Tejas Brainware Systems (P) Ltd.
New No. 28, Old No.19
Second Main Road
C.I.T. Colony
Mylapore
Chennai - 600 004

Bankers

Axis Bank	HDFC Bank
BNP Paribas	ICICI Bank
Canara Bank	IndusInd Bank
Federal Bank	State Bank of India
The Karnataka Bank Ltd	

Trustee for Debentures/Public Deposits

IDBI Trusteeship Services Limited
Asian Building, Ground Floor
17, Kamani Marg
Ballard Estate
Mumbai - 400 001

Trustee for Securitisation

Vistra ITCL (India) Limited
(Formerly known as IL & FS Trust Company Limited)
The IL & FS Financial Centre
Plot C-22, G Block, 7th Floor,
Bandra-Kurla Complex
Bandra (East)
Mumbai - 400 051

Registered Office

21, Patullos Road
Chennai - 600 002
Phone: 044 2852 1181
Fax: 044 2858 6641

Corporate Office

'Sundaram Towers'
46, Whites Road
Chennai - 600 014
Phone: 044 2851 5267, 044 2851 5269
Fax: 044 2858 2235

Email

corporateaffairs@sundarambnpphome.in

Website

www.sundarambnpphome.in

Corporate Identity Number

U65922TN1999PLC042759

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HIGHLIGHTS

(₹ in crore)

	2017-18	2016-17	2015-16	2014-15	2013-14
OPERATIONAL HIGHLIGHTS					
Approvals	2996	2077	1857	2097	2648
Disbursements	2626	1831	1743	1939	2493
Loans outstanding	8078	7272	6995	6805	6338
Loans under Management (Including assets sold/securitised)	8358	7663	7510	7504	7131
FINANCIAL HIGHLIGHTS					
Paid-up capital	101.25	101.25	101.25	101.25	101.25
Reserves and Surplus	1020.91	927.19	773.54	663.47	596.64
Net Worth	1122.16	1028.44	874.79	764.72	697.89
Total Borrowings	7090.76	6470.75	6269.91	6281.68	6100.32
Fixed Deposits	1068.34	1094.72	1022.41	876.17	673.20
Net Interest Income	282.23	275.50	250.71	237.01	241.08
Fees & Other Income (Net of Business Sourcing Cost)	58.04	64.34	73.66	99.58	82.10
Operating Income	340.27	339.84	324.37	336.59	323.18
Operating Cost	92.65	82.87	73.08	63.45	60.82
Operating Profit	247.62	256.97	251.29	273.14	262.36
Profit before Tax	199.33	236.57	233.30	219.26	215.13
Profit after Tax	136.38	153.65	152.72	146.42	150.74
Return on average networth (%)	12.68	16.15	18.63	20.02	24.87
Book Value (₹)	110.83	101.57	86.40	75.53	68.92
Earnings Per Share (₹)	13.47	15.17	15.08	14.46	16.16
Capital Adequacy Ratio (%)	24.28	24.78	23.94	20.41	18.56
Cost-to-income ratio (%)	27.23	24.39	22.53	18.85	18.82
Gross non-performing loans (%)	3.27	2.98	2.82	2.46	1.53
Net non-performing loans (%)	1.09	0.98	0.98	0.75	0.46

BOARD'S REPORT

To the Members

The Directors have pleasure in presenting the Nineteenth Annual Report of the Company together with the audited accounts for the year ended 31st March 2018. The summarised financial results are given hereunder:

FINANCIAL RESULTS

(₹ in lakhs)

	For the Year ended	
	31st March 2018	31st March 2017
Gross Income	89807.56	92284.87
Profit before Interest and Depreciation	76213.04	82377.70
Finance Costs	55780.28	58300.98
Gross Profit	20432.76	24076.72
Less : Depreciation	499.71	420.17
Profit before Tax	19933.05	23656.55
Less: Provision for Tax (including Deferred Tax)	6295.42	8291.62
Profit after Tax	13637.63	15364.93
Add: Balance brought forward from the previous year	4784.10	4492.17
Amount available for appropriation	18421.73	19857.10

Appropriations proposed

Transfer to Special Reserve under Section 36(1)(viii) of the Income-tax Act, 1961	2900.00	2700.00
Transfer to Additional Reserve under Section 29C of National Housing Bank Act, 1987	–	373.00
Transfer to General Reserve	7000.00	12000.00
Dividend paid	3543.91*	– @
Dividend Distribution Tax paid	721.46*	– @
Surplus carried to the Balance Sheet	4256.36	4784.10
Total	18421.73	19857.10

* Dividend paid for the year 2016-17

@ No appropriation proposed for dividend for the year 2016-17

DIVIDEND

The Directors are pleased to recommend a dividend of 35% (₹3.50 per share) for the Financial Year 2017-18 on the total paid-up capital of ₹101.25 crore. In terms of the Companies (Accounting Standard) Rules, 2006, as amended, the proposed dividend including dividend distribution tax of ₹42.72 crore is not recorded as a liability as on 31st March 2018 and it will be recognised when Dividend is approved by the Members in the ensuing Annual General Meeting.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has duly constituted a Corporate Social Responsibility Committee as per the provisions of Section 135 of the Companies Act, 2013 and devised a Policy for the implementation of the CSR framework, broadly defining the areas of spending for its promotion/development, of at least two per cent of the average net profits made during the last three immediately preceding Financial Years on the activities mentioned under Schedule VII of the Companies Act, 2013.

The CSR Committee monitors the Policy of the Company from time to time and endeavours to ensure that the requisite amount is spent on CSR activities as per the framework.

The CSR Committee consists of three Members, viz. Mr. Srinivas Acharya, Mr. P.N. Venkatachalam and Mr. N. Ganga Ram. Mr. Srinivas Acharya is the Chairman of the Committee.

The Company has fully spent, during the Financial Year 2017-18, the required amount of ₹4.61 crore under the CSR framework. A Report on CSR Activities undertaken by the Company for the Financial Year 2017-18 is annexed as part of this Board's Report (Annexure I).

The Policy of the Company on Corporate Social Responsibility has been hosted on its website www.sundarambnpphome.in

CORPORATE GOVERNANCE

The National Housing Bank, vide Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 9th February 2017, has mandated all the Housing Finance Companies to follow the guidelines on Corporate Governance as per the Housing Finance Companies –

Corporate Governance (NHB) Directions, 2016. The Company has accordingly framed the internal guidelines on Corporate Governance which have been hosted on Company's website www.sundarambnpphome.in

The Company is committed to achieving the highest standards of Corporate Governance and it aspires to benchmark itself with the best practices in this regard. The Board regularly reviews the Management's reports on statutory and regulatory compliances. A detailed report on Corporate Governance forms part of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of the provisions of Section 134(3)(c) read with 134(5) of the Companies Act, 2013, the Board of Directors hereby state that:

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- the Company has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit of the Company for that period;
- proper and sufficient care has been exercised for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Annual Accounts have been prepared on a going concern basis;
- adequate internal financial controls have been put in place and they are operating effectively and
- proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RELATED PARTY TRANSACTIONS

During the year, the Company did not enter into any materially significant transaction with related parties, i.e., its Promoters,

Directors, Key Managerial Personnel and their relatives, conflicting with the Company's interests as laid down under Section 188(1) of the Companies Act, 2013.

Approval of the Audit Committee is obtained by the Company before entering into any related party transaction as per the applicable provisions of Companies Act, 2013. As per the provisions of Section 188 of the Companies Act 2013, approval of the Board of Directors is also obtained for entering into related party transactions by the Company. A yearly update is also given to the Audit Committee and the Board of Directors on the related party transactions undertaken by the Company for their review and consideration.

All the transactions entered into by the Company with any of the related parties were in the ordinary course of business and on an arm's length basis. Form AOC-2, as required under Section 134(3)(h) of the Act, read with Rule 8(2) of the Companies (Accounts) Rules 2014, is annexed as part of this Board's Report (Annexure II(i)).

Further, as mandated under the Directions issued by the National Housing Bank *vide* Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 9th February 2017, the Company has formulated a Policy on Related Party Transactions and the Policy is annexed as part of this Board's Report (Annexure II(ii)).

The Policy on Related Party Transactions has been hosted on the Company's website www.sundarambnpphome.in

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a Policy for prevention of Sexual Harassment, in line with the requirements of the "Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013." An Internal Complaints Committee (ICC) has been set up to redress complaints, as and when received, regarding sexual harassment and all employees are covered under this Policy.

The Policy has been hosted on the Company's website www.sundarambnpphome.in

There were no sexual harassment complaints during the year 2017-18.

WHISTLE BLOWER POLICY

The Company adopted a Whistle Blower Policy and established the necessary vigil mechanism with effect from April 1, 2014, for Directors and Employees to report genuine concerns about unethical behaviour, pursuant to the provisions of Section 177(9) and (10) of the Companies Act, 2013 read with Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014. The vigil mechanism provides for adequate safeguards against victimisation of persons who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. It is hereby affirmed that no personnel of the Company has been denied access to the Audit Committee. There were no complaints from the employees during the year 2017-18.

The Whistle Blower Policy has been hosted on the Company's website www.sundarambnpphome.in

SIGNIFICANT AND MATERIAL ORDERS

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDIAN ECONOMIC SCENARIO

The year 2017-18 witnessed various economic reforms like the implementation of the Goods and Service Tax, announcement of bank recapitalization, giving the Infrastructure status to Affordable Housing .

An important macro-economic challenge faced by the Indian economy relates to the declining trend in the investment and saving rates, as seen from the latest available data. Nonetheless, medium-term macro outlook remains bright against the background of implementation of GST, green shoots in the global economy, relatively stable prices and improvement in indicators of external sector.

GDP GROWTH

As per the Second Advance estimates released by Central Statistics Office (CSO) the growth of Gross Domestic Product (GDP) is estimated to be 6.6 per cent in 2017-18, lower than 7.1 per cent in 2016-17. The growth in agriculture, industry and services is estimated at 2.1 per cent, 4.4 per cent and 8.3 per cent, respectively in 2017-18, as compared to 4.9 per cent, 5.6 per cent and 7.7 per cent in 2016-17. Growth rate of industry sector declined in 2017-18, mainly on account of moderate growth in manufacturing sector, whereas the services sector contributed to more than half of the overall growth rate of 6.1 per cent in 2017-18.

The Indian economy is expected to expand at 7.5% next fiscal. Growth will largely be driven by factors outside the Budget. The waning impact of demonetisation and the ironing out of GST creases will support domestic activity. The initial forecasts from the Indian Meteorological Department (IMD) predict normal rains in 2018. This augurs well for agricultural production. The recapitalisation of banks will enhance the ability of the banks to expand credit and support growth.

A recent Reserve Bank of India (RBI) study also points out that, after GST, growth in exports was hit mostly in sectors with high working capital requirements. This scenario is expected to change next fiscal with global growth strengthening further and GST refund issues getting sorted. The Index of Industrial Production (IIP) saw the second consecutive month of high growth in December 2017, on the back of robust manufacturing activity. Exports have also picked up and credit off take is improving.

Consumer Price Index (CPI) inflation is projected at 4.6% in Fiscal 2019 from sub 4% in Fiscal 2018. Food inflation is not likely to increase given a normal monsoon prediction. The RBI expects inflation to be higher in the first half of Fiscal 2019 and significantly moderate in the second half, as effects of the revised house rent allowance on housing inflation fade away and CPI inflation benefits from a high base of the previous fiscal.

IMPACT OF GST IMPLEMENTATION IN THE REAL-ESTATE SECTOR

While GST is bound to raise the price of unfinished homes, it is expected to bring a lot of transparency in the real estate sector and

minimize unscrupulous transactions. It is, however, a great relief that GST is levied only on the 2/3rd portion of the cost of unfinished home excluding the 1/3rd towards notional value of the land. Besides, there is no GST on the sale of finished home and 2nd sales. To account for the Input Tax Credit (ITC), the builders will have to maintain project level accounts. Under the current tax laws, VAT and Service tax charged by different contractors and excise duty, entry tax, octroi are paid on procurements. GST law consolidates all the different taxes into GST increasing the margin in the hands of contractor/developer by removing all the above-mentioned taxes. It is hoped that this benefit gets passed on to the end-consumer by way of input tax credit to bring down the impact of GST.

In the long run, the impact of GST on real estate sector is expected to be positive. Developers/Contractors will reap the benefit of many taxes which will be subsumed by GST.

IMPACT OF REAL ESTATE (REGULATION AND DEVELOPMENT) ACT, 2016 (RERA)

The RERA brings unprecedented levels of transparency into real estate projects and promises to eliminate delays in projects, and, in the process, weed out unscrupulous developers and provide home buyers with detailed information on the specifications and progress of the projects in which they invest. The sector will also benefit from the changes made in Benami transactions.

Overall, both RERA and GST are expected to bring more transparency in the sector, as the builders would be forced to maintain project-wise books of account to pass on input tax credit to the customers, besides ensuring proper end use of funds that flow into a project as the construction work progresses.

HOUSING FINANCE SECTOR AND FUTURE OUTLOOK

The total housing credit growth stood at ₹16 lakh crore for the period ended 31st December 2017, recording a growth of 17% (previous year 16%) as per ICRA's Research Report.

The Report also indicates that the housing credit growth is likely to pick up further, supported by the improvement in primary sales, and

additional thrust by the Government of India on the affordable housing segment through the Prime Minister's Pradhan Mantri Awas Yojana (PMAY) under 'Housing for All' scheme, which is likely to expand the market. HFCs and non-banking finance companies (NBFCs) are likely to benefit from their thrust on the relatively high growth segments like affordable housing and self-employed customers, and their comparatively superior service levels. It is expected that housing credit growth will be in the range of 16-18% and that of the HFCs 20-23%, leading to an overall market growth of 18-20% in FY2019.

HFCs' reported capital adequacy remained comfortable, supported by the relatively lower risk weights for home loans and commercial real estate loans for residential projects. Overall, the HFC gearing level remained at around 8.0 times as on 31st December 2017 and HFCs will require around Rs. 100-160 billion of external capital (11-19% of their existing net worth) to grow at a CAGR of 20%-22% for the next three years with internal capital generation levels (post dividend) of 15-16% and gearing levels of eight to nine times. Most of the incremental capital requirement would be from the new HFCs, including those operating in the affordable housing space.

Against this backdrop, the company expects that the year 2018-19 would be a year of improved buyer sentiment, controlled new launches, better sales, declining inventory of unsold units and consolidation. The branch expansion plans of the Company would be a major catalyst for growth during the year. There has been an increase in the share of NCDs and Commercial Papers in the overall borrowing mix of HFCs. The debt market instruments would continue to meet the funding requirements of HFCs. With the Government's continued thrust on "Housing for All", implementation of smart cities in geographies in which your Company operates, we see greater opportunities for financing of houses. We therefore expect modest growth for the year 2018-19 with greater stress on maintaining our profitability and enhanced asset quality.

REGULATORY CHANGES:

During the year, two major regulatory changes were made by NHB, besides other amendments to the Directions/Regulations:

1. Reduction in Standard Asset Provisioning: The provision on Standard Housing Loans was reduced from 0.40% to 0.25% in respect of Individual Housing Loans disbursed on or after 1st August 2017. The revised provisioning norms relating to "Standard Category of Individual Housing Loans" would be effective prospectively.
2. Valuation of Properties – Empanelment of Valuers – HFCs are required to have a Board approved comprehensive policy in place for valuation of properties and such a policy shall *inter alia* cover procedure for identification of assets for revaluation, maintenance of separate set of records for such assets, the frequency of revaluation, depreciation policy for such assets, policy for sale of such revalued assets and appointment of independent external valuers.

OPERATING AND FINANCIAL PERFORMANCE

Gross income of the Company during the year ended 31st March 2018 amounted to ₹898.08 crore, lower by 3% compared to ₹922.85 crore in the previous year. Profit before tax was ₹199.33 crore, 16% lower than the previous year's ₹236.57 crore. At ₹136.38 crore, profit after tax was lower by 11% compared to the previous year's ₹153.65 crore. The Company's net worth stood at ₹1122.16 crore as on 31st March 2018 (₹1028.44 crore at the end of the previous year). As on that date, the regulatory capital adequacy ratio (CRAR) of 24.28% was well above the regulatory minimum of 12%.

The Company approved loans totalling ₹2996 crore during the year, 44% higher than corresponding figure of ₹2077 crore in FY17. Disbursements during the year amounted to ₹2626 crore as against ₹1831 crore in FY17, a growth of 43%. The average size of home loans disbursed to individuals during the year was ₹27 lakh.

Gross Non-Performing Loans (NPLs) (loans in continuing default for more than 90 days) amounted to ₹265.22 crore as on 31st March 2018, but represented a manageable 3.27% of total loans, up from 2.94% a year ago. Net NPLs (i.e. Gross NPLs less provisions) increased from ₹71.06 crore to ₹86.41 crore over the year, representing 1.09% of the loan portfolio.

The Company continues to follow a prudent loan provisioning policy, as a result of which the level of provisions allocated to NPL accounts is considerably higher than the regulatory requirement. Available provisions of ₹178.81 crore against NPLs were equivalent to 67% of the Gross NPLs as of 31st March 2018. In addition, provisions totalling ₹35.63 crore were also made against Standard Loans as required by NHB.

During the year, the Company disbursed loans amounting to ₹1.50 crore to Affordable Housing Finance Companies through Line of Credit (LOC).

RESOURCE MOBILISATION

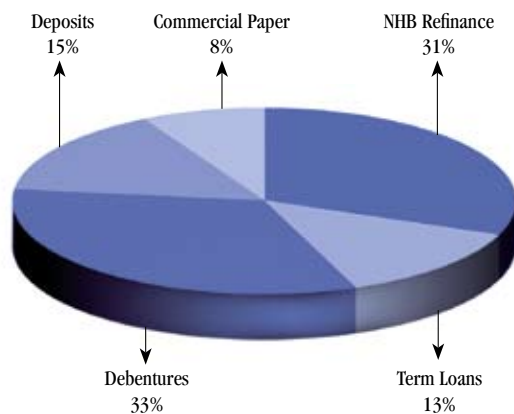
FRESH EQUITY

During the year, the Company did not raise funds by way of infusion of fresh equity.

BORROWINGS

Total borrowings as on 31st March 2018 stood at ₹7090.76 crore as against ₹6470.75 crore a year earlier. Of the total borrowings, Non-Convertible Debentures (NCDs) constituted 33%, NHB Refinance 31%, Public Deposits 15% and Term Loans from Banks and Financial Institutions 13% besides Commercial Paper 8%.

LOAN FUNDS



During the year, the Company availed itself of fresh refinance of ₹310 crore from NHB and repaid ₹390.05 crore of refinance. It raised term funds to the extent of ₹465 crore through non-convertible debentures and ₹799.50 crore from banks. The Company duly repaid its term borrowings including debentures as and when they became due for payment and no debentures remained unclaimed by the investors at the year end.

COMMERCIAL PAPER

The Company issued commercial paper aggregating ₹2232.86 crore during the year. The maximum amount of commercial paper outstanding at any time during the year was ₹950 crore (face value) and the amount outstanding at the end of the year ₹553 crore (face value).

DEPOSITS

During the year CRISIL Limited, has upgraded the credit rating of the Fixed Deposit Schemes of the Company to the highest rating of “FAAA/ Outlook Stable” from “FAA+/Stable”.

The Company mobilised fresh public deposits of ₹166.51 crore during FY18. Fixed Deposits outstanding at the year-end were ₹1068.34 crore (₹1094.72 crore at the end of FY17).

The Company notifies depositors well ahead of the maturity of their deposits, and thereafter issues periodical reminders if the deposits are not renewed or repaid on or after maturity. As of 31st March 2018, deposits totalling ₹11.22 crore from 787 depositors had matured for payment but the depositors concerned had sought neither renewal nor repayment of their deposits. The Company is closely following up these cases and, as of date, such deposits stand reduced to ₹8.62 crore from 689 depositors. As of 31st March 2018, there were no amounts pending to be transferred to the Investor Education and Protection Fund (IEPF). Based on NHB Circular, depositors have been provided with “Auto Renewal Facility” to enable them to automatically renew the deposit for the same tenure as that of the immediately preceding tenure of the maturing deposit at the interest rate prevailing on the date of maturity.

