

Sundaram BNP Paribas Home Finance Limited

17th Annual Report
2015-16



SUNDARAM BNP PARIBAS
— HOME FINANCE —

Board of Directors

S. Viji	Chairman
T.T. Srinivasaraghavan	
P.N. Venkatachalam	
John Christopher Woodhouse	
Anthony Colwyn-Thomas	
Alexandre Adam	
N. Ganga Ram	
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 and Risk Management Committee

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

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
Srinivas Acharya
N. Ganga Ram

Key Managerial Personnel

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

Senior Executives

S. Rajagopalan Vice-President & Head – Operations
K. Moahan Venkatesan Vice-President – Strategy & Special Projects
V. Janaki Senior General Manager & Head – Information Systems
S. Raghavan Head – Training & Development
R. Srinivasan Head – Tamil Nadu – Strategic Relationships & Business Development

Statutory Auditors

M/s. Brahmayya & Co.
Chartered Accountants
48, Masilamani Road
Balaji Nagar
Royapettah
Chennai – 600 014

Secretarial Auditor

Mr. M. Damodaran
Company Secretary in Practice
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
Deutsche Bank	State Bank of India
Federal Bank	State Bank of Hyderabad

Trustee for Debentures / Public Deposits

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

Trustee for Securitisation

IL & FS Trust Company Limited
The IL & FS Financial Centre
Plot No. C-22, G Block
Bandra Kurla Complex
Bandra (E)
Mumbai – 400 051

Registered Office

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

Corporate Office

‘Sundaram Towers’
No.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)

	2015-16	2014-15	2013-14	2012-13	2011-12
OPERATIONAL HIGHLIGHTS					
Approvals	1857	2097	2648	2847	2248
Disbursements	1743	1939	2493	2572	1948
Loans outstanding	6995	6805	6338	5523	3728
Loans under Management (Including assets sold/securitised)	7489	7486	7112	5902	4226
FINANCIAL HIGHLIGHTS					
Paid-up capital	101.25	101.25	101.25	92.65	80.15
Reserves and Surplus	773.54	663.47	596.64	421.89	245.79
Net Worth	874.79	764.72	697.89	514.55	325.94
Total Borrowings	6269.91	6281.68	6100.32	5357.92	3710.03
Fixed Deposits	1022.41	876.17	673.20	553.81	531.98
Net Interest Income	250.71	237.01	241.08	187.26	132.44
Fees & Other Income (Net of Business Sourcing Cost)	73.66	99.58	82.10	69.26	51.20
Operating Income	324.37	336.59	323.18	256.52	183.64
Operating Cost	72.79	63.45	60.82	51.12	37.59
Operating Profit	251.58	273.14	262.36	205.40	146.05
Profit before Tax	233.30	219.26	215.13	176.68	130.50
Profit after Tax	152.72	146.42	150.74	126.55	93.73
Return on average networth (%)	18.63	20.02	24.87	30.11	32.24
Book Value (₹)	86.40	75.53	68.92	55.54	40.67
Earnings Per Share (₹)	15.08	14.46	16.16	13.57	11.57
Capital Adequacy Ratio (%)	23.94	20.41	18.56	15.42	14.61
Cost-to-income Ratio (%)	22.44	18.85	18.82	19.93	20.47
Gross non-performing loans (%)	2.82	2.46	1.53	0.77	0.31
Net non-performing loans (%)	0.98	0.75	0.46	0.23	0.06

BOARD'S REPORT

To the Members

The Directors have pleasure in presenting the Seventeenth Annual Report of the Company together with the audited accounts for the year ended 31st March 2016 (FY16). The summarised financial results are given hereunder:

FINANCIAL RESULTS

(₹ in lakh)

	For the Year ended	
	31st March 2016	31st March 2015
Gross Income	92726.38	95435.65
Profit before Interest and Depreciation	83991.86	84067.21
Finance Costs	60289.89	61776.48
Gross Profit	23701.97	22290.73
Less : Depreciation	372.25	364.59
Profit before Tax	23329.72	21926.14
Less: Provision for Tax (including deferred tax)	8057.50	7283.82
Profit after Tax	15272.22	14642.32
Add: Balance brought forward from the previous year	4539.76	4785.70
Less: Transfer to Deferred Tax Liability - Special Reserve and Depreciation Transition Reserve	-	3694.43
Amount available for appropriation	19811.98	15733.59

Appropriations proposed

Transfer to Special Reserve under Section 36(1)(viii) of the Income-tax Act, 1961	2600.00	2800.00
Transfer to Additional Reserve under Section 29C of National Housing Bank Act, 1987	454.44	128.46
Transfer to General Reserve	8000.00	4000.00
Dividend	3543.91	3543.91
Dividend Tax	721.46	721.46
Surplus carried to the Balance Sheet	4492.17	4539.76
Total	19811.98	15733.59

DIVIDEND

The Directors are pleased to recommend a dividend of 35% (₹3.50 per share) for the Financial Year 2015-16 on the total paid-up capital of ₹101.25 crore -- same as for the previous year. The dividend, together with dividend distribution tax of ₹7.21 crore, will absorb a sum of ₹42.65 crore.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Board 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 at least two per cent of its average net profits of the Company made during the 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 the requisite amount is spent on CSR activities as per the framework.

The CSR Committee constituted by the Board consists of Mr. Srinivas Acharya as Chairman, Mr. P.N. Venkatachalam and Mr. N. Ganga Ram as Members.

The Annual Report on CSR Activities undertaken by the Company for the Financial Year 2015-16 is annexed as part of this Board's Report (Annexure I).

CORPORATE GOVERNANCE

While the Company's equity shares are not listed on any stock exchange, its privately placed debt securities are listed on the National Stock Exchange of India Ltd. (NSE). Although the provisions relating to corporate governance are not mandatory for companies issuing debt securities alone, the Company has

voluntarily adopted them as brought out in the attached Report.

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 of Directors regularly reviews the Management's reports on statutory and regulatory compliance.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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 attached as part of this Report vide Annexure II.

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

The Company has in place a Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. 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 on Sexual Harassment has been displayed on the Company's website.

There was no sexual harassment complaint received during the year 2015-16.

WHISTLE BLOWER POLICY

The Company adopted a Whistle Blower Policy and established the necessary vigil mechanism with effect from 1st April 2014, for Directors and Employees to report concerns about unethical behavior, 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 victimization 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 under the vigil mechanism. There were no complaints received from the employees during the year 2015-16.

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

SIGNIFICANT AND MATERIAL ORDERS

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

MANAGEMENT DISCUSSION AND ANALYSIS

INDIAN ECONOMIC SCENARIO

The Indian economy is the fastest growing large economy in the world with a GDP growth of 7.6% as against 7.2% in 2014-15. This growth is despite dampened export growth and below normal monsoon conditions impacting demand, output and productivity. The International

Monetary Fund has hailed India as a 'bright spot' amidst a slowing global economy. The growth in agriculture, industry and services is estimated at 1.1%, 7.3% and 9.2% respectively in 2015-16 as opposed to (-) 0.2%, 5.9% and 10.3% respectively in 2014-15. This shows a pick-up in industrial growth, driven by manufacturing which is estimated to have grown at 9.5% in 2015-16, as compared to 5.5% registered in 2014-15. The growth in agriculture remained low on account of second consecutive year of subdued monsoon.

The year 2015-16 continued to experience moderation in general price level. The significant decline in the price of the Indian basket of crude oil, through the direct and second round effects, partly contributed to the decline in general inflation for the second successive year and helped control fiscal deficit. Food inflation measured in terms of Consumer Food Price Index (CFPI) declined to 4.8% during 2015-16 (April-January), as compared to 6.4% in 2014-15. The CPI Inflation (non-food, non-fuel) also remained range-bound, inching up from 4.2% in March 2015 to 4.7% in January 2016.

The Reserve Bank of India, in its policy announcement made on 5th April 2016, reduced the repo rate under the liquidity adjustment facility (LAF) by 25 basis points from 6.75% to 6.5% and the reverse repo rate under the LAF stood adjusted to 6.0%, thus narrowing policy rate corridor from 100 bps to 50 bps. The repo rate was cut by 75 bps since June 2015 while the reverse repo was reduced by 25 bps. The reduction in small savings rates announced in March 2016 and the substantial refinements in the liquidity management framework announced in this policy review with the introduction of the marginal cost of fund based lending rate (MCLR) should improve transmission and magnify the effects of the current policy rate cut. The stance of monetary policy is expected to remain accommodative.

HOUSING FINANCE INDUSTRY OVERVIEW

Despite muted bank credit growth, the housing credit growth by banks has been higher by 18% over the previous year while the credit growth of Housing Finance Companies (HFCs) was up by 17%. Considering the favourable interest rates offered by banks over HFCs, the number of takeover of loans by banks has increased steeply. The regulatory amendments relating to lower risk weights, grant of SARFAESI license to 41 housing finance companies and higher cap on lending spread on rural housing scheme are considered favourable to the industry and are expected to propel the growth of this industry even further.

The housing finance industry has become very competitive with new players joining the industry. On the collections front, the industry continues to have their average gross NPLs in the range of 0.8% to 1.2%. HFCs continue to maintain adequate provisioning for bad debts to tide over the exigencies that may arise out of non-recovery of such loans.

The cost of funding moderated during Q3/2016, but has been inching up marginally due to the regulatory changes reducing maximum exposure by an AMC to housing finance industry. Hence the inflow of moneys to HFCs issuing non-convertible debentures is expected to be further reduced. However, since HFCs have access to funding from banking lines and NHB, their liquidity position will continue to be comfortable. The introduction of Marginal Cost of Lending Rate by banks from 1st April 2016 is also expected to soften the interest rate systematically over a period of time.

The effect of fury caused by the recent floods in Chennai has impacted the overall real estate market in the city. The number of new launches has come down and the stock of unsold inventory is on the increase. The projects already planned in the areas affected by the flood have been kept on hold. While the end-consumers are continuing a wait-and-watch approach, expecting reduction in prices of properties, only a few builders have actually passed on the reduction.

The outlook for the housing finance industry looks bright. With various pivotal measures taken by the Government to boost housing sector and increased thrust on “Housing for All by 2022” in the recent Union Budget coupled with favourable market and economic conditions, the loan books of HFCs are expected to grow by over 10%-15%. Accordingly, your Company also expects to have reasonable share in the opportunities arising out of this growth and improve its overall performance.

OPERATING AND FINANCIAL PERFORMANCE

Gross income during the year ended 31st March 2016 amounted to ₹927.26 crore, lower by 2.84% over ₹954.36 crore in the previous year. Profit before tax was ₹233.30 crore, up by 6.40% over the previous year's ₹219.26 crore. At ₹152.72 crore, profit after tax was higher by 4.30% over the previous year's ₹146.42 crore. The Company's net worth stood at ₹874.79 crore as on 31st March 2016 (₹ 764.72 crore at the end of the previous year). As on that date, the regulatory capital adequacy ratio (CRAR) was 23.94%, well above the regulatory minimum of 12%.

The Company approved loans totalling ₹1857 crore during the year, 11% lower than the corresponding figure of ₹2097 crore in FY15. Disbursements during the year amounted to ₹1743 crore as against ₹1939 crore in FY15, a drop of 10%. The average size of home loans disbursed to individuals during the year was ₹20 lakh.

Gross non-performing loans (NPLs) (loans in continuing default for at least 90 days) amounted to ₹197.86 crore as on 31st March 2016, but represented a manageable 2.82% of total loans, up from 2.46% a year ago. Net NPLs (i.e. gross NPLs less provisions) increased from ₹50.41 crore to ₹67.69 crore over the year, representing 0.98% of the loan portfolio.

The Company's continues to follow a prudent loan provisioning policy, as a result of which the level of provisions allocated to NPL accounts

are considerably higher than the regulatory requirement. Available provisions of ₹130.17 crore against NPLs were equivalent to 66% of the gross NPLs as of 31st March 2016. In addition, provisions totalling ₹31.14 crore were also made against Standard Loans as required by NHB.

During the year, the Company disbursed loans to Affordable Housing Finance Companies through “Line of Credit (LOC)” amounting to ₹15 crore and securitised loans amounting to ₹12.63 crore.

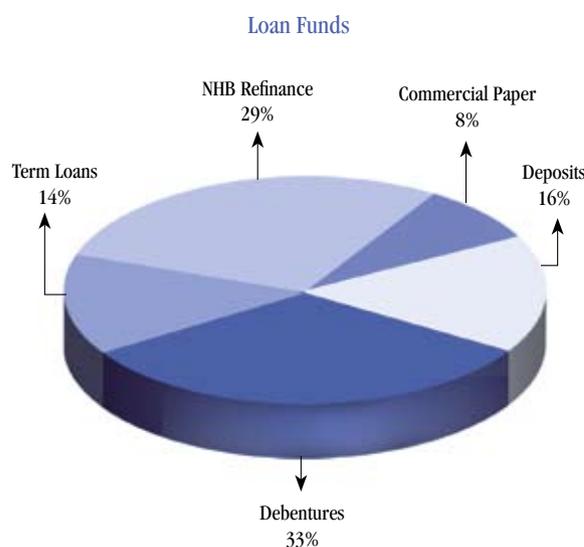
RESOURCE MOBILISATION

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 2016 stood at ₹6269.91 crore from ₹6281.68 crore, a year earlier. Of the total borrowings, NHB refinance constituted 29%, term loans from banks and financial institutions 14%, non-convertible debentures (NCDs) 33%, public deposits 16% and commercial paper 8%.