CREDIT RATINGS

The Company's borrowings enjoy the following credit ratings:

Borrowing through	Rating/Outlook by Rating Agencies		
	ICRA	CRISIL	CARE
Short-Term Debt / Commercial Paper	(ICRA) A1+	CRISIL A1+	–
Fixed Deposits	MAA+/Positive	FAAA/Stable	–
Non-Convertible Debentures	(ICRA) AA+/Stable	–	CARE AA+/Stable
Subordinated Debt	(ICRA) AA+/Stable	–	CARE AA/Stable
Long-term Bank Loans	(ICRA) AA+/Stable	–	CARE AA+/Stable
Structured Obligations	(ICRA) AAA (SO)	–	–

There was no migration of rating during the year other than the upgrade on the credit rating for fixed deposit schemes to FAAA by CRISIL.

INTERNAL FINANCIAL CONTROLS

The Company has well defined and adequate internal financial controls and procedures, commensurate with the size and nature of its operations. This is further strengthened by the Internal Audit done.

Besides, the Company has an Audit Committee of the Board, comprising Non-Executive Directors, which reviews internal financial controls, systems control, financial management and operations of the Company.

RISK MANAGEMENT POLICY

As mandated under the Directions issued by the National Housing Bank *vide* Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 9th February 2017, the Company has constituted a Risk Management Committee headed by an Independent Director, which is responsible for putting in place a progressive risk management policy, system and strategy to be followed by the Company.

The Company has to manage various risks such as credit risk, liquidity risk, interest rate risk and operational risk. The Risk Management Committee and the Asset Liability Management Committee review and monitor these risks at regular intervals.

The Company manages its credit risk through stricter credit norms in line with the business requirements and continues to follow the time-tested practice of personally assessing every borrower, before committing credit exposure. This process ensures that the expertise in lending operations acquired by the Company over the past years is put to best use and acts to mitigate credit risks.

Successful mortgage lending calls for timely identification, careful assessment and effective management of the credit, operational, market (interest-rate and liquidity) and reputation risks. The Company has adopted efficient risk-management policies, systems and processes that seek to strike an appropriate balance between risk and returns. The Company has also introduced appropriate risk-management measures, such as accessing the applicant's credit history with credit information bureaus, field investigation of the applicant's credentials, adoption of prudent loan/value ratio and analysis of the borrower's debt-service capacity in addition to in-house scrutiny of the legal documents, monitoring the end-use of approved loans, lending only against approved properties, risk-based loan pricing and property insurance. The Company has employed qualified personnel to value properties and track property price movements, besides engaging qualified external valuers in appropriate cases. A separate recovery vertical has been set up to monitor recovery of dues from the borrowers. The Recovery Team constantly follows up with the borrowers for the collection of dues.

The Company monitors its Asset Liability Mismatch on an on-going basis to mitigate the liquidity risk, while interest rate risks arising out of Maturity Mismatch of assets and liabilities are managed through regular monitoring of the maturity profiles. The Company also measures the interest rate risk by the Duration Gap Method.

Operational risks arising from inadequate internal processes, people and systems or from external events are adequately addressed by the internal control systems and are continuously reviewed and monitored. The Senior Management Team regularly assesses the risks and takes appropriate measures to mitigate them. Process improvements and quality control are on-going activities and are built into the employees' training modules as well. The Company has well documented systems

to ensure better control over transaction processing and regulatory compliance.

INTERNAL AUDIT

During the year 2017-18, Mr. T. Kailashapathy, Internal Auditor of the Company, resigned with effect from 31st October 2017. In compliance with the requirements of the Companies Act, 2013 read with Circular G.S.R. 742(E) dated 27th July 2016 issued by the Ministry of Corporate Affairs, the Company has appointed Sundaram Finance Limited as the Internal Auditors of the Company with effect from 25th January 2018 to carry out, through their Internal Audit Department which has a complement of experienced Chartered Accountants, effective internal audit and such other audit functions, in addition to their existing assignment covering Audit of Corporate Office, Branch Inspection and Docket Verification.

The Internal Auditors review all the internal control and risk-management measures, highlight areas requiring attention and report the main findings and recommendations to the Audit Committee of the Board. The Committee regularly reviews the audit findings and the actions taken thereon, as well as the adequacy and effectiveness of the internal systems and controls. Thus, the internal control systems are being tested on an on-going basis and necessary actions initiated wherever necessary.

INFORMATION SECURITY ASSURANCE SERVICES – SYSTEMS AUDIT

The Company's operations have a high degree of automation. During the year, Information Security Assurance Service was provided by Tejas Brainware Systems Ltd., whose recommendations led to the introduction of several additional safeguards in operational, accounting and security-related areas.

HUMAN RESOURCES AND TRAINING

Employees' contribution is vital to the Company's performance - both qualitative and quantitative. Accordingly, the Company's performance management system is used effectively to improve staff capabilities in areas such as leadership, team building, knowledge accessibility and productivity enhancement. An exclusive Training and Development Department, headed by a senior officer, has been setup to give additional impetus to the growing training needs of the

employees. In-house on-the-job coaching and enhanced training programmes in various other functional areas were conducted during the year to upgrade the skills of the employees and achieve functional effectiveness. In addition, the executives were seconded to various external training programmes and seminars on risk management, regulatory know-your-customer guidelines, anti-money laundering and fair practices code. These training programmes enabled the staff members to sharpen their knowledge in their areas of responsibility. New employees were put through an induction programme covering business requirements, Company's processes, regulatory prescriptions and contours of personality development. There were no material developments in the human resources/industrial relations front adversely affecting the Company's business.

The number of permanent employees on the rolls of the Company as on 31st March 2018 was 747.

MATERIAL CHANGES AFTER BALANCE SHEET DATE (31ST MARCH 2018)

No material changes and commitments favourably or unfavourably affecting the financial position of the Company have occurred between the end of the Financial Year (FY18) of the Company to which the Financial Statements relate and the date of this Board's Report.

BOARD OF DIRECTORS

During the year, Mr. Alexandre Adam, a nominee of BNP Paribas Personal Finance (BNPPF) vacated his directorship from the Board of the Company effective 16th October 2017, due to non-attendance for a continuous period of 12 months. The non-attendance was on account of medical reasons. Considering his rich experience and being medically fit now to travel, Mr. Alexandre Adam was reinducted as a nominee of BNPPF on our Board with effect from 9th March 2018.

Pursuant to Section 161 of the Companies Act, 2013, Mr. Alexandre Adam holds office of directorship up to the date of ensuing Annual General Meeting and is eligible to be appointed as Non-Executive Director, subject to the approval of the Members.

In terms of Section 152 of the Companies Act, 2013, Mr. T.T. Srinivasaraghavan and Mr. Anthony-Colwyn Thomas retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

The Independent Directors on the Company's Board have given their declaration that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and amendments made thereto. The appointment of the Independent Directors has been made in accordance with the provisions of Section 152(5) of the Companies Act, 2013 and the Rules made thereunder and the details of the terms and conditions of their appointment have been hosted on the website of the Company www.sundarambnpphome.in

KEY MANAGERIAL PERSONNEL

Mr. Srinivas Acharya, Managing Director, Mr. G. Sundararajan, Chief Financial Officer and Mr. V. Swaminathan, Company Secretary are deemed to be Key Managerial Personnel of the Company as per the provisions of Section 203 of the Companies Act, 2013 and the Rules made thereunder and have been in office before the commencement of the Companies Act, 2013.

BOARD AND COMMITTEE MEETINGS

Details regarding the number of Board and Committee Meetings held during the Financial Year and the composition of various Committees of the Board are furnished in the Corporate Governance Report.

POLICY ON REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

The Nomination and Remuneration Committee formulates the criteria for determining qualifications, positive attributes and independence of a Director and its policy on remuneration of Directors, Key Managerial Personnel and other employees and ensures that:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay, reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The Remuneration Policy has been hosted on the website of the Company www.sundarambnpphome.in

EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013, details in Form MGT-9, forming part of the extract of the Annual Return, as provided under Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, are annexed as part of this Board's Report (Annexure III).

STATUTORY AUDITORS' REPORT

The Statutory Auditors' Report on the Accounts for the year ended 31st March 2018 does not contain any qualification, reservation or adverse observation. The Notes on the Financial Statements referred to in the Auditors' Report are self-explanatory.

STATUTORY AUDITORS

Your Directors' have appointed M/s. Sundaram & Srinivasan (Registration No.004207S), Chartered Accountants, Chennai, as the Statutory Auditors of the Company in terms of Section 139(1) of the Companies Act, 2013 for a period of one year, 2017-18.

As per the above Section, the present Statutory Auditors are eligible to be re-appointed for a period of four years in their first term of five years. In this regard, the Company has received a certificate from the Auditors to the effect that if they are re-appointed, it will be in accordance with the provisions of Section 141 of the Companies Act, 2013.

SECRETARIAL AUDITORS

In terms of Section 204 of the Companies Act, 2013 and the Rules there under, the Company has appointed Mr. M. Damodaran, Company Secretary in Practice, for conducting Secretarial Audit of the Company for the Financial Year 2017-18. The Secretarial Audit Report for the Year, in Form MR 3 as prescribed under the Companies Act, 2013, is annexed to this Board's Report (Annexure IV).

There is no qualification, observation or remark in the Secretarial Audit Report requiring explanation by the Board of Directors.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Since the Company is not engaged in any manufacturing activity and its operations are not energy intensive, the disclosure relating to conservation of energy and technology absorption as stipulated under Section 134(3)(m) read with Rule 8 of the Companies (Accounts) Rules, 2014 is not applicable to the Company. However, adequate measures are taken to ensure optimum utilization and maximum possible saving of energy. The Company, on its lending side, associates itself in all programmes and schemes of the Government and NHB, in promoting energy efficient homes.

The Company actively pursues a culture of technology adoption, prudently leveraging on the advancements in technology to serve customers better, manage process more efficiently and economically and strengthen control systems. The Company has maintained a technology friendly working environment for its employees. In keeping with the current trends in the areas of digital marketing, the Company has effectively used these avenues in positioning itself in the market to gain better Customer engagement.

FOREIGN EXCHANGE OUTGO

During the year, there were no foreign exchange earnings, and foreign exchange outgo was to the extent of ₹1769 lakhs (₹1768.41 lakhs for dividend for the year 2016-17 remitted to BNP Paribas Personal Finance, one of the principal shareholders of the Company, ₹0.57 lakh for membership fee remitted to Asia-Pacific Network Information Centre and ₹0.02 lakh for Google App Services).

DEPOSITS

The Sections and Rules under Chapter V of the Companies Act, 2013, relating to acceptance of deposits, do not apply to Housing Finance Companies registered with the National Housing Bank, established under the National Housing Bank Act, 1987 and, therefore, are not applicable to the Company. The Company has, complied with the provisions of the National Housing Bank Directions in relation to acceptance of public deposits.

LOANS AND INVESTMENTS

During the year, the Company in due compliance with the provisions of Section 186(1) of the Companies Act, 2013 did not make any investment through more than two layers of investment companies.

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose therefor are provided in the Financial Statements. The Company, being a Housing Finance Company, is exempt from the provisions of Section 186(11) of the Companies Act, 2013.

BOARD EVALUATION

The Companies Act, 2013 states that a formal annual evaluation of the performance of the Board, its Committees and of individual directors needs to be carried out. Further, Schedule IV of the Companies Act, 2013, lays down that the performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the Director being evaluated.

The evaluation of all the Directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board as recommended by the Nomination and Remuneration Committee and a statement indicating the criteria for formal annual evaluation as required under Section 134(3)(p) of the Companies Act, 2013, is annexed as part of this Board's Report (Annexure V).

SEPARATE MEETING OF INDEPENDENT DIRECTORS

As required under Clause VII of Schedule IV of the Companies Act, 2013 on the Code for Independent Directors, a separate Meeting of all the Independent Directors on the Company's Board, viz. Mr. N. Ganga Ram, Mr. P. N. Venkatachalam, Mrs. Radha Unni and Mr. P. C. Mathew was held on 22nd March 2018, without the attendance of the Non-Independent Directors and the Members of the Management.

At this Meeting, the Independent Directors-

- reviewed the performance of the Non-Independent Directors and the Board as a whole;

- reviewed the performance of the Chairman of the Company, taking into account the views of the Managing Director and the (Non-Independent) Non-Executive Directors; and
- assessed the quality, quantity and timeliness of the flow of information between the Company's Management and the Board that was necessary for the Board to effectively and reasonably perform its duties. Besides, they discussed other matters of interest concerning the Company.

LISTING WITH STOCK EXCHANGES

The Company is up-to-date in the payment of annual listing fees to National Stock Exchange (NSE) on which its debentures are listed.

PARTICULARS OF EMPLOYEES

The details/disclosures of ratio of remuneration of each Director to the median of the employees remuneration in accordance with the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are annexed as part of this Board's Report (Annexure VI).

A statement containing the details of top ten employees who were in receipt of remuneration not less than ₹1.02 crore for the year 2017-18, in accordance with the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of the Report (Annexure VII).

In terms of proviso to Section 136(1) of the Companies Act, 2013, a copy of the Board's Report is being sent to all the Members excluding Annexure VII. The Annexure is available for inspection by the Members at the Registered Office of the Company during business hours on working days upto the date of ensuing Annual General Meeting. Any Member interested in obtaining a copy of the said Annexure may write to the Company Secretary at the Registered Office of the Company.

STATUTORY AND REGULATORY COMPLIANCE

The Company has complied with the applicable statutory provisions, including those of the Companies Act, 2013, the Income-tax Act, 1961 and other laws related to Goods and Services Tax (GST).

Further, the Company has complied with the NHB's Housing Finance Companies Directions, 2010, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Accounting Standards issued by the Ministry of Corporate Affairs (MCA), Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI), Anti-Money Laundering guidelines, applicable labour laws and forex laws.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report describing the Company's objectives, expectations or predictions may be forward-looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statements, since various economic, legal, policy and regulatory factors may affect or influence the performance of the Company.

ACKNOWLEDGEMENT

The Directors extend their sincere thanks to all the customers of the Company, its shareholders, executives of Sundaram Finance and the BNP Paribas Group, vendors, depositors, investors, mutual funds and bankers for their support and co-operation during the year. The Directors also thank the National Housing Bank, Securities and Exchange Board of India, the Financial Intelligence Unit, Ministry of Corporate Affairs, the Reserve Bank of India, the Depositories and Stock Exchanges, for their valuable guidance and look forward to their continued support.

The Directors record their appreciation of the dedication of and contribution made by the employees of the Company at all levels and look forward to their continued co-operation and support in the years ahead.

For and on behalf of the Board of Directors

Chennai
21st April 2018

sd/-
S Viji
Chairman

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

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 has formulated its Corporate Social Responsibility (CSR) Policy for implementing the CSR framework, broadly defining the areas in which the Company proposes to spend for CSR promotion / development. The Company has contributed and will contribute further towards the areas mentioned in Schedule VII of the Companies Act, 2013. The CSR Policy of the Company is available on its website www.sundarambnpphome.in
2.	Composition of the CSR Committee	The CSR Committee consists of the following Members: <ul style="list-style-type: none"> • Mr. Srinivas Acharya, Chairman • Mr. P.N. Venkatachalam, Independent Director • Mr. N. Ganga Ram, Independent Director
3.	Average net profit of the Company for last three Financial Years	₹230.70 crore
4.	Total amount to be spent for the Financial Year	₹4.61 crore
5.	Details of CSR spent during the Financial Year	a. Total amount to be spent for the Financial Year: ₹4.61 crore b. Amount unspent, if any: NIL c. Manner in which the amount spent during the Financial Year : Details attached
6.	In case the Company has failed to spend the two per cent of the average net profits of the last three Financial Years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report	Not applicable. The Company has fully spent during the Financial Year 2017-18, the required amount of ₹4.61 crore under the CSR framework.
7.	A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company	The CSR Committee affirms that the Company's CSR implementation and monitoring is in compliance with the CSR objectives and the Company's Policy.

Place : Chennai
Date : 21st April 2018

sd/-
Managing Director

sd/-
Chairman-CSR Committee

Manner in which the amount spent during the financial year is detailed below:

(₹ in lakhs)

1	2	3	4	5	6	7	8
Sl. No.	CSR Project or Activity Identified	Sector in which the Project is covered	Projects or Programmes (1) Local area or other (2) State and District where Projects or Programmes were undertaken	Amount of outlay (Budget) Project or Programme-wise	Amount spent on the Projects or Programmes Sub-heads: (1) Direct expenditure on Projects or Programmes (2) Overhead	Cumulative expenditure up to the reporting period	Amount spent: Direct / through implementing agency *
1	Promoting preventive & general health care						
	17 Institutions	Health	Tamil Nadu, Chennai	172.35	172.35	172.35	Direct
	1 Institution	Health	Tamil Nadu, Chennai	4.00	4.00	176.35	Implementing Agency
	1 Institution	Health	Tamil Nadu, Cuddalore	2.00	2.00	178.35	Direct
	1 Institution	Health	Tamil Nadu, Coimbatore	5.00	5.00	183.35	Implementing Agency
	1 Institution	Health	Tamil Nadu, Coimbatore	1.00	1.00	184.35	Direct
	1 Institution	Health	Tamil Nadu, Kancheepuram	4.00	4.00	188.35	Implementing Agency
	1 Institution	Health	Tamil Nadu, Vellore	3.00	3.00	191.35	Direct
	4 Institutions	Health	Karnataka, Bengaluru	14.00	14.00	205.35	Direct
	1 Institution	Health	West Bengal, Kolkata	1.00	1.00	206.35	Direct
	1 Institution	Health	Gujarat, Ahmedabad	5.00	5.00	211.35	Direct
2	Promoting education by providing financial assistance to deserving and meritorious students and also Educational Institutions which work for this cause						
	11 Institutions	Educational	Tamil Nadu, Chennai	111.10	111.10	322.45	Direct
	1 Institution	Educational	Tamil Nadu, Cuddalore	1.00	1.00	323.45	Direct
	1 Institution	Educational	Tamil Nadu, Nilgiris	5.00	5.00	328.45	Direct
	1 Institution	Educational	Tamil Nadu, Trichy	1.50	1.50	329.95	Direct
	1 Institution	Educational	Tamil Nadu, Tirunelveli	5.00	5.00	334.95	Direct
	1 Institution	Educational	Tamil Nadu, Kancheepuram	2.00	2.00	336.95	Direct
	1 Institution	Educational	Tamil Nadu, Villupuram	0.20	0.20	337.15	Direct
	4 Institutions	Educational	Karnataka, Bengaluru	23.50	23.50	360.65	Direct
	1 Institution	Educational	Karnataka, Udupi	5.00	5.00	365.65	Direct
	1 Institution	Educational	Andhra Pradesh Kurnool	5.00	5.00	370.65	Direct
	1 Institution	Educational	Karnataka, Chikmagalur	1.00	1.00	371.65	Direct
	1 Institution	Educational	Karnataka, Bellary	1.00	1.00	372.65	Direct
	3 Institutions	Educational	Gujarat, Ahmedabad	6.50	6.50	379.15	Direct
	1 Institution	Educational	New Delhi	1.00	1.00	380.15	Direct
	1 Institution	Educational	Maharashtra, Mumbai	1.00	1.00	381.15	Direct

(₹ in lakhs)

1	2	3	4	5	6	7	8
Sl. No.	CSR Project or Activity Identified	Sector in which the Project is covered	Projects or Programmes (1) Local area or other (2) State and District where Projects or Programmes were undertaken	Amount of outlay (Budget) Project or Programme-wise	Amount spent on the Projects or Programmes Sub-heads: (1) Direct expenditure on Projects or Programmes (2) Overhead	Cumulative expenditure up to the reporting period	Amount spent: Direct/ through implementing agency*
3	Promotion of Gender Equality & Setting up Homes for Women and Children						
	6 Institutions	Promotion of Gender Equality	Tamil Nadu, Chennai	9.25	9.25	390.40	Direct
	1 Institution	Promotion of Gender Equality	Karnataka, Bengaluru	3.00	3.00	393.40	Direct
	1 Institution	Promotion of Gender Equality	Gujarat, Ahmedabad	5.00	5.00	398.40	Direct
4	Environmental sustainability, ecological balance, conservation of natural resources and Solar Projects						
	1 Institution	Environment	Tamil Nadu, Chennai	0.50	0.50	398.90	Direct
	1 Institution	Environment	Tamil Nadu, Ramanathapuram	1.00	1.00	399.90	Direct
	1 Institution	Environment	Tamil Nadu, Villupuram	1.00	1.00	400.90	Direct
	1 Institution	Environment	Andhra Pradesh East Godhavari District	2.00	2.00	402.90	Direct
	1 Institution	Environment	Karnataka, Udupi	2.00	2.00	404.90	Direct
	1 Institution	Environment	Karnataka, Dakshina Kannada	5.00	5.00	409.90	Direct
5	Protection of National Heritage, Art & Culture						
	8 Institutions	National Heritage, Art and Culture	Tamil Nadu, Chennai	40.50	40.50	450.40	Direct
	2 Institutions	National Heritage, Art and Culture	Tamil Nadu, Tiruvannamalai	3.00	3.00	453.40	Direct
	1 Institution	National Heritage, Art and Culture	Tamil Nadu, Tiruvarur	1.00	1.00	454.40	Direct
	1 Institution	National Heritage, Art and Culture	Tamil Nadu, Trichy	2.00	2.00	456.40	Direct
	1 Institution	National Heritage, Art and Culture	West Bengal, Kolkata	5.00	5.00	461.40	Direct
	Total			461.40	461.40		

*Details of the Implementing Agency –

Name of the Agency : United Way of Chennai

Address : 84, G N Chetty Road, Parthasarathi Puram, T Nagar, Chennai - 600017

Background of the Agency : United Way of Chennai (UWC), a registered society under the Societies Registration Act of Tamil Nadu 1975, in Chennai, is a secular, non-partisan, non-political, non-profit, non-government, organization dedicated to improving lives in Tamil Nadu by identifying and addressing the long term needs of communities by promoting and encouraging voluntary charitable service and volunteerism. UWC is a part of the worldwide United Ways (UWW).