During the year, the Company availed itself of fresh refinance of ₹528.90 crore from NHB and repaid ₹771.10 crore of refinance. It raised term funds to the extent of ₹813.60 crore through non-convertible debentures and from banks. The Company duly repaid all its term borrowings including debentures as and when they became due for payment and no debentures are remaining unclaimed by the investors.

COMMERCIAL PAPER

The Company issued commercial paper aggregating ₹1164.35 crore during the year. The maximum amount of commercial paper outstanding at any time during the year was ₹785 crore (face value) and the amount outstanding at the end of the year was ₹514 crore (face value).

DEPOSITS

The deposit portfolio of the Company crossed the ₹1000 crore mark during the year. The Company mobilised fresh public deposits of ₹211.35 crore during FY16. Deposits outstanding at the year-end were ₹1022.21 crore (₹876.17 crore at the end of FY15). This milestone in a short period is a reflection of the confidence reposed by the depositors in our Company.

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 2016, deposits totalling ₹6.03 crore from 599 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 stood reduced to ₹3.66 crore from 410 depositors. As at 31st March 2016, there were no amounts pending to be transferred to the Investor Education and Protection Fund (IEPF).

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	FAA+/Stable	-
Non-Convertible Debentures	(ICRA) AA+/ Stable	-	CARE AA+
Subordinated Debt	(ICRA) AA+/ Stable	CRISIL AA/ Stable	CARE AA
Long-term Bank Loans	(ICRA) AA+/ Stable	-	CARE AA+
Structured Obligations	(ICRA) AAA (SO)		

INTERNAL FINANCIAL CONTROLS

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

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

The Audit Committee, Independent Directors and the Board after review are satisfied with the internal financial controls and risk management systems put in place by the Company.

RISK MANAGEMENT POLICY

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 borrowers' debt-service capacity, thorough 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, the Credit Process Control (CPC) cell, headed by a senior officer and set up at the Head Office, has an effective control over the entire disbursement process, leaving Branches free to pay better attention to business development, customer service and recovery.

A separate recovery vertical has been setup to monitor recovery of dues from the borrowers. The recovery team constantly follows up with the borrowers in collection of pending dues.

INTERNAL AUDIT

To carry out an effective internal audit, the Company has appointed qualified, professional and experienced Internal Auditor who is well supported by the Internal Audit Department of Sundaram Finance Limited. The internal audit covers the Corporate Office, branches and other offices of the Company. The Internal Auditor reviews all the internal control and risk-management measures,

highlights areas requiring attention and reports 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.

INFORMATION SECURITY ASSURANCE SERVICES

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

HUMAN RESOURCES

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. During the year, an exclusive Training and Development Department, headed by a senior officer, has been setup to give additional impetus for 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 employees and achieve functional effectiveness. In addition, executives were seconded to various external training programmes and seminars on risk management, regulatory know-your-customer guidelines, anti-money laundering and the fair practices code. These training programmes enabled the staff members to sharpen their knowledge in the areas of their responsibility. New employees are put through an induction programme covering business requirements, Company's processes, regulatory prescriptions and contours of personality development.

MATERIAL CHANGES AFTER BALANCE SHEET DATE (31ST MARCH 2016)

No material changes and commitments affecting the financial position of the Company have occurred between the end of the Financial Year (FY16) of the Company to which the Financial Statements relate and the date of this Board's Report.

BOARD OF DIRECTORS

During the year, some changes in the composition of the Board of Directors have taken place. Mr. P.C. Mathew was inducted into the Board as a Non-Executive Independent Director with effect from 30th April 2015. Mr. M.S. Parthasarathy, Independent Director resigned from the Board with effect from 30th June 2015 on completion of his term of office. The Board places on record its appreciation of the valuable services rendered by Mr. M.S. Parthasarathy, during his tenure as Director of the Company.

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

The Independent Directors on the Company's Board have given their declaration stating that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013. The appointment of the Independent Directors has been made in accordance with the relevant provisions 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.

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 MEETINGS

The Board meets at least once in every quarter, and more frequently, as necessary. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013.

During the year ended 31st March 2016 (FY16), the Board met five times as below:

2015 – 2016	
30th April 2015	28th January 2016
15th July 2015	4th March 2016
28th October 2015	

AUDIT COMMITTEE

The Company has constituted an Audit Committee in accordance with Section 177 of the Companies Act, 2013, with Mr. N. Ganga Ram as Chairman, Mr. T.T. Srinivasaraghavan, Mr. Anthony Colwyn-Thomas, Ms. Radha Unni and Mr. P.C. Mathew, as Members.

The Audit Committee acts in accordance with the Terms of Reference made by the Board and the functions include:

- examination of the financial statements and the Auditor's report thereon;
- review and evaluation of the effectiveness and adequacy of the internal financial control and risk management systems of the Company and its statutory and regulatory compliance;
- the recommendation for appointment, remuneration and terms of appointment of Auditors of the company;

- review and monitor the Auditor's independence and performance, and effectiveness of audit process;
- reviewing the scope and plans of statutory, internal, and systems audits, and discussing the main audit findings and comments with the Management and Auditors to focus on any significant area of concern and to ensure expeditious rectification of shortcomings, if any, noticed;
- reviewing the non-performing and delinquent loans;
- approval or any subsequent modification of transactions of the company with related parties;
- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the company, wherever it is necessary; and
- monitoring the end use of funds raised through public offers and related matters.

The Committee met 5 times during the year. The recommendations made by the Committee to the Board were duly accepted.

NOMINATION AND REMUNERATION COMMITTEE

The Company has constituted Nomination and Remuneration Committee in accordance with Section 178 of the Companies Act, 2013 with Mr. T.T. Srinivasaraghavan as Chairman, Mr. Anthony Colwyn-Thomas, Mr. N. Ganga Ram, and Ms. Radha Unni, as Members.

The broad Terms of Reference of the Committee are:

- identifying persons who are qualified to become Directors and those who may be appointed in senior management;
- 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;
- formulation of criteria for evaluation of Independent Directors and the Board;
- devising a policy on Board diversity;
- undertaking the process of due diligence to determine the suitability of Directors based upon qualification, track record, integrity and other fit and proper criteria;
- recommending the Director's appointment and continuation as a Director;
- ensuring that such persons meet the relevant criteria prescribed under applicable laws;
- reviewing the said criteria from time to time;
- fixing / re-fixing the remuneration of the Executive Directors (Whole-time Directors) of the Company; and
- 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.

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 Directors, 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 Company's website.

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Company has constituted a Stakeholders Relationship Committee in terms of Section 178(5) of the Companies Act, 2013 with Mr. Anthony Colwyn-Thomas as Chairman and Mr. Srinivas Acharya and Mr. N. Ganga Ram as Members.

The functions of the Committee include:

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

ASSET LIABILITY AND RISK MANAGEMENT COMMITTEE

The Company has constituted an Asset Liability and Risk Management Committee (ALCO). The Committee, functions under the supervision of the Board and within the regulatory framework, lays down risk-management policies and quantitative limits on various types of assets and liabilities based on a realistic assessment of different risks and desirable shifts in assets and liabilities to manage such risks. ALCO ensures that the liquidity and interest-rate risks are

contained within the limits laid down by the Board. Being dynamic, the risk management framework continues to evolve in line with the emerging risk perceptions. The Company submits periodic reports to NHB on the management of the Company's risks as well as its assets and liabilities.

EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013, the details forming part of the extract of the Annual Return, as provided under Section 92(3) 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

In terms of Section 139(1) of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting. The present Statutory Auditors of the Company, M/s. Brahmaya & Co., Chartered Accountants, Chennai, retire at the ensuing Annual General Meeting and are eligible for re-appointment. In this regard, the Company has received a certificate from the Auditors to the effect that if they are re-appointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

The Statutory Auditors' Report on the Accounts for the year ended 31st March 2016 does not contain any qualification, reservation or adverse observation. The Notes on the Financial Statements referred to in the Auditors' Report are self-explanatory.

SECRETARIAL AUDITORS

In terms of Section 204 of the Companies Act, 2013 and the Rules thereunder, the Company appointed Mr. M. Damodaran, Company Secretary in Practice, for conducting Secretarial Audit of the

Company. The Secretarial Audit Report, in Form MR-3 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 requirement of disclosure of particulars 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 are 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 the 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 processes 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 and social media, the Company has effectively used these avenues in positioning itself in the market place 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 ₹17.68 crore towards

dividend for the year 2014-15 remitted to BNP Paribas Personal Finance, one of the principal shareholders of the Company.

DEPOSITS

The Sections and Rules under Chapter V under 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, however, 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 duly complied with the provisions of Section 186 of the Companies Act, 2013. The Company 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 needs to be made by the Board of its own performance and that of its Committees and individual Directors. 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 and a statement indicating the formal 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.C. Mathew and Ms. Radha Unni was held on 12th February 2016, 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.

LISTING WITH STOCK EXCHANGES

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

PARTICULARS OF EMPLOYEES

The details/disclosures of ratio of remuneration to each Director to the median employee's 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 the employees who were in receipt of remuneration not less than ₹60 lakh for the year 2015-16, in accordance with the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this 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 this Annexure. The Annexures are 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 Annexures 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, and the Income-tax Act, 1961. 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 Institute of Chartered Accountants of India (ICAI), 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, the Sundaram Finance group, 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 and commitment of the Company's employees 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

sd/-

Chennai

30th April 2016

S Viji

Chairman

Annexure I
Annual Report on CSR Activities for the Financial Year 2015-16

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 a 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 towards areas as mentioned under Schedule VII of the Companies Act, 2013 and it plans to further contribute towards the same. Our Company's CSR Policy is available under the link 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, Director • Mr. N. Ganga Ram, Independent Director
3.	Average net profit of the company for last three financial years	₹221.89 crore
4.	Total amount to be spent for the financial year	₹4.44 crore
5.	Details of CSR spent during the financial year	a. Total amount to be spent for the financial year: ₹4.44 crore b. Amount unspent, if any; ₹1.90 crore c. Manner in which the amount spent during the financial year is detailed below: 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	The Company has been supporting social causes in the field of Education and Healthcare during the last five years in the form of voluntary donations. While the donations are one-off in nature, CSR is intended to support programs on an on-going basis. We have been exploring the possibilities of participating in various CSR projects in line with the Policy approved by the Board and have duly identified several such worthy projects which are at various stages of implementation. Accordingly, the Company has spent ₹2.54 crore on such projects. While we have been endeavouring to spend the target amount of ₹4.44 crore for FY16, we could complete only ₹2.54 crore for the said period. This being the second year of CSR requirement, we have, during the year, put in place, necessary infrastructure and robust process to identify worthy causes and monitor with a view to ensuring that the causes are in line with our Policy serving larger public and are sustainable over an extended period. The shortfall of ₹1.90 crore in CSR expenditure was mainly due to the fact that the Company did not get adequate number of eligible CSR projects for funding. With the experience gained during the initial years of CSR regime, the Company will endeavour its best to fulfil the CSR expenditure target in the current Financial Year, 2016-17 by proactively identifying eligible projects and programmes for CSR funding.
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 of the Company affirms that the Company's CSR implementation and monitoring is in compliance with the CSR objectives and the policy of the Company.

Place : Chennai
Date : 30th April 2016

sd/-
Managing Director

sd/-
Chairman - CSR Committee

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

(₹ in lakh)

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) Specify the State and district where projects or programmes were undertaken	Amount outlay (budget) project or programme-wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or program (2) Overhead	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Promoting education by providing financial assistance to deserving and meritorious students and also educational institutions which work for this cause						
	4 Institutions	Educational	Tamil Nadu, Chennai	31.50	31.50	31.50	Direct
	1 Institution	Educational	Tamil Nadu, Cuddalore	1.00	1.00	32.50	Direct
	1 Institution	Educational	Tamil Nadu, Tiruvarur	1.00	1.00	33.50	Direct
	3 Institutions	Educational	Karnataka, Bengaluru	16.00	16.00	49.50	Direct
	1 Institution	Educational	Karnataka, Udupi	5.00	5.00	54.50	Direct
	3 Institutions	Educational	Gujarat, Ahmedabad	6.50	6.50	61.00	Direct
	1 Institution	Educational	West Bengal, Calcutta	10.00	10.00	71.00	Direct
2	Environmental sustainability, ecological balance, conservation of natural resources and solar projects						
	1 Institution	Environment	Tamil Nadu, Tiruvarur	0.50	0.50	71.50	Direct
	1 Institution	Environment	Tamil Nadu, Rameswaram	1.00	1.00	72.50	Direct

(₹ in lakh)

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) Specify the State and district where projects or programmes were undertaken	Amount outlay (budget) project or programme-wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or program (2) Overhead	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
3	Promoting preventive & general health care						
	11 Institutions	Health	Tamil Nadu, Chennai	79.15	79.15	151.65	Direct
	1 Institution	Health	Tamil Nadu, Coimbatore	0.50	0.50	152.15	Direct
	1 Institution	Health	Tamil Nadu, Tiruvannamalai	0.50	0.50	152.65	Direct
	1 Institution	Health	Karnataka, Bengaluru	3.00	3.00	155.65	Direct
	1 Institution	Health	Telangana, Hyderabad	0.50	0.50	156.15	Direct
	1 Institution	Health	Gujarat, Ahmedabad	5.00	5.00	161.15	Direct
	1 Institution	Health	Mumbai	2.00	2.00	163.15	Direct
	1 Institution	Health	New Delhi	0.50	0.50	163.65	Direct
4	Protection of National Heritage, Art & Culture						
	8 Institutions	National Heritage, Art and Culture	Tamil Nadu, Chennai	16.35	16.35	180.00	Direct
	1 Institution	National Heritage, Art and Culture	Tamil Nadu, Kanchipuram	5.00	5.00	185.00	Direct
	2 Institutions	National Heritage, Art and Culture	Tamil Nadu, Tiruvannamalai	2.05	2.05	187.05	Direct
	1 Institution	National Heritage, Art and Culture	Tamil Nadu, Vellore	3.00	3.00	190.05	Direct

(₹ in lakh)

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) Specify the State and district where projects or programmes were undertaken	Amount outlay (budget) project or programme-wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or program (2) Overhead	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
5	Promotion of Gender Equality & Setting up Homes for Women and Children						
	1 Institution	Promotion of Gender Equality	Tamil Nadu, Chennai	1.00	1.00	191.05	Direct
	1 Institution	Promotion of Gender Equality	Karnataka, Bengaluru	3.00	3.00	194.05	Direct
	1 Institution	Promotion of Gender Equality	Gujarat, Ahmedabad	4.00	4.00	198.05	Direct
	1 Institution	Promotion of Gender Equality	Odisha, Malgaon	1.00	1.00	199.05	Direct
6	Benefit of Armed forces veterans, War widows and their Dependents						
	1 Institution	Measures for the benefit of Armed forces veterans	New Delhi	5.00	5.00	204.05	Direct
7	Disaster Relief						
	2 Institutions	Providing rehabilitation for the flood victims	Tamil Nadu, Chennai	50.50	50.50	254.55	Direct
TOTAL				254.55	254.55		

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
30th April 2016

S VIJI
Chairman

Form No. MGT-9**Extract of Annual Return as on the financial year ended on 31st March 2016**

[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 and contact details	21, Patullos Road, Chennai - 600 002 Ph: 044-2852 1181, Fax: 044-2858 6641
(vi)	Whether Listed Company	Yes / No
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Cameo Corporate Services Ltd. 'Subramanian 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) FIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-Total (B)(1)	–	–	–	–	–	–	–	–	–

	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2)	Non - Institutions									
a)	Bodies 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			
		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			
		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)			
		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 lakh)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4674,04.50	731,46.82	876,16.97	6281,68.29
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	183,80.04	8,09.75	29,39.57	221,29.36
Total (i + ii + iii)	4857,84.54	739,56.57	905,56.54	6502,97.65
Change in Indebtedness during the financial year (including interest accrued)				
i) Addition	1438,55.17	1211,33.69	229,33.60	2879,22.46
ii) Reduction	1627,79.79	1134,80.00	65,31.39	2827,91.18
Net Change (i - ii)	(189,24.62)	76,53.69	164,02.21	51,31.28
Indebtedness at the end of the financial year				
i) Principal Amount	4439,75.70	807,94.97	1022,20.76	6269,91.43
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	228,84.22	8,15.29	47,37.98	284,37.49
Total (i + ii + iii)	4668,59.92	816,10.26	1069,58.74	6554,28.92

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in lakh)

Sl. No.	Particulars of Remuneration	Name of the 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	53.56		53.56
b)	Value of perquisites under Section 17(2) of the Income-tax Act, 1961	49.81		49.81
c)	Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	—		—
2	Stock Option	—		—
3	Sweat Equity	—		—
4	Commission	100.00		100.00
	- as % of profit	0.44%		0.44%
Total (A)		203.37		203.37
Ceiling as per the Act (5% of Net Profit)				1139.37

B. Remuneration to other Directors

(₹ in lakh)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. M.S. Parthasarathy*	Mr. N. Ganga Ram	Ms. Radha Unni	Mr. P. C. Mathew#	
1	Independent Directors					
	• Fee for attending board / committee meetings	0.60	3.20	1.60	1.00	6.40
	• Commission	1.87	7.50	7.50	6.87	23.74
	Total (1)	2.47	10.70	9.10	7.87	30.14
2	Other Non-Executive Directors	Mr. P.N. Venkatachalam	—	—	—	—
	• Fee for attending board / committee meetings	1.65	—	—	—	1.65
	• Commission	—	—	—	—	—
	Total (2)	1.65	—	—	—	1.65
	Total (B) = (1 + 2)	4.12	10.70	9.10	7.87	31.79
	Total Managerial Remuneration (A + B)					235.16
	Overall Ceiling as per the Act (11% of Net Profit)					2506.62

Appointed as an Independent Director on 30th April 2015

* Stepped down from the Board as Independent Director on 30th June 2015

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

(₹ in lakh)

Sl. No.	Particulars of Remuneration	Mr. G. 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	27.66	10.21	37.87
	b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	33.14	18.33	51.47
	c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–	–	–
2	Stock Option	–	–	–
3	Sweat Equity	–	–	–
4	Commission			
	- as % of profit	–	–	–
	- others, specify	–	–	–
5	Others, please specify	–	–	–
	Total (C)	60.80	28.54	89.34

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

During the year 2015-16, 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
30th April 2016

sd/-
S VIJI
Chairman

Form No. MR-3**Secretarial Audit Report For The Financial Year Ended 31.03.2016**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 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 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 the 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 31.03.2016 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 Sundaram BNP Paribas Home Finance Limited for the financial year ended on 31.03.2016 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iii. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment;
- iv. 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;
 - b. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- v.
 - a) The National Housing Bank Act, 1987; and
 - b) The Housing Finance Companies (NHB) Directions, 2010

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

- i) The Listing Agreement entered into by the Company with National Stock Exchange of India Limited for listing of its debt securities;
- ii) 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;
- iii) The Secretarial Standards issued by the Institute of Company Secretaries of India.

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

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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 has:

- i) issued listed Secured Redeemable Non-Convertible Debentures on Private Placement Basis.
- ii) redeemed the debentures on its respective due dates.

Place : Chennai
Date : 26th April, 2016

Signature : *sd/-*
Name of Company Secretary in practice : M. Damodaran
FCS No : 5837
C P No. : 5081

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 the Chairman at an exclusive meeting of the 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' performance

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's performance

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
30th April 2016

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 and the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.

Names of the Directors / 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. P.N. Venkatachalam	-	-	Not Applicable
Mr. John Christopher Woodhouse	-	-	Not Applicable
Mr. Anthony Colwyn-Thomas	-	-	Not Applicable
Mr. Alexandre Adam	-	-	Not Applicable
Mr. N. Ganga Ram	2.31	1.47	Not Applicable
Ms. Radha Unni	2.31	1.47	Not Applicable
Mr. P.C. Mathew [#]	1.90	1.22	Not Applicable
Mr. M.S. Parthasarathy [*]	0.52	0.33	Not Applicable
Mr. Srinivas Acharya, Managing Director	59.62	38.07	5%
Mr. G. Sundararajan, Chief Financial Officer	18.05	11.53	14%
Mr. V. Swaminathan, Company Secretary	8.65	5.53	23%

[#] Appointed as an Independent Director on 30th April 2015

^{*} Stepped down from the Board as Independent Director on 30th June 2015

iii) The percentage increase in the median remuneration of employees in the financial year – 19.79%

iv) The number of permanent employees on the rolls of the Company – 696

v) Explanation on the relationship between average increase in remuneration and company performance:

The average increase in the remuneration of all employees was 15.59% for the financial year 2015-16. The average increase in remuneration of the Key Managerial Personnel was 8%.

The average increase in the remuneration to employees was determined based on the overall performance of the Company. Further, the criteria for remuneration of employees other than Key Managerial Personnel is based on an evaluation of Key Results Areas (KRAs), while the remuneration of the managerial personnel is based on the remuneration policy as recommended by the Nomination & Remuneration Committee and approved by the Board of Directors.

- vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company – Profit Before Tax – ₹233.30 crore.

(₹ in crore)

Particulars	Managing Director	Chief Financial Officer	Company Secretary	Total
Remuneration	2.04	0.61	0.29	2.94
Remuneration (as % of PBT)	0.87%	0.26%	0.12%	13.13%

- vii) Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies, and in case of unlisted Companies, the variations in the net worth of the Company as at the close of the current financial year and previous financial year:

Particulars	As at 31.03.2016	As at 31.03.2015	Increase
Net Worth (₹ in crore)	874.79	764.72	110.07

- viii) 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 2015-16 was 15.04%. Percentage increase in the managerial remuneration for the year was 8%.

- ix) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company; Please refer point no. (vi)

- x) 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.

- xi) The ratio of the remuneration of the highest paid director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year:

Not applicable

- xiii) 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
30th April 2016

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, openness in relationship. These values have been further reiterated by the strategic alliance, in the year 2007, with the leading European banking group, BNP Paribas, with its strong emphasis on responsiveness, creativity, commitment and ambition.

Companies with listed shares are mandated to follow a statutory and regulatory code of corporate governance and required to append to their annual financial statements, a report on the corporate governance policies and practices adopted by them. Not having listed its equity shares or convertible securities (but only its non-convertible debentures), our Company does not fall within this statutory and regulatory prescription. However, the Company has voluntarily adopted the relevant provisions of the code in line with its own emphasis on following sound corporate governance and financial disclosure policies and practices.

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, 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 2016, the Company's Board consisted of 10 Directors as follows:

Non-Executive Promoter Directors:

1. Mr. S. Viji, Chairman
2. Mr. T.T. Srinivasaraghavan
3. Mr. P.N. Venkatachalam
4. Mr. John Christopher Woodhouse
5. Mr. Anthony Colwyn-Thomas
6. Mr. Alexandre Adam

Non-Executive Independent Directors:

7. Mr. N. Ganga Ram
8. Ms. Radha Unni
9. Mr. P.C. Mathew

Managing Director:

10. Mr. Srinivas Acharya

The Independent Directors have affirmed compliance with the provisions of Section 149 read with Schedule IV to the Companies Act, 2013 regarding their independence.

During the year, Mr. P.C. Mathew was appointed as a Non-Executive Independent Director with effect from 30th April 2015 and Mr. M.S. Parthasarathy, serving as an Independent Director, resigned from the Board of the Company with effect from 30th June 2015.

No Director was 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) are liable to retire every year and, if eligible, may offer themselves for re-appointment.

1.2 MEMBERSHIP OF OTHER BOARDS

No Director is a Member of more than 10 Committees, or chairs more than 5 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 2016 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	3	1	1
2.	Mr. T.T. Srinivasaraghavan	00018247	-	7	2	1
3.	Mr. P.N. Venkatachalam	00499442	-	9	1	9
4.	Mr. John Christopher Woodhouse	01587411	-	-	-	-
5.	Mr. Anthony Colwyn-Thomas	05102669	-	-	-	-
6.	Mr. Alexandre Adam	05309888	-	-	-	-
7.	Mr. N. Ganga Ram	00001246	-	3	1	2
8.	Ms. Radha Unni	03242769	-	4	1	2
9.	Mr. P. C. Mathew	02527048	-	-	-	-
10.	Mr. Srinivas Acharya	00017412	-	6	1	2

* 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 ₹6.50 crore;

- 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. He 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 decisions and urgent matters approved by way of circular resolutions are placed and noted at the subsequent Board meeting. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013.