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 arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:

All transactions entered into by the Company during the year with related parties were on an arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis:

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

sd/-

Chennai
21st April 2018

S VIJI
Chairman

POLICY ON RELATED PARTY TRANSACTIONS**PREAMBLE:**

This Policy is formulated in terms of the Directions issued by the National Housing Bank *vide* Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 9th February 2017 known as the "Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016," taking into account the provisions of the Companies Act, 2013 as may be amended from time to time.

OBJECTIVE:

The Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its related parties in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of the Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

DEFINITIONS:

- a. "Audit Committee or Committee" means the Committee of the Board constituted from time to time under the provisions of Section 177 of the Companies Act, 2013.
- b. "Arm's length" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest as defined under the Companies Act, 2013.
- c. "Board" means the Board of Directors as defined under the Companies Act, 2013.
- d. "Key Managerial Personnel" means Key Managerial Personnel as defined under the Companies Act, 2013.
- e. "Material Related Party Transaction" means a Related Party Transaction which individually or taken together with previous transactions during the financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such limits

as may be prescribed either in the Companies Act, 2013 and/or Regulation/Rules/Guidelines or other Directions.

f. “Related Party” means related party as defined under the Companies Act, 2013 read with the SEBI (Listing Obligations and Disclosure Requirements) 2015 as may be amended from time to time.

g. “Related Party Transaction” means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charged and includes –

- i. Sale, purchase or supply of any goods or materials;
- ii. Selling or otherwise disposing of, or buying property of any kind;
- iii. Leasing of property of any kind;
- iv. Availing or rendering of any services;
- v. Appointment of any agent for the purchase or sale of goods, materials, services or property;
- vi. Such related party’s appointment to any office or place of profit in the Company, its subsidiary Company or associate Company;
- vii. Underwriting the subscription of any securities or derivatives thereof, of the Company;
- viii. Financing (including loans and equity contributions in cash or kind);
- ix. Providing or obtaining guarantees and collaterals; and
- x. Deputation of employees.

h. “Relative” means a relative as defined under the Companies Act, 2013 and includes anyone who is related in any of the following manner:

- i. Members of a Hindu Undivided Family;
- ii. Husband or Wife;
- iii. Father (including Step-Father);
- iv. Mother (including Step-Mother);
- v. Son (including Step-Son);

vi. Son’s Wife;

vii. Daughter;

viii. Daughter’s Husband;

ix. Brother (including Step-Brother); or

x. Sister (including Step-Sister).

i. “Transaction” with a related party shall be construed to include a single transaction or a group of transactions.

POLICY:

All the proposed Related Party Transactions shall be referred to the Audit Committee irrespective of (i) whether or not the Transactions are in the ordinary course of business; (ii) whether or not they are at arm’s length basis supported by agreement or formal letter; or (iii) whether or not they are material if the transaction / transactions to be entered into individually or taken together with the previous transactions during a financial year, exceed/s 10% of the annual consolidated turnover of the Company as per its last audited financial statements. The Committee shall accord its approval to such of the Transactions which it considers as in the ordinary course of business and at arm’s length basis.

Of the other proposed Related Party Transactions which are not in the ordinary course of business and which are not at arm’s length basis shall be referred to the Board. The Board, on due consideration at its meeting of the relevant factors such as the nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transactions accord its approval to the Transactions which it deems fit.

The proposed Related Party Transactions which are material in nature shall be placed before the Shareholders for their consideration and approval by special resolution.

The Company shall submit to its Board a quarterly statement of all the Related Party Transactions which are approved by the Audit Committee, the Board and the Shareholders.

AMENDMENTS:

This Policy may be amended by the Board at any time and is subject to (i) the amendments to the Companies Act, 2013 (the Act 2013) and (ii) further guidelines from the SEBI/other applicable regulatory authorities.

Form No. MGT-9

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

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

I. REGISTRATION AND OTHER DETAILS

(i)	CIN	U65922TN1999PLC042759
(ii)	Registration Date	2nd July 1999
(iii)	Name of the Company	Sundaram BNP Paribas Home Finance Limited
(iv)	Category / Sub-Category of the Company	Housing Finance Company
(v)	Address of the Registered office & contact details	21, Patullos Road, Chennai - 600 002 Ph: 044-28521181, Fax: 044-28586641
(vi)	Whether Listed Company	Yes / No
(vii)	Name, Address and Contact details of Registrar and Transfer Agent	Cameo Corporate Services 'Subramaniam Building' No.1, Club House Road, Chennai - 600 002 Phone: 044 2846 0390

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.	Housing Finance	65922	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Sundaram Finance Limited 21, Patullos Road, Chennai - 600 002	L65191TN1954PLC002429	Holding Company	50.1%	2(87)(ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	50728473	50728473	50.1%	-	50728473	50728473	50.1%	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	-	50728473	50728473	50.1%	-	50728473	50728473	50.1%	-
2) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	50525965	-	50525965	49.9%	50525965	-	50525965	49.9%	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2)	50525965	-	50525965	49.9%	50525965	-	50525965	49.9%	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	50525965	50728473	101254438	100%	50525965	50728473	101254438	100%	-
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	-	-	-	-	-	-	-	-	-

	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2)	Non-Institutions									
a)	Bodies Corporate									
	i) Indian	-	-	-	-	-	-	-	-	-
	ii) Overseas	-	-	-	-	-	-	-	-	-
b)	Individuals									
	i) Individual shareholders holding nominal share capital upto ₹1 lakh	-	-	-	-	-	-	-	-	-
	ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	-	-	-	-	-	-	-	-	-
c)	Others (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(2)	-	-	-	-	-	-	-	-	-
	Total Public Shareholding (B)= (B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C.	Shares held by Custodian for GDRs and ADRs	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	50525965	50728473	101254438	100%	50525965	50728473	101254438	100%	-

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares Pledged / Encumbered to total shares	No. of shares	% of total shares of the company	% of shares Pledged / Encumbered to total shares	
1	Sundaram Finance Limited (SFL)	50728473	50.1%	-	50728473	50.1%	-	-
2	BNP Paribas Personal Finance S.A.	50525965	49.9%	-	50525965	49.9%	-	-
	Total	101254438	100%	-	101254438	100%	-	-

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year				
2	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	NO CHANGE			
3	At the end of the year				

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):
Not Applicable

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		Mr. S. Viji, Chairman			
	For each of the Directors and KMP	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	1	Negligible	1	Negligible
2	Date wise Increase/ Decrease in Share-holding during the year specifying the reasons for increase/ decrease (e.g. allotment /transfer /bonus/ sweat equity etc.)	-	-	-	-
3	At the end of the year	1	Negligible	1	Negligible

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		Mr. T.T. Srinivasaraghavan, Director			
	For each of the Directors and KMP	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	1	Negligible	1	Negligible
2	Date wise Increase/Decrease in Share-holding during the year specifying the reasons for increase/ decrease (e.g. allotment /transfer/bonus/ sweat equity etc.)	-	-	-	-
3	At the end of the year	1	Negligible	1	Negligible

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		Mr. Srinivas Acharya (MD) jointly with Mr. G. Sundararajan (KMP)			
	For each of the Directors and KMP	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	1	Negligible	1	Negligible
2	Date wise Increase/ Decrease in Share-holding during the year specifying the reasons for increase/ decrease (e.g. allotment /transfer /bonus/ sweat equity etc.)	-	-	-	-
3	At the end of the year	1	Negligible	1	Negligible

V. INDEBTEDNESS

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

(₹ in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4564,18.97	811,84.02	1094,72.01	6470,75.00
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	210,13.75	7,29.77	56,06.20	273,49.72
Total (i + ii + iii)	4774,32.72	819,13.79	1150,78.21	6744,24.72
Change in Indebtedness during the financial year (including interest accrued)				
i) Addition	1705,84.73	2283,72.68	167,78.41	4157,35.82
ii) Reduction	1010,14.61	2340,00.00	192,88.20	3543,02.81
Net Change (i-ii)	695,70.12	(56,27.32)	(25,09.79)	614,33.01
Indebtedness at the end of the financial year				
i) Principal Amount	5266,84.94	755,56.60	1068,34.27	7090,75.81
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	203,17.90	7,29.87	57,34.15	267,81.92
Total (i + ii + iii)	5470,02.84	762,86.47	1125,68.42	7358,57.73

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount
		Mr. Srinivas Acharya, Managing Director		
1	Gross Salary			
a)	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961		63.08	63.08
b)	Value of perquisites under Section 17(2) Income-tax Act, 1961		60.75	60.75
c)	Profits in lieu of salary under Section 17(3) Income-tax Act, 1961		—	—
2.	Stock Option		—	—
3.	Sweat Equity		—	—
4.	Commission		75.00	75.00
	- as % of profit		0.33%	0.33%
	Total (A)		1,98.83	1,98.83
	Ceiling as per the Act (5% of Net Profit)			11,36.08

B. Remuneration to other Directors

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. N. Ganga Ram	Mrs. Radha Unni	Mr. P.C. Mathew	Mr. P.N. Venkatachalam	
1	Independent Directors					
	• Fee for attending board/ committee meetings	4.05	3.55	2.60	2.40	12.60
	• Commission	7.50	7.50	7.50	5.00	27.50
	Total (1)	11.55	11.05	10.10	7.40	40.10
2	Other Non-Executive Directors	—	—	—	—	—
	• Fee for attending board / committee meetings	—	—	—	—	—
	• Commission	—	—	—	—	—
	Total (2)	—	—	—	—	—
	Total (B) = (1 + 2)	11.55	11.05	10.10	7.40	40.10
	Total Managerial Remuneration (A + B)					2,38.93
	Overall Ceiling as per the Act (11% of Net Profit)					24,99.37

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

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Mr. Sundararajan Chief Financial Officer	Mr. V. Swaminathan Company Secretary	Total Amount
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	30.66	12.47	43.13
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	42.23	27.56	69.79
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	–
2	Stock Option	–	–	–
3	Sweat Equity	–	–	–
4	Commission			
	- as % of profit	–	–	–
	- others, specify	–	–	–
5	Contributions to Provident, Superannuation and Gratuity Funds	6.65	2.10	8.75
	Total (C)	79.54	42.13	121.67

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

During the year 2017-18, the Company or any of its Directors or Key Managerial Personnel were not liable for any penalty, punishment or any compounding offences under the Companies Act, 2013.

Chennai
21st April 2018

sd/-
S VIJI
Chairman

Form No. MR-3
Annexure-IV
Secretarial Audit Report For The Financial Year Ended 31.03.2018

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

To,

The Members,
 Sundaram BNP Paribas Home Finance Limited
 (CIN: U65922TN1999PLC042759)
 21, Patullos Road, Chennai-600 002

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s.Sundaram BNP Paribas Home Finance Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of M/s. Sundaram BNP Paribas Home Finance Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31.03.2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Sundaram BNP Paribas Home Finance Limited for the financial year ended on 31.03.2018 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made there under;
- ii) The Companies Amendment Act, 2017;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
 - b) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- vi) The following Act and Directions applicable specifically to the Company:-
 - a) The National Housing Bank Act, 1987;
 - b) Housing Finance Companies (NHB) Directions, 2010 as amended from time to time;
 - c) Housing Finance Companies issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014; and
 - d) Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016.

I have also examined compliance with the applicable Regulations / Standards of the following:

- i) The Listing Agreement entered into by the Company with National Stock Exchange of India Limited under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for listing of its debt securities; and
- ii) The Secretarial Standards including revised standards issued by the Institute of Company Secretaries of India.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above and there are no other specific observations requiring any qualification on non-compliances.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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 note on agenda were sent atleast seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and dissenting members' views were not required to be captured and recorded as part of the minutes as there were no such instances.

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

I further report that during the audit period the Company:

- i) passed a Special Resolution at the Annual General Meeting held on 17.07.2017 under section 180(1) (c) and all other applicable provisions of the Companies Act, 2013 thereby enabling the company to borrow money provided that the aggregate amount so borrowed by the Company outstanding at any one time shall not exceed ₹15,000/- crore (Rupees Fifteen Thousand Crores Only).
- ii) issued listed Secured Redeemable Non-Convertible Debentures on Private Placement Basis.
- iii) redeemed the Secured Redeemable Non-Convertible Debentures on its respective due dates.

Signature : *sd/-*

Name of Company Secretary in practice : M. Damodaran

FCS No : 5837

C P No. : 5081

Place : Chennai
 Date : 21.04.2018

Criteria for Evaluation

A. Criteria for evaluation of the Board and Non-Independent Directors at a separate meeting of Independent Directors

1. Composition of the Board and availability of multi-disciplinary skills
Whether the Board comprises Directors with the requisite mix of qualifications and experience as would enable the Company to achieve its corporate objectives, and formulate and implement appropriate business policies, plans and strategies.
2. Commitment to good Corporate Governance Practices
 - a) Whether the Company practises high ethical and moral standards
 - b) Whether the Company is fair and transparent in dealings with its stakeholders, and in particular whether it deals with its associates at arm's length.
3. Adherence to Regulatory Compliance
Whether the Company complies with the various applicable statutes and regulations, as well as requirements of municipal and other authorities concerned.
4. Track record of financial performance
Whether the Company's operational and financial performance has been satisfactory and has enhanced shareholder value.
Whether the Company has duly observed statutory requirements and applicable accounting standards in its financial disclosures.
5. Grievance Redressal mechanism
Whether a proper system is in place to attend to and resolve complaints/grievances from stakeholders, including depositors, customers, employees and others, quickly and fairly.
6. Existence of integrated Risk Management System
Whether the Company has an integrated risk-management system to carefully assess and effectively manage its business risks.
7. Use of Modern technology
Whether the Company has an Integrated IT strategy and whether technology hardware and software are periodically upgraded as necessary.
8. Commitment to Corporate Social Responsibility (CSR)
Whether the Company is committed to social causes and whether it identifies, finances and monitors its CSR commitments.

B. Criteria for evaluation of Chairman at separate meeting of Independent Directors

1. Integrity
2. Leadership qualities
3. Ability to provide a long-range vision for the Company and suggest innovative ideas
4. Importance attached to corporate governance practices
5. Willingness to allow other members of the Board to express their views and ability to resolve any disagreement among them
6. Understanding of the macroeconomic and relevant industry trends
7. Projection of the Company's external image and public and media relations

C. Criteria for evaluation of Independent Directors

1. Integrity
2. Relevant qualifications and experience
3. Understanding of the Company's business
4. Attendance at Board and Committee meetings/annual general meetings
5. Value addition to Board discussions

D. Criteria for evaluation of the Audit Committee

1. Relevant qualifications and experience of members
2. Review of financial performance and disclosure
3. Review of external, internal, statutory, tax, and system audits and inspections, and discussion with the auditors and inspectors of their audit plans and findings, and monitoring of follow-up actions on the audit and inspections
4. Review of statutory and regulatory compliance, and discussion of findings and observations of regulatory inspections and monitoring follow-up action thereon
5. Monitoring of systems and processes for the prevention and detection of frauds, and of steps taken to deal with frauds that have surfaced

Chennai
21st April 2018

sd/-
S VIJI
Chairman

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

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

Names of the Directors/ Key Managerial Personnel	Ratio to Median Remuneration (times)	Ratio to Mean Remuneration (times)	Increase / Decrease in Remuneration
Mr. S Viji, Chairman	—	—	Not Applicable
Mr. T.T. Srinivasaraghavan	—	—	Not Applicable
Mr. Anthony Colwyn-Thomas	—	—	Not Applicable
Mr. Alexandre Adam*	—	—	Not Applicable
Mr. N. Ganga Ram	1.78	1.27	Not Applicable
Mrs. Radha Unni	1.78	1.27	Not Applicable
Mr. P.C. Mathew	1.78	1.27	Not Applicable
Mr. P.N. Venkatachalam	1.19	0.85	Not Applicable
Mr. Srinivas Acharya, Managing Director	44.72	31.92	-7.40%
Mr. G. Sundararajan, Chief Financial Officer	18.58	13.26	17.00%
Mr. V. Swaminathan, Company Secretary	8.72	6.23	14.12%

* Re-inducted on the Board with effect from 9th March 2018.

(iii) The percentage increase in the median remuneration of employees in the financial year: 8.56%

(iv) The number of permanent employees on the rolls of the Company: 747

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

The average increase in salaries of employees other than managerial personnel in 2017-18 was 5.68%. Percentage increase in the managerial remuneration for the year was 0.29%.

(vi) The key parameters for any variable component of remuneration availed by the directors:

Commission is within the ceiling of 1% of the net profits of the Company, as approved by the shareholders.

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

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

Chennai
21st April 2018

sd/-
S VIJI
Chairman

Report on Corporate Governance

Corporate Governance is a system of compliance with various rules, practices and processes by which a Company is directed towards attaining corporate objectives with utmost transparency and sound disclosure practices. Launched as a subsidiary of Sundaram Finance Limited in 1999, the Company has imbibed the Sundaram Finance Group's core values of service, discipline, prudence, fair play, honesty, integrity, humility and openness in relationship. These values have been further reiterated by the strategic alliance with BNP Paribas Personal Finance, a wholly owned subsidiary of BNP Paribas, a leading European Bank, in the year 2007, with its strong emphasis on responsiveness, creativity, commitment and ambition.

The Company has been following the principles of Corporate Governance even before it was made mandatory. The National Housing Bank, vide Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 9th February 2017, has mandated all Housing Finance Companies to follow the guidelines on Corporate Governance as per the Housing Finance Companies – Corporate Governance (NHB) Directions, 2016. The Company has accordingly framed the internal guidelines on Corporate Governance and the guidelines have been hosted on the Company's website www.sundarambnpphome.in

The Company's Corporate Governance is a reflection of its value system, encompassing its culture, policies and relationships with its stakeholders.

The Directors present below a detailed review of the Company's policies and practices on Corporate Governance.

1 BOARD OF DIRECTORS

The composition of the Board of Directors of the Company is governed by the relevant provisions of the Companies Act, 2013 and the Rules made thereunder. The Company's Board has an optimum combination of executive and non-executive Directors with expertise and experience in the field of banking, finance, operations management, engineering, auditing and/or accounting. The Company is immensely benefitted by the range of experience and skills that the Directors bring to the Board.