During the year ended 31st March 2016 (FY16), the Board met five times as below:

2015 - 2016	
30th April 2015	28th January 2016
15th July 2015	4th March 2016
28th October 2015	

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

Sl. No.	Director	No. of Meetings	
		Held	Attended
1.	Mr. S. Viji	5	5
2.	Mr. T.T. Srinivasaraghavan	5	4
3.	Mr. P.N. Venkatachalam	5	5
4.	Mr. John Christopher Woodhouse	5	1
5.	Mr. Anthony Colwyn-Thomas	5	4
6.	Mr. Alexandre Adam	5	2
7.	Mr. N. Ganga Ram	5	5
8.	Ms. Radha Unni	5	4
9.	Mr. P.C. Mathew [#]	5	2
10.	Mr. M.S. Parthasarathy [*]	1	1
11.	Mr. Srinivas Acharya	5	5

[#] Appointed as an Independent Director on 30th April 2015

^{*} Stepped down from the Board as Independent Director on 30th June 2015

3 BOARD COMMITTEES

The Board has constituted the following six Committees:

3.1 EXECUTIVE COMMITTEE

As on 31st March 2016, 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 11 times during the year.

3.2 AUDIT COMMITTEE

In accordance with the provisions of Section 177 of the Companies Act, 2013, the Audit Committee consisted 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 Company Secretary serves as the Secretary to the Committee.

As of 31st March 2016, the Audit Committee consisted of five Members viz.,

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

The External 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 made by the Board and the functions include:

- examination of the financial statements and the Auditor's report thereon;
- review and evaluation of the effectiveness and adequacy of the internal financial control and risk management systems of the Company and its statutory and regulatory compliance;
- the recommendation for appointment, remuneration and terms of appointment of Auditors of the company;
- review and monitor the Auditor's independence and performance, and effectiveness of audit process;
- reviewing the scope and plans of statutory, internal, and systems audits, and discussing the main audit findings and comments with the Management and auditors to focus on any significant area of concern and to ensure expeditious rectification of shortcomings, if any, noticed;
- reviewing the non-performing and delinquent loans
- approval or any subsequent modification of transactions of the company with related parties;

- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the company, wherever it is necessary; and
- monitoring the end use of funds raised through public offers and related matters.

The Audit Committee met five times during the year under review. The details of the Meetings attended by the Members are as under:

Sl. No.	Member	No. of Meetings	
		Held	Attended
1.	Mr. N. Ganga Ram	5	5
2.	Ms. Radha Unni	5	2
3.	Mr. P.C. Mathew [#]	3	2
4.	Mr. T.T. Srinivasaraghavan	5	5
5.	Mr. Anthony Colwyn-Thomas ^{**}	4	2
6.	Mr. M.S. Parthasarathy [*]	1	1
7.	Mr. John Christopher Woodhouse ⁺	1	1

[#] Joined the Committee as Independent Director on 15th July 2015

^{**} Joined the Committee on 30th April 2015

^{*} Stepped down from the Board as Independent Director on 30th June 2015

⁺ Resigned from Committee Membership with effect from 30th April 2015

3.3 ASSET LIABILITY AND RISK MANAGEMENT COMMITTEE (ALCO)

As of 31st March 2016, 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 six times during the year. The details of the Meetings attended by the Members are as under:

Sl. No.	Member	No. of Meetings	
		Held	Attended
1.	Mr. M. Ramaswamy	6	6
2.	Mr. Srinivas Acharya	6	5
3.	Mr. Alexandre Adam	6	2
4.	Mr. John Christopher Woodhouse ⁺	2	1
5.	Mr. G. Sundararajan	6	6
6.	Mr. S. Rajagopalan	6	3
7.	Mr. K. Moahan Venkatesan [#]	2	2
8.	Mr. V. Swaminathan	6	6

⁺ Resigned from Committee Membership with effect from 30th April 2015

[#] Joined the Committee on 27th October 2015

3.4 CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

In accordance with the provisions of Section 135 of the Companies Act, 2013, Corporate Social Responsibility (CSR) Committee consisted of three Directors of whom one is an Independent Director.

As of 31st March 2016, 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:

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

The CSR Committee met four times during the year. The details of the Meetings attended by the Members are as under:

Sl. No.	Member	No. of Meetings	
		Held	Attended
1.	Mr. Srinivas Acharya	4	4
2.	Mr. P.N. Venkatachalam	4	4
3.	Mr. N. Ganga Ram	4	4

3.5 NOMINATION AND REMUNERATION COMMITTEE (NRC)

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

The Company Secretary serves as the Secretary to the Committee.

As of 31st March 2016, 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. Ms. Radha Unni

The functions of the Committee include:

- identifying persons who are qualified to become Directors and those who may be appointed in senior management;
- 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;
- formulation of criteria for evaluation of Independent Directors and the Board;
- devising a policy on Board diversity;
- undertaking the process of due diligence to determine the suitability of Directors based upon qualification, track record, integrity and other fit and proper criteria;

- recommending the Director's appointment and continuation as a Director;
- ensuring that such persons meet the relevant criteria prescribed under applicable laws;
- reviewing the said criteria from time to time;
- fixing / re-fixing the remuneration of the Executive Directors (Whole-time Directors) of the Company; and
- 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 three times during the year. The details of the Meetings attended by the Members are as under:

Sl. No.	Member	No. of Meetings	
		Held	Attended
1.	Mr. T.T. Srinivasaraghavan	3	3
2.	Mr. Anthony Colwyn-Thomas	3	3
3.	Mr. N. Ganga Ram	3	3
4.	Mr. M.S. Parthasarathy*	1	1
5.	Ms. Radha Unni#	2	1

* Stepped down from the Board as Independent Director on 30th June 2015

Joined the Committee as Independent Director on 30th April 2015

3.6 STAKEHOLDERS RELATIONSHIP COMMITTEE (SRC)

In accordance with the provisions of Section 178(5) of the Companies Act, 2013, Stakeholders Relationship Committee (SRC) consisted of three Directors of whom the Chairman is a Non-Executive Director.

The Company Secretary acts as the Secretary to the Committee and is the Compliance Officer of the Company.

As of 31st March 2016, the Stakeholders Relationship Committee consisted of three Members viz.,

1. Mr. Anthony Colwyn-Thomas, Chairman
2. Mr. Srinivas Acharya
3. Mr. N. Ganga Ram

The functions of the Committee include:

- approval and monitoring of transfers, transmission, split and consolidation of shares of the Company;
- monitoring the compliances with various statutory and regulatory requirements; and
- redressal of grievances of the 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 REMUNERATION OF THE DIRECTORS

4.1 INDEPENDENT DIRECTORS

Independent Directors are paid sitting fees for attending Board and Committee meetings held during the year. The details fees paid to them for the financial year 2015-16 are as under:

Sl. No.	Director	Sitting Fees Paid (in ₹)
1.	Mr. N. Ganga Ram	3,20,000
2.	Ms. Radha Unni	1,60,000
3.	Mr. P.C. Mathew [#]	1,00,000
4.	Mr. M.S. Parthasarathy [*]	60,000

[#] Appointed as an Independent Director on the Board on 30th April 2015

^{*} Stepped down from the Board as Independent Director on 30th June 2015

In addition, a commission of ₹1.87 lakh and ₹6.87 lakh was paid to Mr. M.S. Parthasarathy and Mr. P.C. Mathew, respectively, on pro-rata basis and ₹7.50 lakh each was paid to Mr. N. Ganga Ram and Ms. Radha Unni.

4.2 NON-EXECUTIVE DIRECTORS

In terms of clause 24 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as applicable to Sundaram Finance Limited, Mr. P.N. Venkatachalam, Independent Director of Sundaram Finance Limited has been nominated to the Board of Directors of our Company. Mr. P.N. Venkatachalam is being paid sitting fees for attending Board and Committee meetings.

During the year, Mr. P.N. Venkatachalam was paid sitting fees as under:

Sl. No.	Director	Sitting Fees Paid (in ₹)
1.	Mr. P.N. Venkatachalam	1,65,000

4.3 KEY MANAGERIAL PERSONNEL

The details of remuneration paid to the Key Managerial Personnel of the Company for the year 2015-16 are as under:

(₹ in lakh)

Particulars	Mr. Srinivas Acharya Managing Director	Mr. G. Sundararajan Chief Financial Officer	Mr. V. Swaminathan Company Secretary
Salary	45.00	22.83	8.74
Commission	100.00	-	-
Contribution to Provident, Superannuation, and Gratuity Funds	8.56	4.83	1.47
Other allowances and perquisites	49.81	33.14	18.33
Total	203.37	60.80	28.54

During the year, Sundaram Finance Limited, the holding company has incurred ₹31.34 lakh (March 31, 2015 - ₹21.44 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.

5 DIRECTORS' DEPOSITS WITH THE COMPANY

As on 31st March 2016, Directors and their relatives held deposits aggregating ₹723.59 lakh with the Company. The interest paid on the deposits of Directors and their relatives during the year amounted to ₹75.97 lakh.

6 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.

7 DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2016

The distribution of shareholding in the Company as on 31st March 2016 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.

8 SHARE PRICE PERFORMANCE

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

9 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.

10 LISTED DEBENTURES

The Company has, thus far, privately placed a total of 261 series of secured/unsecured Non-Convertible Debentures (NCDs) of the total face value of ₹5058.60 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 on which its debentures are listed.

During the year, the Company issued fresh NCDs aggregating ₹328.60 crore and redeemed NCDs aggregating ₹354.20 crore. NCDs (including debenture application money and subordinated debentures) of ₹2069.10 crore were outstanding as on 31st March 2016.

11 COMMERCIAL PAPER

During the year, the Company privately placed commercial paper aggregating ₹1164.35 crore with mutual funds and banks/companies.

12 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. Ramaswamy, Director

13 ANNUAL GENERAL MEETINGS

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
2014-15	15th July 2015	10.00 a.m.	No.21, Patullos Road, Chennai 600 002	—
2013-14	22nd July 2014	1.30 p.m.	No.21, Patullos Road, Chennai 600 002	Resolution for borrowing monies by private placement of non-convertible debentures u/s 180(1)(c) of the Companies Act, 2013
2012-13	17th July 2013	10.00 a.m.	No.21, Patullos Road, Chennai 600 002	—

No resolutions were passed through postal ballot during the year ended 31st March 2016. None of the resolutions being placed at the ensuing Annual General Meeting is covered by the Postal Ballot Rules. No Extra-Ordinary General Meeting of the shareholders was held during the year.

14 WHISTLE BLOWER POLICY

The Company adopted a Whistle Blower Policy and established the necessary vigil mechanism with effect from 1st April 2014, for Directors and Employees to report concerns about unethical behaviour, pursuant to the provisions of Section 177(9) and (10) of the Companies Act, 2013 read with Rule 7 of the 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 make 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 received from the employees during the year 2015-16.

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

15 SEBI COMPLAINTS REDRESS SYSTEM (SCORES)

The Company is registered with SEBI Complaints Redress System (SCORES). Under SCORES the investor 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) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

16 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.

17 MEANS OF COMMUNICATION

The primary source of information to the shareholders, customers, analysts and other stakeholders of the Company and to public at large is through the website of the Company www.sundarambnpphome.in. In accordance with the provisions of the Listing Agreement with NSE, unaudited half-yearly financial results/audited financial results of the Company in respect of Financial Year 2015-16 have been forwarded to NSE in the prescribed format. Further, the results are published in newspapers as required by the said Agreement and displayed on the Company's website.

18 CORPORATE IDENTITY NUMBER

The Corporate Identity Number (CIN), allotted to the Company by the Ministry of Corporate Affairs, Government of India, to the Company 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.

19 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

20 MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

21 GENERAL SHAREHOLDER INFORMATION

Seventeenth Annual General Meeting

Date	Time	Venue
21st July 2016	3.05 pm	No.21, Patullos Road, Chennai 600 002

22 FINANCIAL CALENDAR

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

- Financial Year – 1st April 2015
to 31st March 2016 : 30th April 2016
- Unaudited results for the
half-year ending
30th September 2016 : End of October 2016

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 31st March, 2016, 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 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 controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

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 31st March, 2016;
- 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 paragraph 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 the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the Directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the Operating Effectiveness of such controls, refer to our separate report in "Annexure - B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the effect of the pending legal proceedings against it in its financial statements as mentioned in Note 26.13 of the Notes to the Accounts;
 - ii. the Company has made provision for losses based on the current estimated realisability of its loans as explained in Note 26.12 of the Notes to the Accounts, on the basis of the information and explanations given to us.
The Company did not enter into any derivative contracts during the year.
 - iii. there was no amount to be transferred to the Investor Education and Protection Fund by the Company.