As on 31st March 2018, the Company's Board consisted of 9 Directors as under:

Non-Executive Promoter Directors:

1. Mr. S. Viji, Chairman
2. Mr. T.T. Srinivasaraghavan
3. Mr. Anthony Colwyn-Thomas
4. Mr. Alexandre Adam

Non-Executive Independent Directors:

5. Mr. N. Ganga Ram
6. Mr. P.N. Venkatachalam
7. Mrs. Radha Unni
8. Mr. P. C. Mathew

Managing Director:

9. Mr. Srinivas Acharya

The Independent Directors have affirmed compliance with the provisions of Section 149 and adherence to the Code for Independent Directors as set out in Schedule IV to the Companies Act, 2013.

All the Directors of the Company have declared compliance of the 'Fit and Proper' Criteria for Directors of Housing Finance Companies' in compliance with the Directions laid down by the National Housing Bank vide Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 9th February 2017.

During the year, Mr. Alexandre Adam, a nominee of BNP Paribas Personal Finance (BNPPF) vacated his directorship from the Board of the Company effective 16th October 2017, due to non-attendance for a continuous period of 12 months. The non-attendance was on account of medical reasons. Considering his rich experience and being medically fit now, Mr. Alexandre Adam was re-inducted as a nominee of BNPPF on the Company's Board with effect from 9th March 2018.

No Director is related to any other Director of the Company.

1.1 Directors' Term

The Company's Articles of Association require that at least two-thirds of the Directors retire by rotation. However, as per the provisions of the Companies Act, 2013, the Independent Directors are not liable to retire by rotation.

One-third of the Directors (other than Independent Directors) is liable to retire every year and, if eligible, may offer themselves for re-appointment.

1.2 Membership of Other Boards

No Director is a Director in more than twenty Companies or is a Member of more than ten committees or chairs more than five committees, within the meaning of the Securities and Exchange Board of India (SEBI) Regulations, across all public limited companies of which he is a Director.

Details of directorships held by the Directors in other Indian Public Limited Companies as on 31st March 2018 are given below:

Sl. No.	Director	DIN	Directorships*		Chairmanship/ Membership of committees of other Companies*	
			Chairman	Director	Chairman	Member
1.	Mr. S. Viji	00139043	1	4	1	1
2.	Mr. T.T. Srinivasaraghavan	00018247	-	8	1	2
3.	Mr. Anthony Colwyn-Thomas	05102669	-	-	-	-
4.	Mr. Alexandre Adam	05309888	-	-	-	-
5.	Mr. N. Ganga Ram	00001246	-	2	-	1
6.	Mr. P.N. Venkatachalam	00499442	-	9	1	7
7.	Mrs. Radha Unni	03242769	-	4	1	2
8.	Mr. P. C. Matthew	02527048	-	-	-	-
9.	Mr. Srinivas Acharya	00017412	-	2	1	-

* Foreign companies, private companies and companies under Section 8 of the Companies Act, 2013 are excluded for the above purpose. Audit Committee and Stakeholders Relationship Committee have been considered.

1.3 Board Procedure and Responsibilities

The Board plays a key role in ensuring that the Company adopts good corporate governance practices.

The Board has a formal schedule of matters reserved for its consideration and decision. Amongst other things, the Board considers and approves:

- operational and financial policies;
- annual business strategy, plans and budgets;
- loan proposals exceeding the delegated authority of the Executive Committee of the Board;
- strategy and plans for mobilization of resources and larger borrowing arrangements; and
- quarterly/half-yearly/annual results.

The Board takes decisions after careful consideration of the issues involved and ensures that appropriate action is taken by the Company to implement Board decisions and directions.

The Board also reviews periodically the Company's compliance with various statutory and regulatory requirements.

In accordance with the code of corporate governance and to facilitate closer attention to particular facets of the Company's operations, systems and practices, the Board has constituted Committees with appropriate delegated authority.

The day-to-day operations of the Company are looked after by the Managing Director under the overall superintendence, guidance and control of the Board. The Managing Director is assisted by senior officers with well-defined responsibilities.

2 BOARD MEETINGS

Board meetings are held in Chennai. The Board meets at least once a quarter, inter-alia, to review the financial results. The Company also holds additional Board Meetings to address its specific requirements, as and when required. The Directors are informed of the main items on the agenda for every Board meeting along with the Notice

of the meeting. Detailed agenda notes are sent to them in advance of the meetings. All the urgent matters approved by way of circular resolutions are placed and noted at the subsequent Board meeting. The intervening gap between any two meetings is within the period prescribed by the Companies Act, 2013.

During the year ended 31st March 2018, the Board met six times as noted below:

2017 – 2018	
28th April 2017	16th October 2017
17th July 2017	25th January 2018
5th September 2017	9th March 2018

Details of the Meetings attended by the Directors are as under:

Sl. No.	Director	No. of Meetings	
		Held	Attended
1.	Mr. S. Viji	6	5
2.	Mr. T.T. Srinivasaraghavan	6	6
3.	Mr. Anthony Colwyn-Thomas	6	4
4.	Mr. Alexandre Adam	5	–
5.	Mr. N. Ganga Ram	6	6
6.	Mr. P.N. Venkatachalam	6	6
7.	Mrs. Radha Unni	6	6
8.	Mr. P.C. Mathew	6	5
9.	Mr. Srinivas Acharya	6	6

3 BOARD COMMITTEES

The Board has constituted the following seven Committees:

3.1 EXECUTIVE COMMITTEE

As on 31st March 2018, the Executive Committee consisted of three Members, viz.

1. Mr. T.T. Srinivasaraghavan, Chairman
2. Mr. Anthony Colwyn-Thomas
3. Mr. Srinivas Acharya

Any two Members form the quorum for meetings. The Company Secretary serves as the Secretary to the Committee.

The Committee approves loans, borrowings and investments within limits specified by the Board. Besides, the Committee reviews the conduct of business and operations, considers new products and parameters and suggests business re-orientation as and when necessary.

The Committee met seventeen times during the year.

3.2 AUDIT COMMITTEE

In accordance with the provisions of Section 177 of the Companies Act, 2013, the Audit Committee consists of five Directors as Members, with Independent Directors forming a majority. All the Members of the Audit Committee have the requisite knowledge and experience in finance and accounting. Any two Members form the quorum for the meetings of the Committee. The primary objective of the Audit Committee is to monitor and provide an effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures with the highest levels of transparency, integrity and quality of financial reporting.

The Company Secretary serves as the Secretary to the Committee.

As of 31st March 2018, the Committee consisted of five Members, viz.

1. Mr. N. Ganga Ram, Chairman
2. Mrs. Radha Unni
3. Mr. P.C. Mathew
4. Mr. T.T. Srinivasaraghavan
5. Mr. Anthony Colwyn-Thomas

The Statutory Auditors and the Internal Auditors of the Company as well as the Managing Director and the senior executives of the Company are invited to the meetings of the Committee.

The Audit Committee acts in accordance with the Terms of Reference specified by the Board in writing and the Committee's functions include:

- a. examination of the Financial Statements and the Auditors' Report thereon;
- b. review and evaluation of the effectiveness and adequacy of the internal financial controls and risk management systems of the Company and its statutory and regulatory compliance;
- c. the recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- d. review and monitoring of the Auditors' independence and performance, and effectiveness of audit process;
- e. reviewing the scope and plans of statutory, internal, and systems audits, and discussing the main audit findings and comments with the Management and the Auditors to focus on any significant area of concern and to ensure expeditious rectification of shortcomings, if any noticed;
- f. reviewing the non-performing and delinquent loans;
- g. approval or any subsequent modification of transactions of the Company with related parties;
- h. scrutiny of inter-corporate loans and investments;
- i. valuation of undertakings or assets of the Company, wherever it is necessary; and
- j. monitoring the end use of funds if any raised through public offers and related matters.

The Audit Committee met seven times during the year under review. Details of the meetings attended by the Members are as under:

Sl. No.	Member	No. of Meetings	
		Held	Attended
1.	Mr. N. Ganga Ram	7	7
2.	Mrs. Radha Unni	7	7
3.	Mr. P.C. Mathew	7	5
4.	Mr. T.T. Srinivasaraghavan	7	5
5.	Mr. Anthony Colwyn-Thomas	7	3

3.3 ASSET LIABILITY MANAGEMENT COMMITTEE (ALCO)

As of 31st March 2018, ALCO consisted of seven Members, viz.

1. Mr. M. Ramaswamy, Chairman
2. Mr. Srinivas Acharya
3. Mr. Alexandre Adam
4. Mr. G. Sundararajan
5. Mr. S. Rajagopalan
6. Mr. K. Moahan Venkatesan
7. Mr. V. Swaminathan, Member - Secretary

Functioning under the supervision of the Board of Directors, ALCO lays down policies and quantitative limits relating to assets and liabilities, based on an assessment of the various risks involved in managing them.

The ALCO met five times during the year. Details of the meetings attended by the Members are as under:

Sl. No.	Member	No. of Meetings	
		Held	Attended
1.	Mr. M. Ramaswamy	5	5
2.	Mr. Srinivas Acharya	5	5
3.	Mr. Alexandre Adam	5	—
4.	Mr. G. Sundararajan	5	5
5.	Mr. S. Rajagopalan	5	5
6.	Mr. K. Moahan Venkatesan	5	5
7.	Mr. V. Swaminathan	5	5

3.4 RISK MANAGEMENT COMMITTEE (RMC)

In accordance with the Directions issued by the National Housing Bank Directions known as the "Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016", the Risk Management Committee was constituted in March 2017.

The Company Secretary serves as the Secretary to the Committee.

As of 31st March 2018, the Risk Management Committee consisted of three Members viz.

1. Mr. P.N. Venkatachalam, Chairman
2. Mr. Anthony Colwyn-Thomas
3. Mr. Srinivas Acharya

The functions of the Committee include:

- a. formulation of strategies and policies for identification, measurement and reporting on market risks, credit risks and operational risks;
- b. reviewing and recommending changes to the Risk Management Policy and/or associated frameworks, processes and practices of the Company;
- c. ensuring that the Company takes appropriate measures to achieve prudent balance between risk and reward in both on-going and new business activities;
- d. apprising the Board of significant risk exposures of the Company;
- e. access to any internal information necessary to fulfil its role;
- f. authority to obtain advice and assistance from internal or external legal, accounting or other advisors; and
- g. performing such other activities related to the terms of reference as requested by the Board of Directors or to address issues related to any significant subject within its terms of reference.

The Risk Management Committee met three times during the year.

Details of the meetings attended by the Members are as under:

Sl. No.	Member	No. of Meetings	
		Held	Attended
1.	Mr. P.N. Venkatachalam	3	3
2.	Mr. Anthony Colwyn-Thomas	3	2
3.	Mr. Srinivas Acharya	3	3

3.5 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

In keeping with the Company's social responsibilities and in accordance with the provisions of Section 135 of the Companies Act, 2013, Corporate Social Responsibility (CSR) Committee was constituted consisting of three Directors of whom two are Independent Directors.

The Company Secretary serves as the Secretary to the Committee.

As of 31st March 2018, the CSR Committee consisted of three Members, viz.

1. Mr. Srinivas Acharya, Chairman
2. Mr. P.N. Venkatachalam
3. Mr. N. Ganga Ram

The functions of the Committee include:

- i) formulation and recommendation to the Board of Corporate Social Responsibility Policy which will indicate the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013;
- ii) recommendation of the amount of expenditure to be incurred on the activities referred to in (i) and
- iii) monitoring the Corporate Social Responsibility Policy of the Company from time to time.

The Corporate Social Responsibility Committee met five times during the year. Details of the meetings attended by the Members are as under:

Sl. No.	Member	No. of Meetings	
		Held	Attended
1.	Mr. Srinivas Acharya	5	5
2.	Mr. P.N. Venkatachalam	5	5
3.	Mr. N. Ganga Ram	5	5

3.6 NOMINATION AND REMUNERATION COMMITTEE (NRC)

In accordance with the provisions of Section 178 of the Companies Act, 2013, Nomination and Remuneration Committee (NRC) has been constituted with four Non-Executive Directors, of whom two are Independent Directors.

The Company Secretary serves as the Secretary to the Committee.

As of 31st March 2018, the Nomination and Remuneration Committee consisted of four Members, viz.

1. Mr. T.T. Srinivasaraghavan, Chairman
2. Mr. Anthony Colwyn-Thomas
3. Mr. N. Ganga Ram
4. Mrs. Radha Unni

The functions of the Committee include:

- a. identifying persons who are qualified to become Directors and who may be appointed in senior management;
- b. formulation of the criteria for determining qualifications, positive attributes and independence of Directors and recommend to the Board, a policy relating to the remuneration of Directors, key managerial personnel and other employees;
- c. formulation of criteria for evaluation of Independent Directors and the Board;
- d. devising a policy on Board diversity;
- e. undertaking the process of due diligence to determine the suitability of Directors, based upon qualification, track record, integrity and other fit and proper criteria;
- f. recommending the Director's appointment and continuation as a Director;
- g. ensuring that persons proposed to be appointed as Directors meet the relevant criteria prescribed under applicable laws;
- h. reviewing the said criteria from time to time;
- i. fixing/re-fixing the remuneration of the Executive Directors (Whole-time Directors) of the Company; and

- j. approving the remuneration/any change therein of the managerial personnel of the Company when there are no profits/inadequate profits/negative effective capital as per Schedule V to the Companies Act, 2013.

The Nomination and Remuneration Committee met two times during the year. Details of the Meetings attended by the Members are as under:

Sl. No.	Member	No. of Meetings	
		Held	Attended
1.	Mr. T.T. Srinivasaraghavan	2	2
2.	Mr. Anthony Colwyn-Thomas	2	2
3.	Mr. N. Ganga Ram	2	2
4.	Mrs. Radha Unni	2	2

3.7 STAKEHOLDERS RELATIONSHIP COMMITTEE (SRC)

In accordance with the provisions of Section 178(5) of the Companies Act, 2013, Stakeholders Relationship Committee (SRC) has been constituted with three Members, viz. Mr. Anthony Colwyn-Thomas, Mr. N. Ganga Ram and Mr. Srinivas Acharya. Mr. Anthony Colwyn-Thomas, Non-Executive Director is the Chairman of the Committee.

The Company Secretary acts as the Secretary to the Committee.

The functions of the Committee include:

- a. approval and monitoring of transfers, transmission, split and consolidation of shares of the Company;
- b. monitoring the compliances with various statutory and regulatory requirements; and
- c. redressal of grievances of investors and security holders of the Company.

The Chairman of the Nomination and Remuneration Committee and of the Stakeholders Relationship Committee or any other Member authorised in this behalf by the respective Chairman attend the General Meetings of the Company.

4 SEPARATE MEETING OF INDEPENDENT DIRECTORS

As required under Clause VII of Schedule IV of the Companies Act, 2013 on the Code for Independent Directors, a separate Meeting of all the Independent Directors on the Company's Board, viz. Mr. N. Ganga Ram, Mr. P.N. Venkatachalam, Mrs. Radha Unni and Mr. P.C. Mathew was held on 22nd March 2018, without the attendance of the Non-Independent Directors and the Members of the Management.

At this Meeting, the Independent Directors-

- reviewed the performance of the Non-Independent Directors and the Board as a whole;
- reviewed the performance of the Chairman of the Company, taking into account the views of the Managing Director and the (Non-Independent) Non-Executive Directors; and
- assessed the quality, quantity and timeliness of the flow of information between the Company's Management and the Board that was necessary for the Board to effectively and reasonably perform its duties. Besides, they discussed other matters of interest concerning the Company.

5 REMUNERATION OF DIRECTORS

5.1 INDEPENDENT DIRECTORS

Independent Directors are paid sitting fees for attending Board and Committee meetings. Details of the fees paid to them for the year 2017-18 are as under:

Sl. No.	Director	Sitting Fees Paid (in ₹)
1.	Mr. N. Ganga Ram	4,05,000
2.	Mr. P.N. Venkatachalam	2,40,000
3.	Mrs. Radha Unni	3,55,000
4.	Mr. P C Mathew	2,60,000

In addition, commission of ₹7.50 lakh each was paid to Mr. N. Ganga Ram, Mrs. Radha Unni and Mr. P.C. Mathew and ₹5 lakh to Mr. P.N. Venkatachalam.

5.2 KEY MANAGERIAL PERSONNEL

Details of remuneration paid to the Key Managerial Personnel of the Company for the year 2017-18 are as under:

(₹ in lakhs)

Particulars	Mr. Srinivas Acharya Managing Director	Mr. G. Sundararajan Chief Financial Officer	Mr. V. Swaminathan Company Secretary
Salary	54.00	30.66	12.47
Commission	75.00	NA	NA
Contribution to Provident, Superannuation, and Gratuity Funds	9.08	6.65	2.10
Other allowances and perquisites	60.75	42.23	27.56
Total	1,98.83	79.54	42.13

During the year, Sundaram Finance Limited, the holding Company, incurred ₹30.99 lakh (31st March 2017 – ₹28.91 lakh) towards the cost of Stock Options issued under Sundaram Finance Employee Stock Option Scheme, 2008 to the Managing Director and two Senior Executives of the Company.

6 DIRECTORS' DEPOSITS WITH THE COMPANY

As on 31st March 2018, Directors and their relatives held deposits aggregating ₹794.41 lakh with the Company. The interest paid on the deposits of Directors and their relatives during the year amounted to ₹42.94 lakh.

7 RELATED PARTY TRANSACTIONS

During the year, the Company did not enter into any materially significant transaction with related parties, i.e., its Promoters, Directors and their relatives, conflicting with the Company's interests. All related party transactions were being transacted on an arm's length basis.

8 DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2018

The distribution of shareholding in the Company as on 31st March 2018 was as under:

No. of Equity Shares held by each Shareholder	No. of Shareholders	Total No. of Shares	% of Capital
1	5*	5	Negligible
1,00,001 and above	2	10,12,54,433	100%
Total	7	10,12,54,438	100%

* Nominees of SF

Of the total equity shares, 5.05 crore shares have been dematerialised, and the balance shares are held in physical form.

9 SHARE PRICE PERFORMANCE

Share Price Performance is not applicable since the Company's shares are not listed.

10 SHARE TRANSFER AND INVESTOR GRIEVANCES COMMITTEE

As the shares of the Company are not listed, no Share Transfer and Investors Grievances Committee is required to be constituted.

Share transfer, transmission, split, consolidation and grievances of investors and security holders are taken care of by the Stakeholders

Relationship Committee set up by the Board. There were no investor complaints pending resolution at the beginning of the year and no fresh investor complaints were received during the year. Also, during the Financial Year, Company did not receive any complaint from its debenture holders.

11 LISTED DEBENTURES

The Company has so far privately placed a total of 286 series of secured/unsecured Non-Convertible Debentures (NCDs) of the total face value of ₹6,488.50 crore. The NCDs have been listed on the National Stock Exchange of India Ltd. (NSE) for trading in compulsory dematerialised form. The Company is up-to-date in the payment of annual listing fees to NSE.

During the year, the Company issued fresh NCDs aggregating ₹465 crore and redeemed NCDs aggregating ₹427.30 crore. NCDs (including debenture application money and subordinated debentures) of ₹2,358.20 crore were outstanding as on March 31, 2018.

12 COMMERCIAL PAPER

During the year, the Company privately placed commercial paper aggregating ₹2,232.86 crore with mutual funds and banks/companies.

13 REGISTRAR AND TRANSFER AGENT

Cameo Corporate Services Ltd. has been appointed as the Registrar and Transfer Agent of the Company, and can be contacted by investors at the following address:

Cameo Corporate Services Ltd.