For **BRAHMAYYA & CO.,**
 Chartered Accountants
 Firm Regn. No.000511S

sd/-

P. BABU
 Partner

Membership No.203358

Place: Chennai
 Date: 30-04-2016

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

1. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
b) Fixed assets have been physically verified by the Management during the year, in accordance with an annual plan of verification, which in our opinion is reasonable having regard to the size of the Company and the nature of the fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
c) The title deeds of immovable properties owned by the company are held in its name.
2. 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 Act. Therefore, clauses (iii)(a), (b) and (c) of paragraph 3 of the Order are not applicable to the Company for the year.
3. 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 as envisaged under Section 185 and Section 186 of the Companies Act, 2013 respectively.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the Directions issued by the National Housing Bank and the provisions of Section 73 to 76, and any other relevant provisions of the Act and the Rules framed thereunder with regard to the deposits accepted from the public.
5. The Central Government has not prescribed the maintenance of cost records for the company under Section 148(1) of the Act.
6. i) In our opinion and according to the information and explanations given to us, undisputed statutory dues, including Provident Fund, Employees State Insurance, Income tax, Sales tax, Service tax, value added tax, cess and other material statutory dues have been regularly deposited during the year with the 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, 2016 for a period of more than six months from the date they became payable.
ii) In our opinion and according to the information and explanations given to us, there are no dues of Income tax, Sales tax and Service tax which have not been deposited on account of any dispute.
7. The Company has not defaulted in the repayment of dues to financial institutions, banks, Government or debenture holders.
8. The Company has not raised any moneys by 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.
9. To the best of our knowledge and belief and according to the information and explanations given to us, during the year, no fraud by the Company and no material frauds on the Company by its employees or officers were noticed or reported during the course of our audit.
10. The Company has paid/provided for managerial remuneration within the limits of Section 197 read with Schedule V to the Act.
11. According to the information and explanations given to us and based on our examination of the records of the Company,

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.

12. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
13. In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or persons connected with them.
14. The Company has obtained certificate of registration under Section 29A of the National Housing Bank Act, 1987, as required.
15. In our opinion and according to the information and explanations given to us, the nature of the Company's business/activities during the year has been such that clause (ii) and clause (xii) of paragraph 3 of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year.

For **BRAHMAYYA & CO.,**

Chartered Accountants

Firm Regn. No.000511S

sd/-

P. BABU

Partner

Membership No.203358

Place: Chennai

Date: 30-04-2016

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

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

We have audited the internal financial controls over financial reporting of Sundaram BNP Paribas Home Finance Limited (“the Company”) as of 31st March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that

transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of Management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, 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 **BRAHMAYYA & CO.,**

Chartered Accountants

Firm Regn. No.000511S

sd/-

P. BABU

Partner

Place: Chennai

Date: 30-04-2016

Membership No.203358

Balance Sheet as at 31st March, 2016

(₹ in lakh)

Particulars	Note	March 31, 2016	March 31, 2015
<u>EQUITY AND LIABILITIES</u>			
Shareholders' Funds			
Share Capital	2	101,25.44	101,25.44
Reserves and Surplus	3	773,53.63	663,46.78
		874,79.07	764,72.22
Non-Current Liabilities			
Long-Term Borrowings	4	3983,25.02	4710,88.91
Other Long-Term Liabilities	5	82,64.27	75,30.21
Long-Term Provisions	6	151,71.96	140,10.46
		4217,61.25	4926,29.58
Current Liabilities			
Short-Term Borrowings	7	432,46.13	100,25.41
Trade Payables	8		
(i) total outstanding due to micro and small enterprises		-	-
(ii) total outstanding due to creditors other than micro and small enterprises		32,52.49	38,82.68
Other Current Liabilities	9	2062,37.58	1622,32.91
Short-Term Provisions	10	53,63.03	50,95.58
		2580,99.23	1812,36.58
Total		7673,39.55	7503,38.38
<u>ASSETS</u>			
Non-Current Assets			
Long-Term Loans and Advances	11	6533,28.86	6401,54.20
Fixed Assets			
(i) Tangible Assets	12	14,64.40	6,46.94
(ii) Intangible Assets	12	5,14.59	1,05.46
Non-Current Investments	13	78,28.76	59,14.26
Deferred Tax Assets (Net)	14	1,01.32	5,28.82
Other Non-Current Assets	15	1,34.27	62.62
		6633,72.20	6474,12.30
Current Assets			
Short-Term Loans and Advances	16	529,16.40	457,23.13
Current Investments	17	190,21.63	160,99.82
Cash and Bank Balances	18	269,08.36	372,27.31
Other Current Assets	19	51,20.96	38,75.82
		1039,67.35	1029,26.08
Total		7673,39.55	7503,38.38
Significant Accounting Policies and Notes to the Accounts	1 to 26		

As per our report of even date attached

For **Brahmayya & Co.,**
Chartered Accountants
FRN 000511S

P. Babu
Partner
Membership No. 203358

Chennai
30th April 2016

S. Viji
Chairman

G. Sundararajan
Chief Financial Officer

V. Swaminathan
Company Secretary

Srinivas Acharya
Managing Director

N. Ganga Ram
Director

Statement of Profit and Loss for the year ended 31st March, 2016

(₹ in lakh)

Particulars	Note	April 2015 - March 2016	April 2014 - March 2015
REVENUE			
Revenue from Operations	20	927,03.23	954,01.29
Other Income	21	23.15	34.36
Total Revenue	(A)	<u>927,26.38</u>	<u>954,35.65</u>
EXPENSES			
Financial Costs	22	602,89.89	617,76.48
Employee Benefits	23	38,64.69	31,48.00
Administrative and Other Expenses	24	34,14.59	31,97.28
Provisions and Write-offs	25	13,71.98	48,85.24
Depreciation and Amortisation Expenses	12	3,72.25	3,64.59
Contingent Provision against Standard Assets		83.26	1,37.92
Total Expenses	(B)	<u>693,96.66</u>	<u>735,09.51</u>
Profit before Tax	(A-B)	233,29.72	219,26.14
Tax Expense			
Current Tax		76,30.00	81,50.00
Deferred Tax		<u>4,27.50</u>	<u>(8,66.18)</u>
		80,57.50	72,83.82
Profit after Tax		<u>152,72.22</u>	<u>146,42.32</u>
Basic and Diluted Earnings per Share of ₹10 each (in ₹)		15.08	14.46
Significant Accounting Policies and Notes to the Accounts 1 to 26			

As per our report of even date attached
 For **Brahmayya & Co.**,
 Chartered Accountants
 FRN 000511S
P. Babu
 Partner
 Membership No. 203358
 Chennai
 30th April 2016

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

Srinivas Acharya
 Managing Director
N. Ganga Ram
 Director

Cash Flow Statement

(₹ in lakh)

Particulars	April 2015 - March 2016	April 2014 - March 2015
Cash Flow From Operating Activities		
Net Profit	152,72.22	146,42.32
Provision for Taxation (Including Deferred Tax)	80,57.50	72,83.82
Add : Financial Costs	602,89.89	617,76.48
Depreciation	3,72.25	364.59
Provision against Investments (net)	60.90	(221.85)
Provision against Non-Performing assets (net)	12,83.72	49,71.50
Contingent Provision against Standard Assets	83.26	1,37.93
(Profit)/ Loss on sale of assets	(1.32)	1.94
(Profit)/ Loss on sale of Investments	(22,06.72)	(33,78.73)
Interest / Dividend Income	(11,40.57)	(10,66.19)
Operating Profit Before Working Capital Changes	820,71.13	845,11.81
(Increase) / Decrease in Long-Term Loans and Advances	(126,04.66)	(417,82.31)
(Increase) / Decrease in Other Non-Current Asset	(71.65)	(32.88)
(Increase) / Decrease in Bank Deposits	(2,10.00)	(14,50.00)
(Increase) / Decrease in Short-Term Loans and Advances	(71,93.27)	(42,86.88)
(Increase) / Decrease in Other Current Asset	(11,67.66)	(18,51.08)
(Increase) / Decrease in SLR Investments - Net of Sales	-	1,12.39
Increase / (Decrease) in Long-Term Provisions	(15.72)	(45.30)
Increase / (Decrease) in Short-Term Provisions	77.69	(12.70)
Increase / (Decrease) in Other Long-Term Liabilities	7,34.06	40,80.41
Increase / (Decrease) in Other Current Liabilities	376,57.80	(905,10.41)
Increase / (Decrease) in Trade Payable	(6,30.19)	1,45.66
Cash Generated From Operations	986,47.53	(511,21.31)
Financial Costs	(539,81.76)	(617,71.29)
Direct Taxes Paid	(82,00.00)	(82,00.00)
Net Cash From Operating Activities (A)	364,65.77	(1210,92.60)

(₹ in lakh)

Particulars	April 2015 - March 2016	April 2014 - March 2015
Cash Flow From Investing Activities		
Purchase of Fixed Assets - Tangible	(16,42.56)	(2,65.48)
Sale of Fixed Assets - Tangible	45.04	40.76
Purchase / Sale of Current Investments	(7,77.49)	45,29.16
Purchase / Sale of Non Current Investments	(19,13.00)	(10,43.11)
Interest Received	11,01.83	12,64.17
Net Cash From Investing Activities (B)	(31,86.18)	45,25.50
Cash Flow From Financing Activities		
Share Capital - Equity	-	-
Securities Premium received	-	-
Increase / (Decrease) in Long-Term Borrowings	(727,63.89)	1234,42.93
Increase / (Decrease) in Short-Term Borrowings	332,20.72	(186,65.87)
Dividend paid (including Corporate Dividend Tax)	(42,65.37)	(47,38.50)
Net Cash From Financing Activities (C)	(438,08.54)	1000,38.56
Effect of Foreign Exchange rates on Cash and Cash Equivalents, net (D)	-	-
Net Increase in Cash and Cash Equivalents (A)+(B)+(C)+(D)	(105,28.95)	(165,28.53)
Cash and cash equivalents at the beginning of the year	264,07.31	429,35.84
Cash and cash equivalents at the end of the year	158,78.36	264,07.31
Components of Cash and Cash Equivalents at the end of the year		
Current Account with Banks	2,68.57	26,00.67
Short-Term Deposit	152,22.29	234,89.76
Cash, Stamps and Stamp Papers on Hand	3,87.50	3,16.88
Cash & Cash equivalents	158,78.36	264,07.31

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 **Brahmayya & Co.**,
 Chartered Accountants
 FRN 000511S
P. Babu
 Partner
 Membership No. 203358
 Chennai
 30th April 2016

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

Srinivas Acharya
 Managing Director
N. Ganga Ram
 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 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
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Vehicles	5 Years
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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 of these assets is different from the useful life 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.

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.

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

NOTES TO THE ACCOUNTS (Contd.)

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 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, determined every year by LIC 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.

C) Other Long-Term Employee Benefits:

The estimated liability in respect of reimbursement of medical expenses has been provided 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 lakh)

Particulars	March 31, 2016	March 31, 2015
Authorised Capital:		
Equity Shares, ₹10/- Par Value		
15,00,00,000 (15,00,00,000) Equity Shares	<u>150,00.00</u>	<u>150,00.00</u>
Issued:		
Equity Shares, ₹10/- Par Value		
10,62,54,438 (10,62,54,438) Equity Shares	<u>106,25.44</u>	<u>106,25.44</u>
Subscribed and Fully Paid-up:		
Equity Shares, ₹10/- Par Value		
10,12,54,438 (10,12,54,438) Equity Shares	<u>101,25.44</u>	<u>101,25.44</u>
	<u>101,25.44</u>	<u>101,25.44</u>

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, 2016	No. of Shares	% held as at March 31, 2015
Sundaram Finance Ltd.*	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 2015 - March 2016		April 2014 - March 2015	
	No. of Shares	(₹ in lakh)	No. of Shares	(₹ in lakh)
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 lakh)

Particulars	March 31, 2016	March 31, 2015
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	270,00.00	230,00.00
Add: Transferred from Surplus in the Statement of Profit and Loss	80,00.00	40,00.00
Balance at the end of the year	350,00.00	270,00.00
Other Reserves		
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of the NHB Act, 1987	6,75.46	5,47.00
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	136,57.00	108,57.00
c) Total	143,32.46	114,04.00
Additions / Appropriations / Withdrawals during the year		
Add:		
a) Amount transferred u/s 29C of the NHB Act, 1987	4,54.44	1,28.46
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	26,00.00	28,00.00
	30,54.44	29,28.46
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 lakh)

Particulars	March 31, 2016	March 31, 2015
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the NHB Act, 1987	11,29.90	6,75.46
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.	162,57.00	136,57.00
c) Total	173,86.90	143,32.46
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	45,39.76	47,85.70
Less: Transition Reserve on Depreciation under Companies Act, 2013	-	4.14
Less: Transfer to Deferred Tax Liability on Special Reserve	-	36,90.29
Add : Profit for the year	152,72.22	146,42.32
	198,11.98	157,33.59
Less: Appropriations		
Special Reserve	26,00.00	28,00.00
Statutory Reserve	4,54.44	1,28.46
General Reserve	80,00.00	40,00.00
Dividend		
Final (Proposed)	35,43.91	35,43.91
Dividend Tax	7,21.46	7,21.46
Balance at the end of the year	44,92.17	45,39.76
	773,53.63	663,46.78

- 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 ₹4,54.44 lakh (March 31, 2015 - ₹1,28.46 lakh) to the Statutory Reserve (u/s 29C of NHB Act) and ₹26,00.00 lakh (March 31, 2015 - ₹28,00.00 lakh) 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 lakh)

Particulars	March 31, 2016	March 31, 2015
Secured Loans		
Non-Convertible Debentures (Redeemable at Par)	1140,60.00	1425,50.00
Term Loans		
from Scheduled Banks	287,50.00	470,83.33
from National Housing Bank	1626,21.23	1870,89.89
Unsecured Loans		
Fixed Deposits		
From Public	705,83.90	621,40.56
From Companies	6,60.75	4,35.75
From Directors	<u>1,49.14</u>	<u>2,89.38</u>
	713,93.79	628,65.69
Subordinated Non-Convertible Debentures	<u>215,00.00</u>	<u>315,00.00</u>
	<u>3983,25.02</u>	<u>4710,88.91</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 ₹210,50.00 lakh as at March 31, 2016 (March 31, 2015 - ₹265,10.00 lakh).
- 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 ₹930,10.00 lakh as at March 31, 2016 (March 31, 2015 - ₹1160,40.00 lakh).
- 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 2017 to July 2030.
- 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 2017 and February 2025.

NOTES TO THE ACCOUNTS (Contd.)

Maturity of Secured Non-Convertible Debentures

(₹ in lakh)

Implicit Interest Rate (%) / Residual Maturity	March 31, 2016			
	< 1 year	1-3 years	3-5 years	Total
>8 to 9	80,50.00 (50,00.00)	303,60.00 (100,50.00)	45,00.00 -	429,10.00 (150,50.00)
>9 to 10	214,30.00 (113,90.00)	448,00.00 (482,10.00)	170,00.00 (350,20.00)	832,30.00 (946,20.00)
>10 to 11	318,70.00 (190,30.00)	174,00.00 (396,70.00)	- (96,00.00)	492,70.00 (683,00.00)
Grand Total	613,50.00 (354,20.00)	925,60.00 (979,30.00)	215,00.00 (446,20.00)	1754,10.00 (1779,70.00)

Previous year's figures are given in brackets

Details of Secured Term Loans from Scheduled Banks

(₹ in lakh)

Repayment /Implicit Interest Rate	March 31, 2016			March 31, 2015		
	< 1 year	1-3 years	Total	< 1 year	1-3 years	Total
Other Current Liabilities	503,33.33	287,50.00	790,83.33	337,50.00	470,83.33	808,33.33

Maturity of Secured Term Loans from Others - NHB

(₹ in lakh)

Implicit Interest rate (%) / Maturities	March 31, 2016				
	< 1 year	1-3 years	3-5 years	> 5 years	Total
<=7	15,51.85 (9,68.00)	15,57.86 (12,13.00)	13,03.76 (-)	27,58.70 (-)	71,72.17 (21,81.00)
>7 to 8	9,76.80 (10,25.73)	19,12.01 (19,38.15)	10,60.19 (17,47.68)	6,53.04 (10,31.35)	46,02.04 (57,42.91)
> 8 to 10	183,86.98 (180,93.01)	331,49.48 (335,45.87)	308,09.91 (301,30.40)	894,16.26 (1100,92.45)	1717,62.63 (1918,61.73)
>10 to 11	- (5,80.00)	- (11,60.00)	- (11,60.00)	- (50,71.00)	- (79,71.00)
Grand Total	209,15.63 (206,66.74)	366,19.35 (378,57.02)	331,73.86 (330,38.08)	928,28.00 (1161,94.80)	1835,36.84 (2077,56.64)

Previous year's figures are given in brackets

Maturities of Unsecured Subordinated Non-Convertible Debentures

(₹ in lakh)

Implicit Interest Rate (%) / Maturities	March 31, 2016				
	< 1 year	1-3 years	3-5 years	> 5 years	Total
9 to 10	100,00.00 (-)	- (100,00.00)	- (-)	105,00.00 (105,00.00)	205,00.00 (205,00.00)
> 10 to 11	- (-)	- (-)	85,00.00 (85,00.00)	25,00.00 (25,00.00)	110,00.00 (110,00.00)
Grand Total	100,00.00 (-)	- (100,00.00)	85,00.00 (85,00.00)	130,00.00 (130,00.00)	315,00.00 (315,00.00)

Previous year's figures are given in brackets

NOTES TO THE ACCOUNTS (Contd.)

5. Other Long-Term Liabilities

(₹ in lakh)

Particulars	March 31, 2016	March 31, 2015
Creditors for Expenses	2,07.90	1,97.02
Interest accrued but not due - Long-Term Borrowings	80,56.37	73,33.19
	82,64.27	75,30.21

6. Long-Term Provisions

(₹ in lakh)

Particulars	March 31, 2016	March 31, 2015
Employee Benefits	14.83	11.15
Contingent Provision against Standard Assets		
Standard-Housing Loans	19,19.37	18,69.17
Standard Non-Housing Loans	5,70.85	5,59.60
Standard Non-Housing Loans - Commercial	6,24.87	6,03.06
Non-Performing Loans	120,42.04	109,67.48
	151,71.96	140,10.46

7. Short-Term Borrowings

(₹ in lakh)

Particulars	March 31, 2016	March 31, 2015
Secured Loans		
Overdraft facilities/ Cash Credit with Scheduled Banks	56,46.17	8,39.76
Unsecured Loans		
Commercial Paper	373,00.60	91,80.88
Overdraft facilities with Scheduled Banks	2,99.36	4.77
	432,46.13	100,25.41

- a) The Secured Overdraft facilities/ Cash Credit with Scheduled Banks are secured by a negative lien on the loan assets of the Company.
- b) Face Value of commercial paper outstanding as on March 31, 2016 was ₹389,00.00 lakh (March 31, 2015 - ₹93,80.00 lakh).
Maximum amount of face value of commercial paper outstanding at any time during the year was ₹785,00.00 lakh (April 2014 - March 2015 - ₹748,80.00 lakh).

8. Trade Payables

(₹ in lakh)

Particulars	March 31, 2016	March 31, 2015
i) total outstanding due to micro and small enterprises	-	-
ii) total outstanding due to creditors other than micro and small enterprises		
Creditors for Expenses *	29,19.04	36,63.78
[Includes ₹1,23.75 lakh (March 31, 2015 - ₹1,15.00 lakh) payable to Directors]		
Other Liabilities	3,33.45	2,18.90
	32,52.49	38,82.68

* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund. Trade Payables does not include any amounts due to Micro, Small and Medium Enterprises.

NOTES TO THE ACCOUNTS (Contd.)

9. Other Current Liabilities

(₹ in lakh)

Particulars	March 31, 2016	March 31, 2015
Secured Loans		
Non-Convertible Debentures (Redeemable at Par)	613,50.00	354,20.00
Term Loans		
From Scheduled banks	503,33.33	337,50.00
From Others - National Housing Bank	209,15.63	206,66.74
Unsecured Loans		
Fixed Deposits		
From Public	298,82.64	240,61.18
From Companies	1,39.00	1,88.34
From Directors	2,02.24	50.00
Unpaid Matured Deposits and Interest accrued thereon	6,66.18	5,03.15
	308,90.06	248,02.67
Commercial Paper	119,94.34	324,65.95
Subordinated Non-Convertible Debentures	100,00.00	-
Others		
Interest accrued but not due	203,18.04	147,44.79
Instalments Received in Advance	4,36.18	3,82.76
	2062,37.58	1622,32.91

- 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 ₹54,60.00 lakh as at March 31, 2016 (March 31, 2015 - ₹ Nil).
- 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 ₹558,90.00 lakh as at March 31, 2016 (March 31, 2015 - ₹354,20.00 lakh).
- The Term Loans from Scheduled Banks are secured by a negative lien on the loan assets of the Company.
- The Refinance from NHB is secured 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 2016 to March 2017.
- Face Value of commercial paper outstanding as on March 31, 2016 was ₹125,00.00 lakh (March 31, 2015 - ₹341,00.00 lakh).
- Interest accrued but not due includes interest of ₹23.89 lakh (March 31, 2015 - ₹7.82 lakh) on deposits accepted from Directors.

NOTES TO THE ACCOUNTS (Contd.)
10. Short-Term Provisions

(₹ in lakh)

Particulars	March 31, 2016	March 31, 2015
Employee Benefits	93.48	35.19
Non-Performing Loans	10,04.18	7,95.02
Proposed Dividend	35,43.91	35,43.91
Dividend Tax	7,21.46	7,21.46
	53,63.03	50,95.58

11. Long-Term Loans and Advances

(₹ in lakh)

Particulars	March 31, 2016	March 31, 2015
Secured, Considered Good		
Housing Loans		
Individuals	4492,19.15	4427,20.83
Others	30,60.38	8,94.15
	<u>4522,79.53</u>	<u>4436,14.98</u>
Non-Housing Loans		
Individuals	1782,40.09	1746,11.55
Others	162,65.03	153,00.91
	<u>1945,05.12</u>	<u>1899,12.46</u>
Amount retained on Loans assigned	22,50.17	33,45.02
Unsecured, Considered Good :		
Advances and Deposits recoverable in cash or in kind or for value to be received	6,02.81	6,97.69
Other Loans and Advances		
Advance Income - tax and TDS (Net) [Includes ₹55.29 lakh towards income tax paid under dispute]	36,91.23	25,84.05
	<u>6533,28.86</u>	<u>6401,54.20</u>

- Housing / Non-Housing Loans granted by the Company are secured by mortgage of properties/hypothecation of loan receivables.
- ₹1,81.75 lakh (March 31, 2015 - ₹ Nil) due from the Managing Director of the Company.
- ₹1,01.46 lakh (March 31, 2015 - ₹21.42 lakh) due from the Officer of the Company.
- In accordance with the NHB Directions, the Company has identified Non-Performing Loans amounting to ₹182,62.68 lakh as on March 31, 2016 (March 31, 2015 - ₹156,67.57 lakh).
- Insurance on Housing Loans to the extent of ₹43,36.16 lakh (March 31, 2015 - ₹35,16.45) are regrouped under Non-Housing Loans.
- Advance Income Tax and Tax Deducted at Source is net of provision for taxation of ₹404,15.00 lakh (March 31, 2015 - ₹327,97.42 lakh).

Description	Gross Block at Cost						Depreciation				Net Block	
	As at 01.04.2015	Additions	Deductions	As at 31.03.2016	Up to 31.03.2015	For the Year	Transition Reserve	Deductions	Up to 31.03.2016	31.03.2016	31.03.2015	
	(₹ in lakh)											
Tangible Assets												
Freehold Land and Buildings	1.92 (1.92)	8,39.52 (-)	- (-)	8,41.44 (1.92)	- (-)	0.37 (-)	- (-)	- (-)	0.37 (-)	8,41.07 (1.92)	1.92 (1.92)	
Electrical Installations and Equipments	72.93 (1,03.71)	7.47 (18.41)	1.77 (49.19)	78.63 (72.93)	28.31 (45.84)	6.57 (7.85)	- (-)	1.41 (25.38)	33.47 (28.31)	45.16 (44.62)	44.62 (57.87)	
Vehicles	4,59.97 (3,89.27)	85.94 (95.82)	7.65 (25.12)	5,38.26 (4,59.97)	2,25.96 (1,65.50)	71.04 (77.09)	- (-)	5.93 (16.60)	2,91.07 (2,25.96)	2,47.19 (2,34.01)	2,34.01 (2,23.77)	
Furniture and Fixtures	1,96.38 (2,38.77)	32.07 (21.59)	2.24 (63.98)	2,26.21 (1,96.38)	1,27.51 (1,60.66)	21.87 (20.85)	- (2.47)	2.06 (56.47)	1,47.32 (1,27.51)	78.89 (68.87)	68.87 (78.11)	
Computers and Data Processing Units - Networks & Servers	3,27.18 (3,10.00)	- (17.18)	3.06 (-)	3,24.12 (3,27.18)	2,54.12 (2,19.56)	24.05 (34.56)	- (-)	3.01 (-)	2,75.16 (2,54.12)	48.96 (73.06)	73.06 (90.44)	
Computers and Data Processing Units - End user devices	3,25.22 (2,35.58)	59.40 (94.53)	5.25 (4.89)	3,79.37 (3,25.22)	2,04.43 (1,58.35)	59.27 (50.12)	- (-)	4.84 (4.04)	2,58.86 (2,04.43)	1,20.51 (1,20.79)	1,20.79 (77.23)	
Office Equipment	2,08.76 (1,94.88)	5.90 (17.63)	1.79 (3.75)	2,12.87 (2,08.76)	1,05.09 (71.28)	26.25 (31.73)	- (3.79)	1.09 (1.71)	1,30.25 (1,05.09)	82.62 (1,03.67)	1,03.67 (1,23.60)	
Total	15,92.36	10,30.30	21.76	26,00.90	9,45.42	2,09.42	-	18.34	11,36.50	14,64.40	6,46.94	
Intangible Assets												
Computer Software	6,73.62 (6,73.30)	5,71.96 (0.32)	- (-)	12,45.58 (6,73.62)	5,68.16 (4,25.77)	1,62.83 (1,42.39)	- (-)	- (-)	7,30.99 (5,68.16)	5,14.59 (1,05.46)	1,05.46 (2,47.53)	
Total	6,73.62	5,71.96	-	12,45.58	5,68.16	1,62.83	-	-	7,30.99	5,14.59	1,05.46	
Grand Total	22,65.98	16,02.26	21.76	38,46.48	15,13.58	3,72.25	-	18.34	18,67.49	19,78.99	7,52.40	
Previous year	(21,47.43)	(2,65.48)	(1,46.93)	(22,65.98)	(12,46.96)	(3,64.59)	(6.26)	(1,04.20)	(15,13.58)	(7,52.40)	(9,00.47)	

Figures in brackets pertain to March 31, 2015

Land and Building includes land to the extent of ₹7,50.75 lakh (March 31, 2015 - ₹1.92 lakhs)

Intangible Assets : In accordance with Accounting Standard AS 26 -Intangible Assets, Computer Software purchased amounting to ₹5,71.96 lakhs (March 31, 2015 - ₹0.32 lakh) is amortised over a period of 5 years.