'Subramaniam Building'

#1, Club House Road,

Chennai 600 002

Phone : 044 – 2846 0390

Fax : 044 – 2846 0129

Email : cameo@cameoindia.com

Contact Person : Mr. R.D. Ramasamy, Whole-Time Director

14 ANNUAL GENERAL MEETING

The following table shows when and where the last three Annual General Meetings were held:

Financial Year	Date of Meeting	Time	Venue	Special Resolutions passed
2016-17	17th July 2017	1.15 p.m	No.21, Patullos Road, Chennai 600 002	1. For borrowing monies by private placement of non-convertible debentures u/s 180(1)(c) of the Companies Act, 2013 2. For issuance of Non-Convertible Debentures on private placement basis
2015-16	21st July 2016	3.05 p.m.	No.21, Patullos Road, Chennai 600 002	For borrowing monies by private placement of non-convertible debentures u/s 180(1)(c) of the Companies Act, 2013
2014-15	15th July 2015	10.00 a.m.	No.21, Patullos Road, Chennai 600 002	Nil

No resolutions were passed through postal ballot during the year ended 31st March 2018. None of the resolutions being placed at the ensuing Annual General Meeting is covered by the Postal Ballot Rules.

No Extraordinary General Meeting of the Members was held during the year.

15 WHISTLE BLOWER POLICY

The Company adopted a Whistle Blower Policy and established the necessary vigil mechanism with effect from April 1, 2014, for Directors and Employees to report genuine concerns about unethical behaviour, pursuant to the provisions of Section 177(9) and (10) of the Companies Act, 2013 read with Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014. The vigil mechanism provides for adequate safeguards against victimisation of persons who use such

mechanism and makes provision for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. It is hereby affirmed that no personnel of the Company has been denied access to the Audit Committee. There were no complaints from the employees during the year 2017-18.

The Whistle Blower Policy has been hosted on the Company's website www.sundarambnpphome.in

16 SEBI COMPLAINTS REDRESS SYSTEM (SCORES) AND NHB GRIEVANCE REGISTRATION & INFORMATION DATABASE SYSTEM (GRIDS)

The Company is registered with SEBI Complaints Redress System (SCORES) and NHB Grievance Registration & Information Database System (GRIDS). Under both SCORES and GRIDS, the investor/customer complaints are processed in a centralised web based complaints redressal system. The salient features of this system are Centralised database of all complaints, online upload of Action Taken Reports (ATRs) and online viewing by investors/customers of actions taken on the complaints and their current status.

17 DISCLOSURE

The Company has complied with the applicable requirements of the Securities and Exchange Board of India (SEBI) and the National Stock Exchange of India Ltd. (NSE) on matters relating to capital markets. There has been no instance of non-compliance by the Company or penalty or strictures imposed / passed on the Company by SEBI or NSE or any statutory authority, on any matter related to capital markets, during the last three years.

18 MEANS OF COMMUNICATION

The primary source of information to the shareholders, customers, analysts and other stakeholders of the Company and to the public at large is through the website of the Company www.sundarambnpphome.in. In accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Listing Agreement with NSE, half-yearly unaudited financial results/annual

audited financial results of the Company in respect of financial year 2017-18 have been forwarded to NSE in the prescribed format. Further, the results have been published in newspapers, “Financial Express” (English) and “Malai Sudar” (Tamil) and are hosted on the Company’s website www.sundarambnpphome.in

The annual report has been sent in electronic form also to the Members.

19 CORPORATE IDENTITY NUMBER

The Corporate Identity Number (CIN), allotted to the Company by the Ministry of Corporate Affairs, Government of India is U65922TN1999PLC042759. With the MCA21 initiative of the Ministry of Corporate Affairs going live, the Company’s master data and details of the compliance filings of the Company with the Ministry may be viewed by the Members and other stakeholders at www.mca.gov.in using the CIN.

20 REGISTRATION WITH THE NATIONAL HOUSING BANK

The Registration Number allotted to the Company by the National Housing Bank (NHB) is 01.0010.01 in pursuance to Section 29A of the National Housing Bank Act, 1987. The Company has been granted Certificate of Registration to carry on the business of a housing finance institution along with permission to accept deposits from the public.

21 ADDRESS FOR CORRESPONDENCE AND ANY ASSISTANCE OR CLARIFICATION

Mr. V. Swaminathan, Company Secretary & Head - Compliance & Administration, is the Compliance Officer. He can be contacted at the following address for assistance or clarification:

Mr. V. Swaminathan

Compliance Officer

Sundaram BNP Paribas Home Finance Ltd.

Fifth Floor, Sundaram Towers,

46, Whites Road, Chennai-600 014

Phone: 044-2858 2234

E-mail: swaminathan@sundarambnpphome.in

22 MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report forms part of the Board’s Report.

23 GENERAL SHAREHOLDER INFORMATION

Nineteenth Annual General Meeting

Date	Time	Venue
18th July 2018	2.30 p.m.	No.21, Patullos Road, Chennai 600 002

The Company’s Board is scheduled to consider the audited annual results / unaudited half-yearly results as under:

- Financial Year – 1st April 2017 to 31st March 2018 : 21st April 2018
- Unaudited results for the half-year ending 30th September 2018: End of October 2018
- Date of payment of dividend for the year ending 31st March 2017: 17th July 2017

INDEPENDENT AUDITORS' REPORT

To the Members of Sundaram BNP Paribas Home Finance Limited

1. Report on the Financial Statements

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

2. Management's Responsibility for the Financial Statements

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

3. Auditor's Responsibility

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

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

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

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

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

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2018;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow statement, of the cash flows for the year ended on that date.

5. Report on other Legal and Regulatory Requirements

- i) As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, we give in "Annexure - A", a statement on the matters specified in the paragraphs 3 and 4 of the Order.
- ii) 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 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 March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of internal financial controls over financial reporting with reference to financial

statements 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 explanations given to us:
 - i. The Company has disclosed the effect of pending litigations on its financial position in its financial statements as mentioned in Note 26.16 of the Notes to Accounts.
 - ii. The Company has made provision for losses based on the current estimated realisability of its loans as explained in Note 26.9 of the Notes to the Accounts, on the basis of information and explanation given to us. The Company did not enter into any derivative contracts during the year.
 - iii. During the year, there have been no delays in transferring the amounts required to be transferred to the Investor Education and Protection Fund.

For Sundaram & Srinivasan
 Chartered Accountants
 Firm Registration No. 004207S
sd/-

S. Usha
 Partner

Place : Chennai
 Date : 21-04-2018

Membership No. 211785

“Annexure A” to the Auditors’ Report referred to in paragraph 5 of our Report of Even Date

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The fixed assets have been physically verified by the Management, in accordance with the regular programme of verification, which in our opinion is reasonable having regard to the size of the Company and the nature of the fixed assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- c) The title deeds of immovable properties owned by the Company are held in its name.
2. The Company does not have any inventory and hence reporting under Clause 3(ii) of the Order is not applicable.
3. In our opinion and 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 Companies Act, 2013. Therefore, clauses (iii) (a), (b) and (c) of paragraph 3 of the Order are not applicable for the year.
4. In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made any investments or provided any guarantee or security which will attract the provisions of section 185 and 186 of the Companies Act, 2013 respectively.
5. As per the notification by the Ministry of Corporate Affairs (GSR 256(E) dated March 31, 2014) the provisions of sections 73 to 76 or any other provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted are not applicable to the Company and hence the reporting under clause 3(v) of the Order is not applicable. The Company has complied with the directions issued by the National Housing Bank with regard to deposits accepted from the public.
6. The Central Government has not prescribed the maintenance of cost records for the Company u/s. 148(1) of the Companies Act, 2013.
7. i) In our opinion and according to the information and explanations given to us, undisputed statutory dues, including Provident Fund, Employee State Insurance, Income Tax, Sales tax, Service Tax, Value Added Tax, Goods and Service Tax, Cess and other material statutory dues have been regularly deposited during the year with appropriate authorities. According to the information and explanations given to us, there are no arrears of statutory dues which are outstanding as at 31st March 2018 for a period of more than six months from the date they became due.
ii) Disputed income tax aggregating Rs.255.45 lakhs has not been deposited on account of disputes which are contested in appeals and are pending before Commissioner of Income Tax (Appeals).
8. The Company has not defaulted in the repayment of dues to financial institution, banks, Government or debenture holders.
9. The Company has not raised any money by the way of initial public offer or further public offer (including debt instruments) and the term loans were applied for the purposes for which the loans were obtained.
10. To the best of our knowledge and belief and according to the information and explanations given to us, during the year, no material fraud by the Company or material fraud on the Company by its employees or officers were noticed during the course of our audit.

11. The Company has paid / provided for managerial remuneration within limits of section 197 read with schedule V to the Companies Act, 2013.
12. The Company is not a Nidhi Company and hence reporting under Clause 3 (xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, the transactions with related parties are in compliance with section 177 and section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. In our opinion and according to the information and explanations given to us and based on our examination of records of the Company, the Company has not entered into non-cash transactions with Directors or persons connected with them.
16. The Company is not required to be registered under section 45 IA of the Reserve Bank of India. The Company has obtained a Certificate of Registration under section 29A of the National Housing Bank Act, 1987.

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

S. Usha
Partner

Place : Chennai
Date : 21-04-2018

Membership No. 211785

“Annexure B” to the Auditors’ Report referred to in paragraph 5 of our Report of Even Date

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

We have audited the internal financial controls over financial reporting with reference to financial statements of Sundaram BNP Paribas Home Finance Limited, Chennai (“the Company”) as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

Auditor’s Responsibility

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

audit of internal financial controls, 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 with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting with reference to financial statements 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 with reference to financial statements includes those policies and procedures that;

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

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

Because of the inherent limitations of internal financial controls over financial reporting with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to financial statements, to future periods are subject to the risk that

the internal financial control over financial reporting with reference to financial statements 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 with reference to financial statements and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Sundaram & Srinivasan
 Chartered Accountants
 Firm Registration No. 004207S
sd/-

S. Usha
 Partner

Place : Chennai
 Date : 21-04-2018

Membership No. 211785

Balance Sheet as at 31st March, 2018

(₹ in lakhs)

Particulars	Note	March 31, 2018	March 31, 2017
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	101,25.44	101,25.44
Reserves and Surplus	3	1020,90.82	927,18.56
		1122,16.26	1028,44.00
Non-Current Liabilities			
Long-Term Borrowings	4	4363,07.89	4668,46.60
Deferred Tax Liabilities (Net)	14	–	2,98.92
Other Long-Term Liabilities	5	37,75.13	70,21.38
Long-Term Provisions	6	194,55.77	163,51.30
		4595,38.79	4905,18.20
Current Liabilities			
Short-Term Borrowings	7	718,68.86	629,20.01
Trade Payables:	8		
(i) Total outstanding dues of micro and small enterprises		–	–
(ii) Total outstanding dues of creditors other than micro and small enterprises		27,81.98	30,80.27
Other Current Liabilities	9	2248,19.25	1383,56.06
Short-Term Provisions	10	21,17.31	14,17.51
		3015,87.40	2057,73.85
Total		8733,42.45	7991,36.05
ASSETS			
Non-Current Assets			
Long-Term Loans and Advances	11	7501,09.02	6780,51.65
Fixed Assets			
(i) Tangible Assets	12	15,37.66	15,12.91
(ii) Intangible Assets	12	6,67.30	6,78.21
Non-Current Investments	13	92,01.92	77,28.15
Deferred Tax Assets (Net)	14	95.23	–
Other Non-Current Assets	15	85.69	1,09.51
		7616,96.82	6880,80.43
Current Assets			
Short-Term Loans and Advances	16	662,51.72	569,68.71
Current Investments	17	91,07.69	311,46.68
Cash and Bank Balances	18	273,85.90	154,79.51
Other Current Assets	19	89,00.32	74,60.72
		1116,45.63	1110,55.62
Total		8733,42.45	7991,36.05
Significant Accounting Policies and Notes to the Accounts	1 to 26		

As per our report of even date attached
For **Sundaram & Srinivasan**
Chartered Accountants
FRN 004207S
S. Usha
Partner
Membership No. 211785
Chennai
21st April 2018

S. Viji
Chairman
G. Sundararajan
Chief Financial Officer
V. Swaminathan
Company Secretary

Srinivas Acharya
Managing Director
N. Ganga Ram
Director
Anthony Colwyn-Thomas
Director

Statement of Profit and Loss for the year ended 31st March, 2018

(₹ in lakhs)

Particulars	Note	April 2017 - March 2018	April 2016 - March 2017
REVENUE			
Revenue from Operations	20	894,50.15	921,65.94
Other Income	21	3,57.41	1,18.93
Total Revenue	(A)	<u>898,07.56</u>	<u>922,84.87</u>
EXPENSES			
Finance Costs	22	557,80.28	583,00.98
Employee Benefits Expense	23	49,27.86	43,40.80
Other Expenses	24	43,37.58	39,45.76
Provisions and Write-offs	25	40,50.79	14,50.98
Depreciation and Amortisation Expense	12	4,99.71	4,20.17
Contingent Provision against Standard Assets		2,78.29	1,69.63
Total Expenses	(B)	<u>698,74.51</u>	<u>686,28.32</u>
Profit before Tax (A-B)		199,33.05	236,56.55
Tax Expense			
Current Tax		66,89.57	78,91.38
Deferred Tax		<u>(3,94.15)</u>	<u>4,00.24</u>
		62,95.42	82,91.62
Profit after Tax		<u>136,37.63</u>	<u>153,64.93</u>
Earnings per Equity Share			
Basic and Diluted Earnings per Share of ₹10 each (in ₹)		13.47	15.17
Significant Accounting Policies and Notes to the Accounts	1 to 26		

As per our report of even date attached
 For **Sundaram & Srinivasan**
 Chartered Accountants
 FRN 004207S
S. Usha
 Partner
 Membership No. 211785
 Chennai
 21st April 2018

S. Viji
 Chairman
G. Sundararajan
 Chief Financial Officer
V. Swaminathan
 Company Secretary

Srinivas Acharya
 Managing Director
N. Ganga Ram
 Director
Anthony Colwyn-Thomas
 Director

Cash Flow Statement

(₹ in lakhs)

Particulars	April 2017 - March 2018	April 2016 - March 2017
Cash Flow From Operating Activities		
Net Profit	136,37.63	153,64.93
Provision for Taxation (Including Deferred Tax)	62,95.42	82,91.62
Add : Financial Costs	557,80.28	583,00.98
Depreciation	4,99.71	4,20.17
Provision against Investments (net)	91.50	(14.90)
Provision against Non-Performing assets (net)	35,18.18	13,44.89
Contingent Provision against Standard Assets	2,78.29	1,69.63
(Profit)/ Loss on sale of assets	(26.92)	(2.23)
(Profit)/ Loss on sale of Investments	(13,60.25)	(19,75.02)
Interest / Dividend Income	(12,01.86)	(12,08.94)
Operating Profit Before Working Capital Changes	775,11.98	806,91.13
(Increase)Decrease in Long-Term Loans and Advances	(711,38.93)	(247,06.82)
(Increase) Decrease in Other Non-Current Asset	23.82	24.76
(Increase) Decrease in Bank Deposits	(122,08.89)	146,18.80
(Increase)Decrease in Short-Term Loans and Advances	(92,83.01)	(40,52.30)
(Increase) Decrease in Other Current Asset	(14,01.67)	(23,35.86)
(Increase) Decrease in SLR Investments - Net of Sales	-	-
Increase (Decrease) in Long-Term Provisions	(16.84)	2.01
Increase (Decrease) in Short-Term Provisions	24.63	11.42
Increase (Decrease) in Other Long-Term Liabilities	47.98	(1,04.28)
Increase (Decrease) in Other Current Liabilities	837,80.94	(679,07.00)
Increase (Decrease) in Trade Payable	(2,98.29)	(1,72.22)
Cash Generated From Operations	670,41.72	(39,30.36)
Financial Costs	(563,92.26)	(594,42.85)
Direct Taxes Paid	(76,08.00)	(79,07.36)
Net Cash From Operating Activities (A)	30,41.46	(712,80.57)

(₹ in lakhs)

Particulars	April 2017 - March 2018	April 2016 - March 2017
Cash Flow From Investing Activities		
Purchase of Fixed Assets - Tangible	(5,30.37)	(6,69.68)
Sale of Fixed Assets - Tangible	43.74	39.61
Purchase/Sale of Current Investments	233,07.74	(101,36.63)
Purchase/Sale of Non Current Investments	(14,73.77)	1,02.10
Interest Received	11,63.93	12,05.03
Net Cash From Investing Activities (B)	225,11.27	(94,59.57)
Cash Flow From Financing Activities		
Share Capital - Equity	-	-
Securities Premium received	-	-
Increase (Decrease) in Long-Term Borrowings	(305,38.71)	685,21.58
Increase (Decrease) in Short-Term Borrowings	89,48.85	175,45.28
Dividend paid (Including Corporate Dividend Tax)	(42,65.37)	(42,65.37)
Net Cash From Financing Activities (C)	(258,55.23)	818,01.49
Effect of Foreign Exchange rates on Cash and Cash Equivalents, net (D)	-	-
Net Increase In Cash And Cash Equivalents (A)+(B)+(C)+(D)	(3,02.50)	10,61.35
Cash and cash equivalents at the Beginning of the Year	38,46.01	27,84.66
Cash and cash equivalents at the End of the Year	35,43.51	38,46.01
Components Of Cash And Cash Equivalents at the end of the year		
Current Account with Banks	3,58.87	2,50.98
Cheques Drafts on Hand	30,70.03	33,92.64
Cash, Stamps and Stamp Papers on Hand	1,14.61	2,02.39
Cash & Cash equivalents	35,43.51	38,46.01

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

As per our report of even date attached
 For **Sundaram & Srinivasan**
 Chartered Accountants
 FRN 004207S

S. Usha
 Partner
 Membership No. 211785
 Chennai
 21st April 2018

S. Viji
 Chairman
G. Sundararajan
 Chief Financial Officer

V. Swaminathan
 Company Secretary

Srinivas Acharya
 Managing Director

N. Ganga Ram
 Director

Anthony Colwyn-Thomas
 Director

NOTES TO THE ACCOUNTS

1. Significant Accounting Policies

- 1.1 The financial statements are prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the relevant provisions of the Companies Act, 2013. Besides, the Company follows the Directions prescribed by the National Housing Bank (NHB) for Housing Finance Companies.

The preparation of the financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities as at the Balance Sheet date, reported amounts of revenues and expenses during the year and disclosure of contingent liabilities as at that date. The estimates and assumptions used in the financial statements are based upon the Management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

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

- 1.2 Income Recognition:

- a. Interest on loans disbursed is recognised as income on accrual basis. Loans granted are repayable in Equated Monthly Installments (EMIs), comprising principal and interest. The EMIs commence when the loan is fully disbursed. Pre-EMI interest is payable monthly where the loan is partly disbursed.
- b. Loans securitised/assigned have been derecognised in the books of account. Recognition of income on loan assets securitised/assigned is recognized over the life of the underlying assets.
- c. Income from other financing activities, investing activities relating to Government securities and services is recognized on accrual basis.

- 1.3 Financial Instruments:

Commercial Papers and Zero-Coupon Non-Convertible Debentures issued at a discount to the face value are accounted at their carrying cost, comprising issue price and accrued finance cost.

- 1.4 Fixed Assets and Depreciation / Amortisation:

Tangible assets are carried at historical cost less accumulated depreciation and impairment, if any.

Depreciation of tangible assets is provided on the written-down value method over the useful life of assets estimated by the Management. Depreciation of assets purchased/ sold during the year is charged on a pro-rata basis.

The Management estimates the useful lives for the fixed assets as follows:

Computers and Data Processing Units

- | | |
|------------------------|----------|
| – Servers and Networks | 10 Years |
| – End User Devices | 7 Years |

Office Equipment	8 Years
------------------	---------

Furniture and Fixtures	10 Years
------------------------	----------

Electrical installations	15 years
--------------------------	----------

Vehicles	5 Years
----------	---------

For these classes of assets, based on internal assessment, the Management believes that the useful life as given above represents the years over which, the management expects to use these assets. Hence the useful life and residual value of these assets are different from the useful life and residual value as prescribed under Part C of Schedule II to the Companies Act, 2013.

Intangible assets represent computer software acquired/developed, of which the cost is amortised over its expected useful life as per the Accounting Standard for Intangible Assets issued by the Institute of Chartered Accountants of India.

NOTES TO THE ACCOUNTS (Contd.)

1.5 Valuation of investments :

Non-Current Investments are stated at cost and provision for diminution in value, other than temporary, is considered wherever necessary. Cost of investments acquired in excess of face value are provided for in the year of purchase.