NOTES TO THE ACCOUNTS (Contd.)
13. Non-Current Investments

(₹ in lakh)

Particulars	March 31, 2016		March 31, 2015	
	Face Value	Amount	Face Value	Amount
Investment in Government Securities				
Central Government Loans	23,65.00	22,90.42	23,65.00	22,90.42
State Development Loans	38,12.60	39,18.99	23,12.60	23,58.09
Investment in Trust Securities				
in Mortgage Backed Securities (On Securitisation)				
Investments in Senior Pass Through Certificate (PTC) Securities				
– SINANN IFMR Capital (A1 Certificates)		6,28.07		9,37.06
– Santhanam Trust Series I (A2 Certificates)		3,37.32		4,18.88
– Ariel SBL IFMR Capital		8,05.05		–
Less: Aggregate provision for diminution in value of investment in Government Securities		(1,51.09)		(90.19)
		78,28.76		59,14.26

(₹ in lakh)

Particulars	Cost	Market Value
Aggregate amount of Quoted Investments	60,58.32	65,25.36
Aggregate amount of Unquoted Investments	17,70.44	-
Total	78,28.76	

(₹ in lakh)

Particulars	Face Value	March 31, 2016	March 31, 2015
		Cost	Cost
Quoted			
Investment in Government Securities			
Central Government Loans	23,65.00	22,47.10	22,47.10
State Development Loans	38,12.60	38,11.23	23,11.22
		60,58.33	45,58.32

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 ₹61,77.60 lakh (Cost ₹62,09.42 lakh) and bank deposits of ₹64,45.50 lakh (mentioned in Note - 18 Cash and Bank Balances) in favour of Trustees representing the public depositors of the Company.

NOTES TO THE ACCOUNTS (CONTD.)

14. Deferred Tax Assets (Net)

(₹ in lakh)

Particulars	March 31, 2016	March 31, 2015
Deferred Tax Asset		
- Provision against		
Non-Performing Loans	45,15.03	40,70.77
Standard Housing Loans	6,64.26	6,46.88
Standard Non-Housing Loans	4,13.82	4,02.38
- Others - Employee Benefits	9.95	(5.26)
- Depreciation	(36.11)	11.47
- Provision on SLR Investments	52.29	31.22
- Provision on NHB Bonds	-	20.50
	<u>56,19.24</u>	<u>51,77.96</u>
Less: Deferred Tax Liability		
- Special Reserve u/s 36(1)(viii) of Income-tax Act, 1961	55,17.92	46,49.14
	<u>1,01.32</u>	<u>5,28.82</u>

15. Other Non-Current Assets

(₹ in lakh)

Particulars	March 31, 2016	March 31, 2015
Secured, Considered Good		
Loan Against Deposits	134.27	62.62
	<u>134.27</u>	<u>62.62</u>

16. Short-Term Loans and Advances

(₹ in lakh)

Particulars	March 31, 2016	March 31, 2015
Secured, Considered Good		
Housing Loans		
Individuals	291,75.29	250,75.35
Others	5,57.13	1,64.97
	<u>297,32.42</u>	<u>252,40.32</u>
Non-Housing Loans		
Individuals	193,72.26	166,86.53
Others	32,09.66	31,84.68
	<u>225,81.92</u>	<u>198,71.21</u>
Amount retained on Loans assigned	3,10.42	3,60.74
Loan Against Deposits	1,17.06	89.78
Unsecured, Considered Good		
Advances and Deposits recoverable in cash or in kind or for value to be received		
Others	1,74.58	1,61.08
	<u>1,74.58</u>	<u>1,61.08</u>
	<u>529,16.40</u>	<u>457,23.13</u>

- Housing / Non-Housing Loans granted by the Company are secured by mortgage of properties / hypothecation of loan receivables.
- ₹18.25 lakh (March 31, 2015 - ₹ Nil) due from the Managing Director of the Company.
- ₹9.01 lakh (March 31, 2015 - ₹4.56 lakh) due from the Officer of the Company.
- In accordance with the NHB Directions, the Company has identified Non-Performing Loans amounting to ₹15,22.92 lakh as on March 31, 2016 (March 31, 2015 - ₹11,35.72 lakh).
- Insurance on Housing Loans to the extent of ₹2,01.20 lakh (March 31, 2015 - ₹1,34.98 lakh) is regrouped under Non-Housing Loans.

NOTES TO THE ACCOUNTS (Contd.)
17. Current Investments

(₹ in lakh)

Particulars	March 31, 2016		March 31, 2015	
	Face Value	Amount	Face Value	Amount
Investment In Government Securities	-	-	50.00	48.50
Investment in Tax Free NHB Bonds	-	-	29,90.00	29,31.04
Investment in Trust Securities				
- Mutual Funds		187,00.00		130,30.55
- SINANN IFMR Capital A1 Certificates		71.39		60.28
- Santhanam Trust Series I A2 Certificates		29.48		29.45
- Ariel SBL IFMR Capital		2,20.76		-
		190,21.63		160,99.82

(₹ in lakh)

Particulars	Cost	Market Value
Aggregate amount of Quoted Investments	-	-
Aggregate amount of Unquoted Investments	190,21.63	
Total	190,21.63	

Particulars	Face Value (₹)	March 31, 2016		March 31, 2015	
		Holding (Number)	Cost (₹ in lakh)	Holding (Number)	Cost (₹ in lakh)
Quoted					
Investment in Government Securities	-	-	-	-	48.50
Investment in NHB Bonds	-	-	-	299	29,90.30
					<u>30,38.80</u>
Unquoted					
Investment in Mutual Funds					
Sundaram Money Fund - Direct - Growth	10	43,858,923.146	140,00.00	44,345,044.390	130,30.55
HDFC Liquid Fund - Direct - Growth	1,000	53,553.615	16,00.00	-	-
ICICI Prudential Liquid Fund - Direct - Growth	100	713,992.149	16,00.00	-	-
Franklin India TMA - Direct - Growth	1,000	66,278.396	15,00.00	-	-
			<u>187,00.00</u>		<u>130,30.55</u>

NOTES TO THE ACCOUNTS (Contd.)

18. Cash and Bank Balances

(₹ in lakh)

Particulars	March 31, 2016	March 31, 2015
Cash and Cash Equivalents		
Cash on Hand	3,87.50	3,16.88
Balances with Scheduled Banks in Current Accounts	2,68.57	26,00.67
Bank Deposit (Upto 3 months maturity)	152,22.29	234,89.76
	154,90.86	260,90.43
Other bank balances		
Deposits		
- Statutory Liquidity Reserve	64,45.50	55,37.00
- Collateral for assets securitised/assigned	45,84.50	52,83.00
	<u>269,08.36</u>	<u>372,27.31</u>

19. Other Current Assets

(₹ in lakh)

Particulars	March 31, 2016	March 31, 2015
Secured, Considered Good		
Instalments due from Borrowers	48,47.79	35,05.54
Income Receivable	1,26.13	2,29.91
Interest Accrued on Investments	1,47.04	1,40.37
	<u>51,20.96</u>	<u>38,75.82</u>

20. Revenue from Operations

(₹ in lakh)

Particulars	April 2015 - March 2016	April 2014 - March 2015
Interest on Loans	853,60.70	854,77.93
Loan Processing and Other Fees	8,16.40	12,77.99
Investment Income	18,15.56	18,58.84
Profit on Sale of Current Investments	22,05.22	34,06.21
Profit on Sale of Non-Current Investments	1.50	-
Other Operating Income	25,03.85	33,80.32
	<u>927,03.23</u>	<u>954,01.29</u>

- a) Investment Income includes ₹1,20.20 lakh (April 2014 - March 2015 - ₹79.86 lakh) from investment in Mortgage-Backed Securities.
- b) Loan Processing and other Fees is net of amount paid to Business sourcing agents aggregating ₹6,32.82 lakh (April 2014 - March - 2015 ₹7,21.40 lakh)

NOTES TO THE ACCOUNTS (Contd.)
21. Other Income

(₹ in lakh)

Particulars	April 2015 - March 2016	April 2014 - March 2015
Interest Receipts	19.44	26.13
Profit on Sale of Fixed Assets	2.05	4.95
Miscellaneous Income	1.66	3.28
	23.15	34.36

22. Financial Costs

(₹ in lakh)

Particulars	April 2015 - March 2016	April 2014 - March 2015
Interest Expense		
- Non-Convertible Debentures	201,55.67	193,38.61
- Term Loans	253,58.91	291,93.05
- Fixed Deposits	96,86.58	73,78.39
- Commercial Paper	46,92.77	52,81.83
- Other	24.71	60.34
Other borrowing cost	3,71.25	5,24.26
	602,89.89	617,76.48

23. Employee Benefits

(₹ in lakh)

Particulars	April 2015 - March 2016	April 2014 - March 2015
Salaries, Bonus and Commission	35,13.61	28,70.64
Contribution to Provident and Other Funds	1,86.59	1,15.60
Staff Welfare Expenses	1,64.49	1,61.76
	38,64.69	31,48.00

NOTES TO THE ACCOUNTS (Contd.)

24. Administrative and Other Expenses

(₹ in lakh)

Particulars	April 2015 - March 2016	April 2014 - March 2015
Rent	5,08.76	4,80.56
Rates and Taxes	18.84	18.55
Communication Expenses	1,76.43	1,47.95
Electricity Expenses	97.62	87.23
Travelling and Conveyance	2,04.73	1,57.90
Advertisement and Publicity	1,94.74	1,54.16
Outsourcing Cost	3,42.89	6,05.96
Directors' Sitting Fees	8.61	3.72
Insurance	27.97	19.98
Repairs and Maintenance		
- Buildings	59.58	66.25
- Others	2,39.07	2,46.43
	2,98.65	3,12.68
Software Charges	4,41.99	3,03.71
Database and Networking Expenses	3,67.15	3,01.31
CSR Contributions	2,54.55	2,70.74
Miscellaneous Expenses (Net)	4,71.66	3,32.83
	34,14.59	31,97.28

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

(₹ in lakh)

Particulars	April 2015 - March 2016	April 2014 - March 2015
Statutory Audit	18.00	18.00
Tax Audit	4.50	4.50
Certification	8.35	7.43

25. Provisions and Write offs

(₹ in lakh)

Particulars	April 2015 - March 2016	April 2014 - March 2015
Provision against		
- Non-Performing Loans	12,83.72	49,71.50
- Investments	60.90	(2,21.85)
Bad Debts	26.63	1,01.22
Loss on Fixed Assets Sold / Written off	0.73	6.89
Loss on Sale of Investments	-	27.48
	13,71.98	48,85.24

NOTES TO THE ACCOUNTS (Contd.)

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, 2016 are as follows

Pass Through Certificates subscribed by the Company: ₹20,92.07 lakh

Bank Deposits provided as collateral: ₹12,79.00 lakh

26.3 Non-Performing Loans and Provisions :

In accordance with the NHB Directions 2010, the Company has identified Non-Performing Loans amounting to ₹197,85.60 lakh as on March 31, 2016 (March 31, 2015 – ₹168,03.29 lakh).