Current investments are valued at the least of the cost, market value and net asset value.

1.6 Employee Benefits:

A) Short-Term Employee Benefits:

Short-Term employee benefits for services rendered by employees are recognized during the year in which the services are rendered.

B) Post-Employment Benefits:

Defined Contribution Plan

i) Provident Fund

The Company contributes to a Government-administered Provident Fund, Pension Fund and Employees State Insurance on behalf of its employees.

ii) Superannuation

The Company makes fixed contributions as a percentage of salary, with a ceiling of Rupees one lakh fifty thousand per annum per employee, to the Superannuation Fund, which is administered by trustees and managed by the Life Insurance Corporation of India (LIC).

The above contributions are charged to the Statement of Profit and Loss.

Defined Benefit Plan

i) Gratuity

The Company makes an annual contribution to a Gratuity Fund administered by trustees and managed by LIC. The Company accounts its liability based on actuarial valuation, as at the Balance Sheet date, every year using the Projected Unit Credit method.

ii) Leave Encashment

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

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

1.7 Taxation :

Current tax is provided on the taxable income for the year.

Deferred tax liabilities arising from timing differences have been fully provided. Deferred tax assets are recognized on the consideration of prudence.

1.8 Impairment of Assets :

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

1.9 Provisions:

Provisions are recognised when the Company has present legal or constructive obligations, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligations.

NOTES TO THE ACCOUNTS (Contd.)

2. Share Capital

(₹ in lakhs)

Particulars	March 31, 2018	March 31, 2017
Authorised Capital:		
Equity Shares, ₹10/- Par Value		
15,00,00,000 (15,00,00,000) Equity Shares	150,00.00	150,00.00
Issued:		
Equity Shares, ₹10/- Par Value		
10,62,54,438 (10,62,54,438) Equity Shares	106,25.44	106,25.44
Subscribed and Fully Paid - up :		
Equity Shares, ₹10/- Par Value		
10,12,54,438 (10,12,54,438) Equity Shares	101,25.44	101,25.44
	101,25.44	101,25.44

a) a) Details of number of shares held by shareholders holding more than 5% shares are as follows:

Name of the Shareholder	Status	No. of Shares	% held as at March 31, 2018	No. of Shares	% held as at March 31, 2017
Sundaram Finance Limited *	Holding Company	5,07,28,473	50.10	5,07,28,473	50.10
BNP Paribas Personal Finance S.A.		5,05,25,965	49.90	5,05,25,965	49.90

* Includes 5 equity shares held by nominees of Sundaram Finance Limited.

b) Reconciliation of number of shares outstanding at the beginning and at the end of the financial year:

Particulars	April 2017 - March 2018		April 2016 - March 2017	
	No. of Shares	(₹ in lakhs)	No. of Shares	(₹ in lakhs)
Opening number of shares outstanding	10,12,54,438	101,25.44	10,12,54,438	101,25.44
Add : Shares issued	-	-	-	-
Less: Shares bought back	-	-	-	-
Closing number of shares outstanding	10,12,54,438	101,25.44	10,12,54,438	101,25.44

NOTES TO THE ACCOUNTS (Contd.)

3. Reserves and Surplus

(₹ in lakhs)

Particulars	March 31, 2018	March 31, 2017
Securities Premium Account		
Balance at the beginning of the year	204,74.56	204,74.56
Add: Received during the year	—	—
Balance at the end of the year	204,74.56	204,74.56
General Reserve		
Balance at the beginning of the year	470,00.00	350,00.00
Add: Transferred from Surplus in the Statement of Profit and Loss	70,00.00	120,00.00
Balance at the end of the year	540,00.00	470,00.00
Other Reserves		
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of the NHB Act, 1987	15,02.90	11,29.90
b) Amount of Special Reserve u/s 36 (1) (viii) of the Income-tax Act, 1961 taken into account for the purpose of Statutory Reserve under Section 29C of the NHB Act, 1987.	189,57.00	162,57.00
c) Total	204,59.90	173,86.90
Additions/Appropriations/withdrawal during the year		
Add:		
a) Amount transferred u/s 29C of the NHB Act, 1987	—	3,73.00
b) Amount of Special Reserve u/s 36 (1) (viii) of the Income-tax Act, 1961 taken into account for the purpose of Statutory Reserve under Section 29C of the NHB Act, 1987.	29,00.00	27,00.00
	29,00.00	30,73.00
Less:		
a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	—	—
b) Amount withdrawn from the Special Reserve u/s 36 (1) (viii) of the Income-tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987.	—	—
	—	—

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Particulars	March 31, 2018	March 31, 2017
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the NHB Act, 1987	15,02.90	15,02.90
b) Amount of Special Reserve u/s 36 (1)(viii) of the Income-tax Act,1961 taken into account for the purpose of Statutory Reserve under Section 29C of the NHB Act, 1987.	218,57.00	189,57.00
c) Total	<u>233,59.90</u>	<u>204,59.90</u>
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	47,84.10	44,92.17
Add : Profit for the year ended March 31, 2018	136,37.63	153,64.93
	184,21.73	198,57.10
Less: Appropriations		
Special Reserve	29,00.00	27,00.00
Statutory Reserve	—	3,73.00
General Reserve	70,00.00	120,00.00
Dividend Paid		
Final	35,43.91	—
Dividend Tax	7,21.46	—
Balance at the end of the period	<u>42,56.36</u>	<u>47,84.10</u>
	1020,90.82	927,18.56

- a) The Special Reserve has been created over the years in terms of Section 36 (1)(viii) of the Income-tax Act,1961 and Section 29C of the National Housing Bank Act, 1987.
- b) As per Section 29C of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose, a transfer to any Special Reserve created by the Company under Section 36 (1)(viii) of the Income-tax Act, 1961 is considered to be an eligible transfer. The Company has transferred ₹ Nil (March 31, 2017- ₹3,73.00 lakhs) to the Statutory Reserve (u/s 29C of NHB Act) and ₹29,00.00 lakhs (March 31, 2017 - ₹ 27,00.00 lakhs) to the Special Reserve in terms of Section 36 (1)(viii) of the Income-tax Act,1961.

NOTES TO THE ACCOUNTS (Contd.)
4. Long-Term Borrowings

(₹ in lakhs)

Particulars	March 31, 2018	March 31, 2017
Secured Loans		
Non-Convertible Debentures (Redeemable at Par)		
- A Fellow Subsidiary company	20,00.00	40,00.00
- Others	1064,90.00	1617,20.44
	1084,90.00	1657,20.44
Term Loans		
from Scheduled Banks	566,66.67	73,33.33
from National Housing Bank	1875,16.66	2045,81.51
Unsecured Loans		
Fixed Deposits		
From Public	626,52.31	649,97.17
From Companies	24,28.35	26,30.25
From Directors	53.90	83.90
	651,34.56	677,11.32
Subordinated Non-Convertible Debentures		
- A Fellow Subsidiary company	5,00.00	15,00.00
- Others	180,00.00	200,00.00
	4363,07.89	4668,46.60

- a) The Secured Non-Convertible Debentures are secured by a first mortgage over a specific immovable property belonging to the Company and hypothecation of loan receivables to the extent of ₹ Nil as at March 31, 2018 (March 31, 2017 - ₹23,20.00 lakhs)
- b) The Secured Non-Convertible Debentures are secured by a first mortgage over a specific immovable property belonging to the Company and negative lien on the loan assets of the Company to the extent of ₹1084,90.00 lakhs as at March 31, 2018. (March 31, 2017 - ₹1634,00.44 lakhs)
- c) The Term Loans from Scheduled Banks are secured by a negative lien on the loan assets of the Company.
- d) The Refinance from NHB is secured by a negative lien on assets of the Company other than (i) immovable property and (ii) Statutory Liquid Assets having floating charge in favour of Public Deposit Trustees against the public deposits and are repayable in quarterly instalments from April 2019 to July 2031.
- (e) The Unsecured Non-Convertible Debentures are subordinated to the existing and future unsecured borrowings of the Company and qualify as Tier II Capital under the Housing Finance Companies (NHB) Directions, 2010, ("NHB Directions 2010") issued by NHB. They are redeemable at par between April 2019 and February 2025.

NOTES TO THE ACCOUNTS (Contd.)

Maturity of Secured Non-Convertible Debentures

(₹ in lakhs)

Implicit Interest Rate (%) / Residual Maturity	March 31, 2018			
	< 1 year	1-3 years	3-5 years	Total
>7%-8%	344,69.37 (35,00.00)	665,00.00 (604,00.44)	– (11,00.00)	1009,69.37 (650,00.44)
>8%-9%	426,76.29 (46,50.00)	249,90.00 (501,00.00)	– (95,00.00)	676,66.29 (642,50.00)
>9%-10%	180,20.00 (267,80.00)	170,00.00 (350,20.00)	– –	350,20.00 (618,00.00)
>10%-11%	96,00.00 (78,00.00)	– (96,00.00)	– –	96,00.00 (174,00.00)
Grand Total	1047,65.66 (427,30.00)	1084,90.00 (1551,20.44)	– (106,00.00)	2132,55.66 (2084,50.44)

Previous year's figures are given in brackets

Details of Secured Term Loans from Scheduled Banks

(₹ in lakhs)

Repayment /Implicit Interest Rate	March 31, 2018			March 31, 2017		
	< 1 year	1-3 years	Total	< 1 year	1-3 years	Total
Other Current Liabilities	106,66.67	566,66.67	673,33.34	85,83.33	73,33.33	159,16.66

Maturity of Secured Term Loans from Others - NHB

(₹ in lakhs)

Implicit Interest rate (%) / Maturities	March 31, 2018				
	< 1 year	1-3 years	3-5 years	> 5 years	Total
<=7%	29,32.20 (13,56.62)	58,64.40 (22,05.04)	58,64.24 (22,05.04)	111,03.35 (38,61.91)	257,64.19 (96,28.61)
>7% to 8%	48,10.67 (46,52.63)	87,26.01 (96,79.53)	80,58.77 (85,52.15)	185,22.09 (213,50.69)	401,17.54 (442,35.00)
> 8% to 10%	255,50.89 (182,25.10)	326,70.98 (347,75.22)	303,04.76 (319,87.44)	664,02.07 (899,64.49)	1549,28.70 (1749,52.25)
Grand Total	332,93.76 (242,34.35)	472,61.39 (466,59.79)	442,27.77 (427,44.63)	960,27.51 (1151,77.09)	2208,10.43 (2288,15.86)

Previous year's figures are given in brackets

Maturity of Unsecured Subordinated Non-Convertible Debentures

(₹ in lakhs)

Implicit Interest Rate (%) / Maturities	March 31, 2018				
	< 1 year	1-3 years	3-5 years	> 5 years	Total
9%-10%	– –	– –	40,00.00 –	65,00.00 (105,00.00)	105,00.00 (105,00.00)
> 10%-11%	30,00.00 –	55,00.00 (85,00.00)	25,00.00 –	– (25,00.00)	110,00.00 (110,00.00)
Grand Total	30,00.00	55,00.00 (85,00.00)	65,00.00 –	65,00.00 (130,00.00)	215,00.00 (215,00.00)

Previous year's figures are given in brackets

NOTES TO THE ACCOUNTS (Contd.)
5. Other Long-Term Liabilities

(₹ in lakhs)

Particulars	March 31, 2018	March 31, 2017
Other Liabilities	1,80.36	1,32.38
Interest accrued but not due - Long-Term Borrowings	35,94.77	68,89.00
	37,75.13	70,21.38

6. Long-Term Provisions

(₹ in lakhs)

Particulars	March 31, 2018	March 31, 2017
Employee Benefits	–	16.84
For Contingent Provision against Standard Assets		
Standard-Housing Loans	20,31.31	19,94.69
Standard Non-Housing Loans	5,97.55	5,64.82
Standard Non-Housing Loans-Commercial	9,34.16	7,25.21
For Non-Performing Loans	158,92.75	130,49.74
	194,55.77	163,51.30

7. Short-Term Borrowings

(₹ in lakhs)

Particulars	March 31, 2018	March 31, 2017
Secured Loans		
Working capital demand loans and Cash Credit with Scheduled Banks	252,85.52	32,35.99
Unsecured Loans		
Commercial Paper	459,50.14	596,12.80
Credit facilities with Scheduled Banks	6,33.20	71.22
	718,68.86	629,20.01

The Secured Overdraft facilities/ Cash Credit with Scheduled Banks are secured by a negative lien on the loan assets of the Company.

Face Value of commercial paper outstanding as on March 31, 2018 was ₹473,00.00 lakhs (March 31, 2017 - ₹ 675,00.00 lakhs). Maximum amount of face value of commercial paper outstanding at any time during the year was ₹950,00.00 lakhs (March 31, 2017 - ₹799,00.00 lakhs)

NOTES TO THE ACCOUNTS (Contd.)
8. Trade Payables

(₹ in lakhs)

Particulars	March 31, 2018	March 31, 2017
i) Total outstanding dues to micro and small enterprises	–	–
ii) Total outstanding dues of creditors other than micro and small enterprises		
Creditors for Expenses *	23,16.73	26,44.81
[Includes ₹1,02.50 lakhs (March 31, 2017 - ₹1,27.50 lakhs) payable to Directors]		
Other Liabilities	4,65.25	4,35.46
	27,81.98	30,80.27

* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

9. Other Current Liabilities

(₹ in lakhs)

Particulars	March 31, 2018	March 31, 2017
Secured Loans		
Non-Convertible Debentures (Redeemable at Par)		
- A Fellow Subsidiary company	20,00.00	10,00.00
- Others	1027,65.66	417,30.00
	<u>1047,65.66</u>	<u>427,30.00</u>
Term Loans		
From Scheduled Banks	106,66.67	85,83.33
From Others -National Housing Bank	332,93.76	242,34.35
Unsecured Loans		
Fixed Deposits		
From Public	401,32.11	394,46.04
From Companies	3,26.50	11,56.60
From Directors	1,18.71	2,28.76
Unpaid Matured Deposits and Interest accrued thereon	12,83.76	10,46.50
	<u>418,61.08</u>	<u>418,77.90</u>
Commercial Paper	74,73.25	—
Subordinated Non-Convertible Debentures		
- A Fellow Subsidiary company	10,00.00	—
- Others	20,00.00	—
Others		
Interest accrued but not due	230,25.79	203,43.54
Instalments Received in Advance	7,33.04	5,86.94
	<u>2248,19.25</u>	<u>1383,56.06</u>

- (a) The Secured Non-Convertible Debentures are secured by a first mortgage over a specific immovable property belonging to the Company and hypothecation of loan receivables to the extent of ₹23,20.00 lakhs as at March 31, 2018 (March 31, 2017 - ₹187,30.00 lakhs).
- (b) The Secured Non-Convertible Debentures are secured by first mortgage over a specific immovable property belonging to the Company and a negative lien on its loan assets to the extent of ₹1024,45.66 lakhs as at March 31, 2018. (March 31, 2017 - ₹240,00.00 lakhs).
- (c) The Term Loans from Scheduled Banks are secured by a negative lien on the loan assets of the Company.
- (d) The Refinance from NHB is secured by a negative lien on assets of the Company other than (i) Immovable property and (ii) Statutory Liquid Assets subject to a floating charge in favour of Public Deposit Trustees against the public deposits and is repayable in quarterly instalments from April 2018 to March 2019.
- (e) Face Value of commercial paper outstanding as on March 31, 2018 was ₹80,00.00 lakhs. (March 31, 2017 - ₹605,00 lakhs).
- (f) Interest accrued but not due includes interest of ₹8.04 lakhs (March 31, 2017 - ₹18.83 lakhs) on deposits accepted from Directors.

NOTES TO THE ACCOUNTS (Contd.)

10. Short-Term Provisions

(₹ in lakhs)

Particulars	March 31, 2018	March 31, 2017
Employee Benefits	1,29.53	1,04.90
Non-Performing Loans	19,87.78	13,12.61
	21,17.31	14,17.51

11. Long-Term Loans and Advances

(₹ in lakhs)

Particulars	March 31, 2018	March 31, 2017
Secured, Considered Good		
Housing Loans		
Individuals	5060,53.01	4626,40.53
Others	47,12.28	55,96.90
	<u>5107,65.29</u>	<u>4682,37.43</u>
Non-Housing Loans		
Individuals	2050,99.09	1834,04.44
Others	270,87.05	196,27.14
	<u>2321,86.14</u>	<u>2030,31.58</u>
Amount retained on Loans assigned	10,23.29	15,91.76
Unsecured, Considered Good :		
Advances and Deposits recoverable in cash or in kind or for value to be received	15,08.66	14,83.68
Other Loans and Advances		
Advance Income - tax and TDS (Net)	46,25.64	37,07.20
	<u>7501,09.02</u>	<u>6780,51.65</u>

- Housing / Non-Housing Loans granted by the Company are secured by mortgage of properties/ hypothecation of loan receivables.
- ₹1,20.00 lakhs (March 31, 2017 - ₹1,50.00 lakhs) due from the Managing Director of the Company.
- ₹87.65 lakhs (March 31, 2017 - ₹95.41 lakhs) due from the Officers of the Company.
- In accordance with the NHB Directions, the Company has identified Non-Performing Loans amounting to ₹235,73.99 lakhs as on March 31, 2018 (March 31, 2017- ₹195,14.33 lakhs).
- Insurance on Housing Loans to the extent of ₹49,49.54 lakhs (March 31, 2017 - ₹44,19.84 lakhs) is regrouped under Non- Housing Loans.
- Advance Income - tax and Tax Deducted at Source (net of provision) comprise:

(₹ in lakhs)

Particulars	March 31, 2018	March 31, 2017
Provision for Income-tax	527,02.80	460,05.38
Income-tax paid under dispute	63.86	55.29

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Description	Gross Block at Cost				Depreciation				Net Block	
	As at 31.03.2017	Additions	Deductions	As at 31.03.2018	Up to 31.03.2017	For the Year	Deductions	Up to 31.03.2018	As at 31.03.2018	As at 31.03.2017
Tangible Assets										
Freehold Land and Buildings	8,87.69 (8,41.44)	- (46.25)	- (-)	8,87.69 (8,87.69)	6.46 (0.37)	6.35 (6.09)	- (-)	12.81 (6.46)	8,74.88 (8,81.23)	8,81.23 (8,41.07)
Electrical Installations and Equipments	1,09.79 (78.63)	23.23 (34.00)	0.86 (2.84)	132.16 (1,09.79)	39.95 (33.47)	11.23 (8.67)	0.58 (2.19)	50.60 (39.95)	81.56 (69.84)	69.84 (45.16)
Vehicles	4,46.71 (5,38.26)	1,58.15 (11.44)	1,25.77 (1,02.99)	4,79.09 (4,46.71)	2,81.23 (2,91.07)	94.85 (58.45)	1,10.42 (68.29)	2,65.66 (2,81.23)	213.43 (1,65.48)	1,65.48 (2,47.19)
Furniture and Fixtures	2,53.26 (2,26.21)	31.01 (37.29)	7.48 (10.24)	2,76.79 (2,53.26)	1,61.60 (1,47.32)	27.68 (23.37)	6.98 (9.09)	1,82.30 (1,61.60)	94.49 (91.66)	91.66 (78.89)
Computers and Data Processing Units - Networks & Servers	3,51.00 (3,24.12)	15.75 (26.88)	- (-)	3,66.75 (3,51.00)	2,94.19 (2,75.16)	23.32 (19.03)	- (-)	3,17.51 (2,94.19)	49.24 (56.82)	56.82 (48.96)
Computers and Data Processing Units - End user devices	4,24.06 (3,79.37)	59.65 (58.48)	9.81 (9.79)	4,73.90 (4,24.06)	3,07.09 (2,58.86)	58.14 (57.45)	9.44 (9.22)	3,55.79 (3,07.09)	1,18.11 (1,16.97)	1,16.97 (1,20.51)
Office Equipment	2,92.27 (2,12.87)	12.09 (81.81)	1.33 (2.41)	3,03.03 (2,92.27)	1,61.36 (1,30.25)	36.74 (33.20)	1.02 (1.99)	1,97.08 (1,61.36)	1,05.95 (1,30.91)	1,30.91 (82.62)
Total	27,64.78	2,99.88	1,45.25	29,19.41	12,51.88	2,58.31	1,28.44	13,81.75	15,37.66	15,12.91
Intangible Assets										
Computer Software	16,23.11 (12,45.58)	2,30.49 (3,77.53)	- (-)	18,53.60 (16,23.11)	9,44.90 (7,30.99)	2,41.40 (2,13.91)	- (-)	11,86.30 (9,44.90)	6,67.30 (6,78.21)	6,78.21 (5,14.59)
Total	16,23.11	2,30.49	-	18,53.60	9,44.90	2,41.40	-	11,86.30	6,67.30	6,78.21
Grand Total	43,87.89	5,30.37	1,45.25	47,73.01	21,96.78	4,99.71	1,28.44	25,68.05	22,04.96	21,91.12
Previous year	(38,46.48)	(6,69.68)	(1,28.27)	(43,87.89)	(18,67.49)	(4,20.17)	(90.78)	(21,96.78)	(21,91.12)	(19,78.99)

Figures in brackets pertain to March 31, 2017

Freehold Land and Building includes Land to the extent of ₹7,50.75 Lakhs.

Intangible Assets : In accordance with Accounting Standard AS 26 -Intangible Assets, Computer Software purchased amounting to ₹2,30.49 lakhs is amortised over a period of 5 years. (March 31, 2017- ₹3,77.53 lakhs)

NOTES TO THE ACCOUNTS (Contd.)

13. Non-Current Investments

(₹ in lakhs)

Particulars	March 31, 2018		March 31, 2017	
	Face Value	Amount	Face Value	Amount
Investment in Government Securities				
Central Government Loans	36,70.00	36,09.25	31,70.00	30,86.25
State Development Loans	50,83.60	52,52.77	35,83.60	36,84.27
Investment in Trust Securities				
in Mortgage Backed Securities (On Securitisation)				
Investments in Senior Pass Through Certificate (PTC) Securities				
- SINANN IFMR Capital (A1 Certificates)		2,42.69		3,86.99
- Santhanam Trust Series I (A2 Certificates)		2,08.22		2,71.83
- Ariel SBL IFMR Capital (A1 Certificates)		1,16.68		4,35.00
Less: Aggregate provision for value of investment in Government Securities		(2,27.69)		(1,36.19)
		92,01.92		77,28.15

(₹ in lakhs)

Particulars	Cost	Market Value
Aggregate amount of Quoted Investments	86,34.33	9139.07
Aggregate amount of Unquoted Investments	5,67.59	—
Total	9201.92	

In accordance with the NHB Directions, the Company has created a floating charge on the statutory liquid assets comprising investments in Government securities of the face value of ₹87,53.60 lakhs (Cost ₹88,62.02 lakhs) and bank deposits of ₹53,88.00 lakhs (mentioned in Note - 18 Cash and Bank Balances) in favour of Trustees representing the public depositors of the Company.

Note 14: Deferred Tax Assets (Net)

(₹ in lakhs)

Particulars	March 31, 2018	March 31, 2017
	Amount	Amount
Deferred Tax Asset		
- Provision against Non-Performing Loans	62,15.81	49,92.36
Standard Housing Loans	7,03.00	6,90.32
Standard Non-Housing Loans	5,30.09	4,46.46
- Others - Employee Benefits	(16.53)	13.35
- Depreciation	(44.66)	(76.18)
- Provision on SLR Investments	78.80	47.13
	74,66.51	61,13.44
Less: Deferred Tax Liability		
- Special Reserve U/s 36(1) (viii) of Income-tax Act, 1961	73,71.28	64,12.36
	95.23	(2,98.92)

NOTES TO THE ACCOUNTS (CONTD.)

15. Other Non-Current Assets

(₹ in lakhs)

Particulars	March 31, 2018	March 31, 2017
Secured, Considered Good		
Loans Against Deposits	57.88	1,09.51
Employee Benefits	27.81	–
	85.69	1,09.51

16. Short-Term Loans and Advances

(₹ in lakhs)

Particulars	March 31, 2018	March 31, 2017
Secured, Considered Good		
Housing Loans		
Individuals	379,20.92	314,85.62
Others	11,28.41	11,81.96
	390,49.33	326,67.58
Non-Housing Loans		
Individuals	240,55.89	212,88.42
Others	26,93.40	25,35.78
	267,49.29	238,24.20
Amount retained on Loans assigned	2,18.62	2,70.34
Loans Against Deposits	56.07	40.37
Unsecured, Considered Good:		
Advances and Deposits recoverable in cash or in kind or for value to be received	–	–
Others	1,78.41	1,66.22
	662,51.72	569,68.71

- a) Housing / Non-Housing Loans granted by the Company are secured by mortgage of properties/ hypothecation of loan receivables.
b) ₹20.00 lakhs (March 31, 2017 - ₹20.00 lakhs) due from the Managing Director of the Company.
c) ₹7.76 lakhs (March 31, 2017 - ₹7.61 lakhs) due from the Officers of the Company.
d) In accordance with the NHB Directions, the Company has identified Non-Performing Loans amounting to ₹29,48.50 lakhs as on March 31, 2018 (March 31, 2017- ₹19,53.41 lakhs).
e) Insurance on Housing Loans to the extent of ₹3,22.54 lakhs (March 31, 2017 - ₹2,61.61 lakhs) is regrouped under Non-Housing Loans.

17. Current Investments

(₹ in lakhs)

Particulars	March 31, 2018 Amount	March 31, 2017 Amount
Un-quoted		
Investment in Trust Securities		
- Mutual Funds	88,00.00	308,00.00
(NAV as on 31st March 2018 - ₹88,11.61 lakhs)		
- SINANN IFMR Capital A1 Certificates	48.79	84.03
- Santhanam Trust Series I A2 Certificates	24.32	27.36
- Ariel SBL IFMR Capital A1 Certificates	2,34.58	2,35.29
	91,07.69	311,46.68

NOTES TO THE ACCOUNTS (Contd.)

Particulars	(₹ in lakhs)	
	Cost	Market Value
Aggregate amount of Quoted Investments	–	–
Aggregate amount of Unquoted Investments	91,07.69	
Total	91,07.69	

Particulars	Face Value	March 31, 2018		March 31, 2017	
	(₹)	Holding (Number)	Cost (₹ in lakhs)	Holding (Number)	Cost (₹ in lakhs)
Quoted					
Investment in Government Securities	–	–	–	–	–
Investment in NHB Bonds	–	–	–	–	–
Unquoted					
Investment in Mutual Funds					
Sundaram Money Fund - Direct- Growth	10	2,40,52,258.999	88,00.00	4,66,95,899.862	160,00.00
HDFC Liquid Fund - Direct - Growth	1000	–	–	77,959.657	25,00.00
ICICI Prudential Liquid Fund - Direct- Growth	100	–	–	12,47,112.418	30,00.00
Axis Liquid Fund - Direct- Growth	1000	–	–	55,481.778	10,00.00
Birla Sun Life FRF- STP - Direct- Growth	100	–	–	11,53,519.622	25,00.00
HSBC Cash Fund - Direct - Growth	1000	–	–	1,54,401.666	25,00.00
Kotak Floater ST - Direct -Growth	1000	–	–	37,480.609	10,00.00
IDFC Cash Fund - Direct - Growth	1000	–	–	25,313.592	5,00.00
SBI Premier Liquid Fund - Direct - Growth	1000	–	–	39,198.089	10,00.00
Tata Money Market Fund - Direct- Growth	1000	–	–	31,227.567	8,00.00
			<u>88,00.00</u>		<u>308,00.00</u>

18. Cash and Bank Balances

Particulars	(₹ in lakhs)	
	March 31, 2018	March 31, 2017
Cash and Cash Equivalents		
Cash on hand	1,14.61	2,02.39
Balances with Scheduled Banks in Current Accounts	3,58.87	2,50.98
Cheques, Drafts on hand	<u>30,70.03</u>	<u>33,92.64</u>
	34,28.90	36,43.62
Bank Deposit		
Upto 12 months maturity	238,42.39	113,36.50
More than 12 months maturity	–	2,97.00
	<u>273,85.90</u>	<u>154,79.51</u>

Bank Deposit accounts include ₹36,92.00 lakhs (March 31, 2017 - ₹44,90.50 lakhs) provided as collateral for assets securitised/assigned.

NOTES TO THE ACCOUNTS (Contd.)

19. Other Current Assets

(₹ in lakhs)

Particulars	March 31, 2018	March 31, 2017
Secured, Considered Good:		
Instalments due from Borrowers	85,13.83	71,57.05
Income Receivable	1,45.42	1,52.73
Interest Accrued on Investments	1,88.88	1,50.94
Employee Benefits	52.19	
	89,00.32	74,60.72

20. Revenue from Operations

(₹ in lakhs)

Particulars	April 2017 - March 2018	April 2016 - March 2017
Interest on Loans	840,03.31	858,50.53
Loan Processing and Other Fees	6,32.28	6,06.27
Investment Income	16,19.82	17,65.16
Profit on Sale of Current Investments	13,60.25	19,73.52
Profit on Sale of Non-Current Investments	–	14.17
Other Operating Income	18,34.49	19,56.29
	894,50.15	921,65.94

- (a) Investment Income includes ₹1,21.57 lakhs (April 2016 - March 2017 ₹1,82.05 lakhs) from investment in Mortgage-Backed Securities.
- (b) Loan Processing and Other Fees are net of amount paid to Business sourcing agents aggregating ₹10,32.62 lakhs (April 2016 - March 2017 ₹6,61.63 lakhs)

21. Other Income

(₹ in lakhs)

Particulars	April 2017 - March 2018	April 2016 - March 2017
Interest Receipts	3,18.06	89.54
Profit on Sale of Fixed Assets	28.23	3.45
Miscellaneous Income	11.12	25.94
	3,57.41	1,18.93

22. Financial Costs

(₹ in lakhs)

Particulars	April 2017 - March 2018	April 2016 - March 2017
Interest expense		
- Non-Convertible Debentures	209,29.50	206,51.27
- Term Loans	199,86.79	222,63.28
- Fixed Deposits	98,26.32	100,98.45
- Commercial Paper	45,24.69	48,59.24
- Others	50.16	53.01
Other borrowing cost	4,62.82	3,75.73
	557,80.28	583,00.98

NOTES TO THE ACCOUNTS (Contd.)
23. Employee Benefits Expense

(₹ in lakhs)

Particulars	April 2017 - March 2018	April 2016 - March 2017
Salaries, Bonus and Commission	43,91.81	39,53.01
Contribution to Provident and Other Funds	3,18.98	1,90.81
Staff Welfare Expenses	2,17.07	1,96.98
	49,27.86	43,40.80

24. Other Expenses

(₹ in lakhs)

Particulars	April 2017 - March 2018	April 2016 - March 2017
Rent	5,79.08	5,54.10
Rates and Taxes	8.95	7.23
Communication Expenses	1,97.96	1,86.33
Electricity Expenses	1,01.33	96.20
Travelling and Conveyance	3,98.04	3,59.86
Advertisement and Publicity	3,04.97	3,56.40
Outsourcing Cost	6,11.30	3,89.05
Directors' Sitting Fees	13.71	12.18
Insurance	25.31	25.58
Repairs and Maintenance		
- Buildings	86.39	100.98
- Others	1,55.14	171.05
	2,41.53	2,72.03
Software Charges	5,09.80	5,18.61
Database and Networking Expenses	4,56.63	4,11.80
CSR Contributions	4,61.40	3,92.95
Miscellaneous Expenses (Net)	4,27.57	3,63.44
	43,37.58	39,45.76

Miscellaneous Expenses (Net) include remuneration to Statutory Auditors towards:

(₹ in lakhs)

Particulars	April 2017 - March 2018	April 2016 - March 2017
Statutory Audit	22.00	22.00
Tax Audit	6.00	6.00
Certification Fees (Includes ₹2.75 lakhs to previous auditors)	7.75	8.60

NOTES TO THE ACCOUNTS (Contd.)

25. Provisions and Write offs

(₹ in lakhs)

Particulars	April 2017 - March 2018	April 2016 - March 2017
Provision against		
- Non-Performing Loans	35,18.18	13,44.89
- Investments	91.50	(14.90)
Bad Debts	4,39.80	1,07.09
Loss on Fixed Assets Sold / Written off	1.31	1.22
Loss on Sale of Investments	—	12.68
	40,50.79	14,50.98

26. General

26.1 The main business of the Company is to provide long-term finance for acquisition / construction of residential properties in India. Accordingly, there is no separate reportable segment as per Accounting Standard 17: Segment Reporting.

26.2 Securitisation :

Details of securitised assets outstanding as on March 31, 2018 are as follows

Pass Through Certificates subscribed by the Company:	₹8,75.28 lakhs
Bank Deposits provided as collateral:	₹12,79.00 lakhs

26.3 Non-Performing Loans and Provisions :

In accordance with the NHB Directions 2010, the Company has identified Non-Performing Loans amounting to ₹265,22.49 lakhs as on March 31, 2018 (March 31, 2017 – ₹214,67.75 lakhs).

26.4 Expenditure in Foreign Currency (on payment basis)

On account of others- Membership fees -₹0.59 lakh (March 31, 2017 - ₹0.52 lakh)

26.5 The Company did not contract any foreign currency loan during the year.

26.6 Employee Benefits:

i) Defined Contribution Plans:

The Company has recognised the following amounts in the Statement of Profit and Loss which are included in Employee Benefits in Note 23:

(₹ in lakhs)

Contribution to	2017-18	2016-17	2015-16	2014-15	2013-14
Provident Fund	1,98.97	1,54.66	1,42.03	1,27.59	91.76
Employees State Insurance Scheme	13.04	5.90	11.32	9.16	7.02
Superannuation Fund	7.52	7.25	7.93	8.80	9.58

ii) Funded Gratuity for the current and previous four years is as follows:

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

(₹ in lakhs)

Contribution to	2017-18	2016-17	2015-16	2014-15	2013-14
Defined Benefit Obligations	3,86.65	3,10.80	2,80.99	2,46.31	2,54.57
Plan Assets	4,66.64	3,45.63	3,14.92	2,87.74	2,31.15
Surplus (Deficit)	79.99	34.83	33.93	41.43	(23.42)
Experience adjustments on plan liabilities	31.45	0.92	(1.71)	(37.54)	23.16
Experience adjustments on plan assets	—	—	—	—	—

Defined Benefit Plan:

(₹ in lakhs)

Description of Benefit plans	Gratuity		Funded Compensated Absence	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
A. Reconciliation of opening and closing balances of present value of the defined benefit obligation				
Present value of obligations as at the beginning of the year	3,10.80	2,80.99	2,91.70	2,00.76
Interest cost	21.65	22.48	23.34	—
Current service cost	51.73	33.52	—	34.37
Past service cost	29.10	—	—	—
Benefits paid	(24.25)	(24.30)	(25.50)	(19.13)
Actuarial (gain)/loss on obligation	(2.38)	(1.89)	65.49	75.70
Present value of obligations as at the end of the year	3,86.65	3,10.80	3,55.03	2,91.70
B. Reconciliation of opening and closing balances of fair value of plan assets				
Fair value of plan assets as at beginning of the year	3,45.63	3,14.92	2,52.67	1,38.11
Expected return on plan assets	32.45	25.29	22.13	14.94
Contributions	1,44.26	26.66	73.45	1,16.50
Benefits paid	(24.25)	(24.30)	(25.50)	(19.13)
Actuarial gain / loss on plan assets	(31.45)	3.05	0.04	2.25
Fair value of plan assets as at the end of the year	4,66.64	3,45.63	3,22.78	2,52.67
C Reconciliation of present value of defined benefit obligation and fair value of plan assets to the assets and liabilities				
Present value of obligations as at the end of the year	3,86.65	3,10.80	3,55.03	2,91.70
Fair value of plan assets as at the end of the year	4,66.64	3,45.63	3,22.78	2,52.67
Net asset/(liability) recognised in the Balance Sheet	79.99	34.83	(32.25)	(39.04)

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Description of Benefit plans	Gratuity		Funded Compensated Absence	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
D. Expenses recognised in the Statement of Profit and Loss				
Current Service Cost	80.83	33.52	–	34.37
Interest Cost	21.65	22.48	23.34	–
Expected return on plan assets	(32.45)	(25.29)	(22.13)	(14.94)
Actuarial (gain)/loss on obligation	29.07	(4.94)	65.45	2,74.21
Expenses recognized in the Statement of Profit and Loss	99.10	25.77	66.66	2,93.64
E. Actual return on plan assets				
Expected return on plan assets	32.45	25.29	22.13	14.94
Actuarial gain / loss on plan assets	(31.45)	3.05	0.04	2.25
Actual return on plan assets	1.00	28.34	22.17	17.19
F. Actuarial assumption*				
Discount Rate	7.99%	7.25%	7.72%	8.00%
Rate of Increase in Compensation levels	7.00%	7.00%	8.00%	8.00%
Expected return on plan assets	8.00%	8.00%	8.00%	8.00%
Attrition Rate	1-3%	1-3%	1-3%	1-3%

*The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors like supply and demand in the employment market.

- 26.7 The Company has spent an amount of ₹4,61.40 lakhs (2016-17 ₹3,92.95 lakhs) towards Corporate Social Responsibility (CSR) under Sec 135 of the Companies Act, 2013, in the various areas covered under the regulatory provisions like healthcare, education, environment and protection of art and culture.
- 26.8 During the year, Sundaram Finance Limited, the holding Company has incurred ₹30.99 lakhs (March 31, 2017 - ₹28.91 lakhs) towards the cost of Employee Stock Option Scheme issued under Sundaram Finance Employee Stock Option Scheme 2008 to the Managing Director and two Senior executives of the Company.
- 26.9 Based on the current status of the loan accounts, the Company has made adequate provisions for losses, where required.
- 26.10 No amount was due to small-scale industries in terms of the Micro, Small and Medium Enterprises Development Act, 2006.

NOTES TO THE ACCOUNTS (Contd.)

26.11 In accordance with Accounting Standard 18: Related Party Disclosures, the details of Related Party Transactions are given below:

Details of Related Parties:

Joint Venture Promoters

Sundaram Finance Ltd.
 (50.10% of the paid-up share capital)
 BNP Paribas Personal Finance S.A.
 (49.90% of the paid-up share capital)

Fellow Subsidiaries

LGF Services Ltd.
 Sundaram Asset Management Company Ltd.
 Sundaram Asset Management Singapore Pte Ltd.
 Sundaram BNP Paribas Fund Services Ltd.
 Sundaram BPO India Ltd. (till 18th January 2018)
 Sundaram Business Services Ltd. (till 18th January 2018)
 Sundaram Trustee Company Ltd.
 Royal Sundaram General Insurance Co Ltd.
 Sundaram Alternate Assets Ltd.

Key Management Personnel:

Mr. Srinivas Acharya - Managing Director

Relatives of Key Management Personnel with whom the Company has transactions:

Mrs. Revathi Srinivas - Wife of Mr. Srinivas Acharya

NOTES TO THE ACCOUNTS (Contd.)

Details of Related Party Transactions for the year ended 31st March 2018

(₹ in lakhs)

Particulars	Joint Venture Promoters	Fellow Subsidiaries / Associates	Key Management Personnel	Relative of Key Management Personnel	April 2017- March 2018	April 2016- March 2017
Income						
Interest on Housing Loan	–	–	3.10	–	3.10	3.70
Rent						
Sundaram Finance Ltd.	1.29	–	–	–	1.29	1.14
Brokerage						
Sundaram Finance Ltd.	0.79	–	–	–	0.79	–
Expenses						
Rent						
Sundaram Finance Ltd.	2,06.72	–	–	–	2,06.72	2,14.15
Brokerage, Commission, Deposit, Payroll Processing Services and Tele calling Services						
Sundaram Finance Ltd.	6,70.42	–	–	–	6,70.42	4,94.92
Sundaram BPO India Ltd.	–	38.63	–	–	38.63	50.69
Sundaram Busines Services Ltd.	–	0.30	–	–	0.30	–
Intranet/ Web Maintenance, Scanning Image Charges						
Sundaram Finance Ltd.	6.45	–	–	–	6.45	16.56
Internal Audit, Branch Inspection fees and Docket Verification fees						
Sundaram Finance Ltd.	76.49	–	–	–	76.49	71.33
Connectivity and Other Charges						
Sundaram Finance Ltd.	483.55	–	–	–	4,83.55	4,81.92
Interest On NCDs						
Royal Sundaram General Insurance Co Ltd.	–	6,14.03	–	–	6,14.03	6,63.74
Interest On Public Deposits						
	–	–	2.33	2.82	5.16	6.61
Training Expenses						
Sundaram Finance Ltd.	–	–	–	–	–	2.21
Insurance Premium						
Royal Sundaram General Insurance Co Ltd.	–	19.96	–	–	19.96	18.02
Remuneration						
	–	–	2,23.83	–	2,23.83	2,17.35
Dividend Paid						
Sundaram Finance Ltd.	17,75.50	–	–	–	17,75.50	17,75.50
BNP Paribas Personal Finance S. A	17,68.41	–	–	–	17,68.41	17,68.41

Details of Related Party Transactions for the year ended 31st March 2018

(₹ in lakhs)

Particulars	Joint Venture Promoters	Fellow Subsidiaries / Associates	Key Management Personnel	Relative of Key Management Personnel	April 2017- March 2018	April 2016- March 2017
Assets						
Purchase of Asset - Software						
Sundaram Finance Ltd.	1,55.41	—	—	—	1,55.41	3,75.60
Advances towards Software						
Sundaram Finance Ltd.	4.75	—	—	—	4.75	1.25
Other Deposits						
Sundaram Finance Ltd.	1,43.44	—	—	—	1,43.44	1,43.44
Royal Sundaram General Insurance Co Ltd.	—	10.63	—	—	10.63	10.22
Receivables						
Sundaram Finance Ltd.	0.26	—	—	—	0.26	0.51
Housing Loan - at the end of the year	—	—	1,40.00	—	1,40.00	1,70.00
Insurance Premium Prepaid						
Royal Sundaram General Insurance Co Ltd.	—	11.22	—	—	11.22	11.67
Liabilities						
Fixed Deposits	—	—	50.00	53.00	103.00	35.00
Interest Accrued on Deposits	—	—	2.33	2.82	5.16	6.61
Issue of Non-Convertible Debentures						
Royal Sundaram General Insurance Co Ltd.	—	55,00.00	—	—	55,00.00	65,00.00
Interest Accrued on NCDs						
Royal Sundaram General Insurance Co Ltd.	—	2,57.50	—	—	2,57.50	2,66.20
Commission Payable	—	—	75.00	—	75.00	1,00.00
Other Liabilities						
Sundaram Finance Ltd.	73.97	—	—	—	73.97	34.20
Sundaram BPO India Ltd.	—	—	—	—	—	2.13

* No amount has been written off/ written back during the year.

NOTES TO THE ACCOUNTS (Contd.)

26.12 Earnings per Share (Basic and Diluted)

Particulars	2017-18	2016-17
Profit for the year after taxation (₹in lakhs)	136,37.63	153,64.93
Weighted average number of Equity Shares	10,12,54,438	10,12,54,438
Basic and Diluted earnings per share (₹)	13.47	15.17

26.13 Details of Dividend remitted in foreign currency

Particulars	2017-18	2016-17
Number of Non Resident Shareholders	One	One
Number of Shares	5,05,25,965	5,05,25,965
Amount of Dividend remitted (₹ in lakhs)	17,68.41	17,68.41
Financial year to which the dividend relates	2016-17	2015-16

26.14 Dividend of 35 % (₹3.50 per share) for the Financial Year 2017-18 on the total paid-up capital ₹1,01.25 crore has been recommended by the Board. In terms of the Companies (Accounting Standard) Rules, 2006, as amended, the proposed dividend including dividend distribution tax of ₹42.72 Crore is not recorded as a liability as on 31st March 2018 and it will be recognized when the Dividend is approved by the Members in the ensuing Annual General Meeting.

26.15 Contingent Liabilities in respect of

- Sanctioned and Undisbursed loans as at March 31, 2018: ₹407,95.33 lakhs. (March 31, 2017 - ₹262,90.05 lakhs).
- Partly undisbursed amounts of loans sanctioned as at March 31,2018: ₹171,86.49 lakhs. (March 31, 2017 - ₹140,48.39 lakhs).
- Disputed Income-tax liability contested in appeal before appellate authorities - ₹7,16.41 lakhs and the cash flows would be determined only upon the receipt of decisions. The Company is of the opinion that the demands are not sustainable and expects to succeed in its appeal.

26.16 The pending litigations as on March 31, 2018 have been estimated by the Company. The current position of the litigations has been evaluated and the effect thereof has been disclosed in the financial statements, where appropriate.

26.17 Estimated amount of contracts remaining to be executed on capital account – ₹22.82 lakhs (March 31, 2017– ₹29.00 lakhs).

26.18 Disclosure as per Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016.

26.18.01 Capital to Risk (Weighted) Assets Ratio

Particulars		March 31, 2018	March 31, 2017
i	CRAR (%)	24.28%	24.78%
ii	CRAR-Tier I Capital (%)	21.17%	20.88%
iii	CRAR-Tier II Capital (%)	3.11%	3.90%
iv	Amount of subordinated debt raised as Tier-II Capital	–	–
v	Amount raised by issue of Perpetual Debt Instruments	–	–

26.18.02 Reserve Fund u/s 29C, of NHB Act 1987: Disclosed separately under Note 3 –Page

26.18.03 Investments

(₹ in crore)

Particulars	March 31, 2018	March 31, 2017
Value of Investments		
i. Gross value of Investments		
a) In India	185.38	390.11
b) Outside India	Nil	Nil
ii. Provisions for Depreciation		
a) In India	(2.28)	(1.36)
b) Outside India		
iii. Net value of Investments		
a) In India	183.10	388.75
b) Outside India		
Movement of provisions held towards-depreciation on investments		
i. Opening balance	1.36	1.51
ii. Add: Provisions made during the year	0.92	Nil
iii. Less: Write-off / Write-back of excess provisions during the year	Nil	0.15
iv. Closing Balance	2.28	1.36

26.18.04 Derivatives: NIL

Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)	: NIL
Exchange Traded Interest Rate (IR) Derivative	: NIL
Disclosures on Risk Exposure in Derivatives	: NA

26.18.05.01 Securitisation

(₹ in crore)

	Particulars	March 31, 2018	March 31, 2017
1.	No of SPVs sponsored by the HFC for Securitisation transactions*	1	1
2.	Total amount of securitised assets as per books of the SPVs Sponsored	77.20	99.33
3.	Total amount of exposures retained by the HFC towards the MRR as on the date of balance sheet		
	I) Off-balance sheet exposures towards Credit Concentration		
	II) On-balance sheet exposures towards Credit Concentration		
	a) Cash Collateral	12.79	12.79
	b) Others	2.32	2.99
4.	Amount of exposures to securitisation transactions other than MRR	Nil	Nil
	I) Off-balance sheet exposures towards Credit Concentration	Nil	Nil
	II) On-balance sheet exposures towards Credit Concentration	Nil	Nil
*Only the SPVs relating to outstanding securitisation transactions may be reported here			

Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction: Nil

Details of Assignment transactions undertaken by HFCs: Nil

Details of non-performing financial assets purchased / sold: Nil

26.18.06 Assets Liability Management (Maturity pattern of certain items of Assets and Liabilities)

(₹ in crore)

Particulars	1 day to 30/31 days	Over 1 month to 2 months	Over 2 month to 3 months	Over 3 month to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Liabilities											
Deposits	32.22	49.35	36.49	90.85	208.09	641.21	10.13	–	–	–	1068.34
Borrowings from Banks*	92.25	100.56	–	172.10	333.88	1039.28	442.28	399.89	391.54	168.85	3140.63
Market Borrowings	80.20	236.00	221.55	365.70	708.44	1139.90	65.00	65.00	–	–	2881.79
Foreign Currency Liabilities	–	–	–	–	–	–	–	–	–	–	–
TOTAL	204.67	385.91	258.04	628.65	1250.41	2820.39	517.41	464.89	391.54	168.85	7090.76
Assets											
Advances	53.91	53.50	54.69	164.10	333.99	1429.02	1466.27	1324.10	1635.72	1584.62	8099.92
Investments#	238.84	0.25	36.22	15.71	38.48	2.85	12.32	30.70	28.79	17.36	421.52
Foreign Currency Assets	–	–	–	–	–	–	–	–	–	–	–
TOTAL	292.75	53.75	90.91	179.81	372.47	1431.87	1478.59	1354.80	1664.51	1601.98	8521.44

* Includes Borrowings from NHB.

Breakup: (₹ in crore)

Investments	
Investments as per Note 13	92.02
Investments as per Note 17	91.08
Total (A)	183.10
Cash & Bank balances-Note 18	
Bank Deposits	147.62
SLR Bank Deposits	53.88
Bank deposits held as Collateral for assets securitised/assigned	36.92
Total (B)	238.42
Total (A)+(B)	421.52

26.18.07 Exposure

26.18.07.01 Exposure to Real Estate Sector

Category		March 31, 2018	March 31, 2017
		(₹ in crore)	(₹ in crore)
a)	Direct exposure #		
	i) Residential Mortgages *		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;		
	• Individual Housing Loans upto ₹15 Lakhs	1343.86	1406.26
	• Others	5799.72	5239.94
	Total	7143.58	6646.20
	ii) Commercial Real Estate -		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose 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 (NFB) limits;	980.52	645.07
	iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	a. Residential	8.75	14.41
	b. Commercial Real Estate	–	–
b)	Indirect Exposure		
	Fund Based and Non-Fund Based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	32.79	47.38

Notes:

Consists of future Principal and Principal component of EMI outstanding.

* Includes exposures to Non-Housing loans secured by residential mortgages amounting to ₹1327.48 crore (Previous year – ₹1424.76 crore)

Exposure to Capital Market: NIL

Details of financing of Parent Company products: NIL

Details of Single Borrower Limit (SGL)/ Group Borrower Limit (GBL) exceeded by HFC : NIL

Unsecured Advances: Nil

Additional Disclosures

26.18.08.01 Provisions and Contingencies

(₹ in crore)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss Account		2017-18	2016-17
1.	Provision for depreciation on Investment	0.92	(0.15)
2.	Provision made towards Income Tax	62.95	82.92
3.	Provision towards NPA	35.19	13.79
4.	Provision for Standard Assets (with details like teaser loan, CRE, CRE-RH etc.)	2.78	1.70
	Housing (Including LOC)	0.37	0.75
	Non- Housing (Others)	0.32	(0.06)
	Non-Housing Commercial Real Estate	2.09	1.00
5.	Other Provision and Contingencies (with details)	–	–

(₹ in crore)

Break up of Loan & Advances and Provisions thereon	Housing		Non-Housing	
	31.03.18	31.03.17	31.03.18	31.03.17
Standard Assets				
a) Total Outstanding Amount	5468.58	4993.28	2434.72	2146.35
b) Provisions made	20.31	19.95	15.31	12.90
Sub-Standard Assets				
a) Total Outstanding Amount	40.26	24.22	46.13	41.84
b) Provisions made	8.05	5.46	9.23	9.65
Doubtful Assets – Category-I				
a) Total Outstanding Amount	16.19	27.19	34.29	28.39
b) Provisions made	11.19	19.61	24.45	18.96
Doubtful Assets – Category-II				
a) Total Outstanding Amount	38.67	34.00	48.96	50.59
b) Provisions made	38.39	33.26	46.78	48.87
Doubtful Assets – Category-III				
a) Total Outstanding Amount	13.89	4.04	26.56	4.40
b) Provisions made	13.89	4.04	26.56	4.40
Loss Assets				
a) Total Outstanding Amount	0.27	–	–	–
b) Provisions made	0.27	–	–	–
TOTAL				
a) Total Outstanding Amount	5577.86	5082.73	2590.66	2271.57
b) Provisions made	92.10	82.15	122.33	94.32

Note:

1. The total outstanding amount means principal + accrued interest + other charges pertaining to loans without netting off.

2. The Category of Doubtful Assets will be as under:

Period for which the assets have been considered as doubtful	Category
Up to one year	Category-I
One to three years	Category-II
More than three years	Category-III

26.18.08.02 Draw Down from Reserves : NIL

Concentration of Public Deposits, Advances, Exposures and NPAs

26.18.09.01 Concentration of Public Deposits (for Public Deposit taking / holding HFCs)

(₹ in crore)

Particulars	March 31, 2018	March 31, 2017
Total Deposits of twenty largest depositors	415.67	438.74
Percentage of Deposits of twenty largest depositors to Total Deposits of the HFC	38.91%	40.08%

26.18.09.02 Concentration of Loans & Advances

(₹ in crore)

Particulars	March 31, 2018	March 31, 2017
Total Loans & Advances to twenty largest borrowers	250.79	251.59
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	3.07%	3.43%

26.18.09.03 Concentration of all Exposure (including off-balance sheet exposure)

(₹ in crore)

Particulars	March 31, 2018	March 31, 2017
Total Exposure to twenty largest borrowers /customers	251.53	254.14
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	2.99%	3.30%

26.18.09.04 Concentration of NPAs

(₹ in crore)

Particulars	March 31, 2018	March 31, 2017
Total Exposure to top ten NPA accounts	39.87	33.51

26.18.09.05 Sector-wise NPA

Sl. No.	Sector	Percentage of NPAs to Total Advances in that sector
A.	Housing Loans:	
1.	Individuals	1.87%
2.	Builders/Project Loans	–
3.	Corporates	12.81%
4.	Others (specify)	–
B.	Non-Housing Loans:	
1.	Individuals	6.62%
2.	Builders/Project Loans	–
3.	Corporates	1.28%
4.	Others (specify)	–

26.18.10.01 Movement of NPAs

(₹ in crore)

Particulars		March 31, 2018	March 31, 2017
I)	Net NPAs to Net Advances (%)	1.09%	0.93%
II)	Movement of NPAs (Gross)		
	a) Opening balance	214.68	197.86
	b) Additions during the year	86.89	67.39
	c) Reductions during the year	36.35	50.56
	d) Closing balance	265.22	214.68
III)	Movement of Net NPAs		
	a) Opening balance	71.06	67.69
	b) Additions during the year	30.95	22.56
	c) Reductions during the year	15.60	19.18
	d) Closing balance	86.41	71.06
IV)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	a) Opening balance	143.62	130.17
	b) Provisions made during the year	55.94	44.83
	c) Write-off/write-back of excess provisions	20.75	31.38
	d) Closing balance	178.81	143.62

26.18.10.02 Overseas Assets - Nil

26.18.10.03 Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting Norms) - Nil

26.18.11 Disclosure of Complaints

26.18.11.01 Customers Complaints

Particulars	2017-18	2016-17
a) No. of complaints pending at the beginning of the year	0	0
b) No. of complaints received during the year	55	41
c) No. of complaints redressed during the year	55	41
d) No. of complaints pending at the end of the year	0	0

26.19 Previous year figures have been regrouped/ reclassified / restated where ever necessary, to conform to the current year's presentation.

As per our report of even date attached

For **Sundaram & Srinivasan**

Chartered Accountants

FRN 004207S

S. Usha

Partner

Membership No. 211785

Chennai

21st April 2018

S. Viji

Chairman

G. Sundararajan

Chief Financial Officer

V. Swaminathan

Company Secretary

Srinivas Acharya

Managing Director

N. Ganga Ram

Director

Anthony Colwyn-Thomas

Director



SUNDARAM BNP PARIBAS
— HOME FINANCE —

Registered Office : 21, Patullos Road, Chennai - 600 002. Phone : (044) 28521181

Corporate Office : Sundaram Towers, 46, Whites Road, Chennai - 600 014

Phone : (044) 28515267, 28515269

Email: customercare@sundarambnpphome.in; depositorcare@sundarambnpphome.in

Website: www.sundarambnpphome.in

Andhra Pradesh

Anantapur : 08554 243717, Bhimavaram : 08816 226119, Cuddappah : 08562 253366, Eluru : 08812 233432, Gajuwaka : 0891 2573077
Gudivada : 08674 248007, Guntur : 0863 2331469, Kakinada : 0884 2351618, Kurnool : 08518 225146, Nellore : 0861 2322269, Ongole : 08592 283959,
Rajahmundry : 0883 2468579, Srikakulam : 08942 229123, Tanuku : 08819 227667, Tirupathi : 0877 2237378, Vijayawada : 0866 2471717
Visakhapatnam : 0891 2575522, Vizianagaram : 08922 237778

Telangana

Hyderabad - Secunderabad : 040 27806002, Hyderabad - Kukkatpally : 040 23162224, Hyderabad - LB Nagar : 040 24126456, Karimnagar : 0878 2237676,
Khammam : 08742 242160, Mancheril : 08736 255456, Nizamabad : 08462 220224, Warrangal : 0870 2441244

Karnataka

Bengaluru – Seshadripuram : 080 23567911, Bengaluru – Jayanagar : 080 26493737, Bengaluru – Kengeri : 080 28488077, Bengaluru - Whitefield : 080 28450035,
Bengaluru – Yelahanka : 080 2362 0310, Belgaum : 0831 2471019, Bellary : 0839 2276437, Devanagere : 0819 2297075, Gulbarga : 0847 2244419, Hubli : 0836 2251954,
Mangalore : 0824 2451517, Mysuru : 0821 2425007, Raichur : 08532 225009, Shimoga : 08182 275719

Kerala

Aluva : 0484 2606577, Calicut : 0495 2722066, Kannur : 0497 2761917, Kayamkulam : 0479 244 1147, Kochi : 0484 2350341,
Kollam : 0474 2742490, Kottayam : 0481 2561549, Manjeri : 0483 2760037, Muvattupuzha : 0485 2812906, Palakkad : 0491 2503610, Pathanamthitta : 0468 222 4289,
Trichur : 0487 2324077, Thirupunithura : 0484-2779170, Thiruvalla : 0469 2600342, Thiruvananthapuram : 0471 2417393

Puducherry : 0413 2330509

Tamil Nadu

Attur : 04282 253354, Chennai - Ambattur : 044 26521656, Chennai - Chromepet : 044 22210244, Chennai - Parrys : 044 25241099,
Chennai - Porur : 044 48581096, Chennai - T Nagar : 044 28155151, Chennai - Thiruvanimiyur : 044 24430030, Chengalpet : 044 27432929,
Coimbatore – P.N. Palayam : 0422 2246655, Coimbatore - R S Puram : 0422 2545333, Dharmapuri : 04342 230244, Dindigul : 0451 2422001, Erode : 0424 2262999,
Gobichettipalayam : 04285 227737, Hosur : 04344 223318, Kancheepuram : 044 27233660, Karaikudi : 04565 233202, Karur : 04324 231235, Kumbakonam : 0435 2433216,
Madurai : 0452 4380202, Mettupalayam : 04254 221125, Namakkal : 04286 233454, Neyveli : 04142 254577, Palani : 0454 5250252., Perambalur : 04328 275563,
Pollachi : 04259 223552, Pudukottai : 04322 232455, Ranipet : 04172 271979, Salem : 0427 2334554, Sivakasi : 04562 222262, Tanjore : 04362 233216,
Theni : 04546 263004, Thiruvallur : 044 27664590, Thiruvannamalai : 04175 252020, Thiruvarur : 04366 220293, Tiruchengode : 04288 257381,
Tirunelveli : 0462 2574274, Tiruppur : 0421 2474450, Trichy : 0431 2769200, Tuticorin : 0461 2328827, Vellore : 0416 2224884

Rest of India

Ahmedabad : 079 66168910, Aurangabad : 0240 235 0005,
Bhopal : 0755 2550240, Bhubaneswar : 0674 2544677,
Durgapur : 0343 2542805, Indore : 0731 2532246, Jaipur : 0141 2359577,
Kolhapur : 0231 2667381, Kolkata : 033 22837877, Kolkata – Lake Town : 033-40606120
Nagpur : 0712 255 8017, Nasik : 0253 2501766,
Pune : 020 25511575, Vadodara : 0265 2355070