The provisions relating to housing and non-housing loans made in the books of account are as follows:

Non-Performing Loans (₹ in lakh)					
Particulars	Standard Assets	Sub Standard	Doubtful	Loss	Total
Housing Loans					
Outstanding	4798,44.46 (4662,92.66)	36,91.34 (44,27.04)	49,45.98 (26,41.80)	30.44 (30.44)	4885,12.22 (4733,91.94)
Provisions	19,19.36 (18,65.17)	13,00.64 (30,45.77)	41,66.78 (19,19.38)	30.44 (30.44)	74,17.22 (68,60.76)
Non-Housing loans					
Outstanding	2051,99.32 (2002,07.35)	38,72.74 (55,40.44)	72,45.10 (41,63.57)	- (-)	2163,17.16 (2099,11.36)
Provisions	11,95.73 (11,62.66)	12,93.58 (38,14.58)	62,54.78 (29,52.33)	- (-)	87,44.09 (79,29.57)
Total					
Loans Outstanding	6850,43.78 (6665,00.01)	75,64.08 (99,67.48)	121,91.08 (68,05.37)	30.44 (30.44)	7048,29.38 (6833,03.30)
Provisions	31,15.09 (30,27.83)	25,94.23 (68,60.35)	104,21.56 (48,71.71)	30.44 (30.44)	161,61.31 (147,90.33)

Figures in brackets pertain to March 31, 2015

26.4 Expenditure in Foreign Currency (on payment basis)

On account of Others - Travel ₹0.39 lakh (March 31, 2015 - ₹ Nil)

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

NOTES TO THE ACCOUNTS (Contd.)

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 lakh)

Contribution to	2015-16	2014-15	2013-14	2012-13	2011-12
Provident Fund	1,42.03	1,27.59	91.76	75.59	59.27
Employees State Insurance Scheme	11.32	9.16	7.02	6.11	3.86
Superannuation Fund	7.93	8.80	9.58	14.05	10.70

ii) Defined Benefit Plan: Gratuity

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

(₹ in lakh)

	April 2015 - March 2016	April 2014 - March 2015
Present value of obligations as at the beginning of the year	2,49.74	2,54.57
Interest cost	19.98	20.37
Current service cost	30.82	20.64
Benefits paid	(17.83)	(11.73)
Actuarial (gain) / loss on obligation	(1.71)	(37.54)
Present value of obligations as at the end of the year	2,80.99	2,46.31

B. Reconciliation of opening and closing balances of fair value of plan assets

Fund Maintained by Life Insurance Corporation of India

(₹ in lakh)

	April 2015 - March 2016	April 2014 - March 2015
Fair value of plan assets as at beginning of the year	2,89.16	2,31.15
Expected return on plan assets	24.75	24.03
Contributions	18.84	44.29
Benefits paid	(17.83)	(11.73)
Actuarial gain / loss on plan assets	-	-
Fair value of plan assets as at the end of the year	3,14.92	2,87.74

C. Reconciliation of present value of defined benefit obligation and fair value of plan assets to the assets and liabilities

(₹ in lakh)

	April 2015 - March 2016	April 2014 - March 2015
Present value of obligations as at the end of the year	2,80.99	2,46.31
Fair value of plan assets as at the end of the year	3,14.92	2,87.74
Net asset / (liability) recognised in the Balance Sheet	33.93	41.43

NOTES TO THE ACCOUNTS (Contd.)
D. Expenses recognised in the Statement of Profit and Loss

(₹ in lakh)

	April 2015 - March 2016	April 2014 - March 2015
Current Service Cost	30.82	20.64
Interest Cost	19.98	20.37
Expected return on plan assets	(24.75)	(24.03)
Actuarial (gain) / loss on obligation	(1.71)	(37.54)
Expenses recognized in the Statement of Profit and Loss	24.33	20.56

E. Details showing fair value of plan assets

(₹ in lakh)

	April 2015 - March 2016	April 2014 - March 2015
Fair value of plan assets as at the beginning of the year	2,89.16	2,31.15
Actual return on plan assets	24.75	24.03
Contributions	18.84	44.29
Benefits Paid	(17.83)	(11.73)
Fair value of plan assets as at the end of the year	3,14.92	2,87.74

F. Actuarial Gain / Loss recognized

(₹ in lakh)

	April 2015 - March 2016	April 2014 - March 2015
Actuarial (gain) / loss on obligation	(1.71)	(37.54)
Actuarial gain / loss on plan assets	-	-
Total (gain) / loss for the year	(1.71)	(37.54)
Actuarial gain / loss recognized in the year	(1.71)	(37.54)

G. Actual return on plan assets

(₹ in lakh)

	April 2015 - March 2016	April 2014 - March 2015
Expected return on plan assets	24.75	24.03
Actuarial gain / loss on plan assets	--	--
Actual return on plan assets	24.75	24.03

H. Actuarial assumption*

	March 31, 2016	March 31, 2015
Discount Rate	8.00%	8.00%
Rate of Increase in Compensation levels	6.00%	6.00%
Expected return on plan assets	8.00%	8.00%
Attrition Rate	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.

NOTES TO THE ACCOUNTS (Contd.)

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

Particulars	(₹ in lakh)				
	2015-16	2014-15	2013-14	2012-13	2011-12
Defined Benefit Obligations	2,80.99	2,46.31	2,54.57	2,11.59	1,51.51
Plan Assets	3,14.92	2,87.74	2,31.15	2,26.48	1,61.85
Surplus (Deficit)	33.93	41.43	(23.42)	14.89	10.34
Experience adjustments on plan liabilities	(1.71)	(37.54)	23.16	(36.89)	(23.20)
Experience adjustments on plan assets	-	-	-	-	-

iii) The actuarial present value of obligations towards compensated absences, as per actuarial certificate, as on March 31, 2016 is ₹62.65 lakh (March 31, 2015 - ₹26.24 lakh) and is recognised in the books of account

iv) The actuarial value of reimbursement of medical expenses as on March 31, 2016 is ₹44.49 lakh (March 31, 2015 - ₹33.43 lakh) and is provided in the books of account.

26.7 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

Infreight Logistics Solutions Ltd.
LGF Services Ltd.
Sundaram Asset Management Company Ltd.
Sundaram Asset Management Singapore Pte Ltd.
Sundaram BNP Paribas Fund Services Ltd.
Sundaram BPO India Ltd.
Sundaram Business Services Ltd.
Sundaram Finance Distribution Ltd.
Sundaram Infotech Solutions Ltd.
Sundaram Insurance Broking Services Ltd.
Sundaram Trustee Company Ltd.
Royal Sundaram General Insurance Co. Ltd. (from July 29, 2015)

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 2016

(₹ in lakh)

	Joint Venture Promoters	Fellow Subsidiaries / Associates	Key Management Personnel	Relative of Key Management Personnel	April 2015 - March 2016	April 2014 - March 2015
Income						
Interest on Housing Loan	-	-	2.08	-	2.08	0.04
Rent						
Sundaram Finance Ltd.	0.69	-	-	-	0.69	0.69
Expenses						
Rent						
Sundaram Finance Ltd.	2,10.74	-	-	-	2,10.74	1,99.74
Brokerage, Commission, Deposit, Payroll Processing Services and Tele calling Services						
Sundaram Finance Ltd.	5,22.22	-	-	-	5,22.22	6,32.53
Sundaram BPO India Ltd.	-	29.35	-	-	29.35	32.72
Intranet/ Web Maintenance, Scanning Image Charges						
Sundaram Finance Ltd.	13.39	-	-	-	13.39	17.43
Inspection fees and Docket Verification fees						
Sundaram Finance Ltd.	48.87	-	-	-	48.87	35.69
Connectivity and Other Charges						
Sundaram Finance Ltd.	4,18.86	-	-	-	4,18.86	3,20.20
Sundaram Infotech Solutions Ltd.	-	45.49	-	-	45.49	35.66
Interest On NCDs						
Royal Sundaram General Insurance Co. Ltd.	-	5,03.80	-	-	5,03.80	-
Interest On Public Deposits						
	-	-	-	3.30	3.30	1.67
Training Expenses						
Sundaram Finance Ltd.	0.45	-	-	-	0.45	-
Insurance Premium						
Royal Sundaram General Insurance Co. Ltd.	-	6.24	-	-	6.24	-
Remuneration						
	-	-	2,03.45	-	2,03.45	1,86.33
Dividend Paid						
Sundaram Finance Ltd.	17,75.50	-	-	-	17,75.50	20,29.14
BNP Paribas Personal Finance S.A.	17,68.41	-	-	-	17,68.41	20,21.04

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

NOTES TO THE ACCOUNTS (Contd.)

Details of Related Party Transactions for the year ended 31st March 2016

(₹ in lakh)

	Joint Venture Promoters	Fellow Subsidiaries / Associates	Key Management Personnel	Relative of Key Management Personnel	April 2015 - March 2016	April 2014 - March 2015
Assets						
Purchase of Asset						
Sundaram Finance Ltd.	3,98.98	-	-	-	3,98.98	-
Sundaram Infotech Solutions Ltd.	-	-	-	-	-	0.30
Advances towards Software						
Sundaram Finance Ltd.	221.15	-	-	-	2,21.15	2,23.54
Other Deposits						
Sundaram Finance Ltd.	1,43.44	-	-	-	1,43.44	1,43.44
Royal Sundaram General Insurance Co Ltd.	-	10.00	-	-	10.00	-
Housing Loan - at the end of the year						
	-	-	2,00.00	-	2,00.00	-
Insurance Premium Prepaid						
Royal Sundaram General Insurance Co Ltd.	-	7.08	-	-	7.08	-
Liabilities						
Deposits						
	-	-	-	35.00	35.00	26.00
Interest Accrued on Deposits						
	-	-	-	3.30	3.30	1.67
Issue of Non-Convertible Debentures						
Royal Sundaram General Insurance Co. Ltd.	-	70,00.00	-	-	70,00.00	-
Interest Accrued on NCDs						
Royal Sundaram General Insurance Co. Ltd.	-	3,38.07	-	-	3,38.07	-
Commission Payable	-	-	1,00.00	-	1,00.00	1,00.00
Other Liabilities						
Sundaram Finance Ltd.	53.24	-	-	-	53.24	66.16
Sundaram Infotech Solutions Ltd.	-	0.38	-	-	0.38	-
Sundaram BPO India Ltd	-	-	-	-	-	2.85
Dividend						
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

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

NOTES TO THE ACCOUNTS (Contd.)

26.8 Earnings per Share (Basic and Diluted)

Particulars	2015-16	2014-15
Profit for the year after taxation (₹ in lakh)	152,72.22	146,42.32
Weighted average number of Equity Shares	10,12,54,438	10,12,54,438
Basic and Diluted earnings per share (₹)	15.08	14.46
Dividend Proposed to be distributed (₹ in lakh)	35,43.91	35,43.91
Dividend per share (₹)	3.50	3.50

26.9 Details of Dividend remitted in foreign currency

Particulars	2015-16	2014-15
Number of Non Resident Shareholders	One	One
Number of Shares	5,05,25,965	5,05,25,965
Amount of Dividend remitted (₹ in lakh)	17,68.41	20,21.04
Financial year to which the dividend relates	2014-15	2013-14

26.10 No amount was due to small-scale industries in terms of the Micro, Small and Medium Enterprises Development Act, 2006.

26.11 Contingent Liabilities in respect of

- Sanctioned and Undisbursed loans as at March 31, 2016: ₹207,29.14 lakh. (March 31, 2015 - ₹185,96.59 lakh).
- Partly undisbursed amounts of loans sanctioned as at March 31, 2016 : ₹113,78.82 lakh. (March 31, 2015 - ₹127,10.37 lakh).
- Others – ₹20 lakh (March 31, 2015 - ₹20 lakh).

26.12 Based on the current status of the loan accounts, the Company has made adequate provisions for losses, where required.

26.13 The pending litigations as on March 31, 2016 have been compiled by the Company and reviewed by the Statutory Auditors. The current position of the litigations has been evaluated and the effect thereof has been disclosed in the financial statements, where appropriate.

26.14 During the year, Sundaram Finance Limited, the holding company has incurred ₹31.34 lakh (March 31, 2015 - ₹21.44 lakh) 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.

26.15 Estimated amount of contracts remaining to be executed on capital account – ₹48.00 lakh. (March 31, 2015 - ₹2,62.00 lakh).

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

As per our report of even date attached

For **Brahmayya & Co.,**

Chartered Accountants

FRN 000511S

P. Babu

Partner

Membership No. 203358

Chennai

30th April 2016

S. Viji

Chairman

G. Sundararajan

Chief Financial Officer

V. Swaminathan

Company Secretary

Srinivas Acharya

Managing Director

N. Ganga Ram

Director

Disclosure in the Balance Sheet (as on 31st March 2016)

I. Capital to Risk Assets Ratio (CRAR)

Items	March 31, 2016	March 31, 2015
i) CRAR (%)	23.94%	20.41%
ii) CRAR - Tier I capital (%)	19.34%	15.46%
iii) CRAR - Tier II Capital (%)	4.60%	4.95%

II. Exposure to Real Estate Sector

(₹ in crore)

Category	March 31, 2016	March 31, 2015
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 Lakh	1478.06	1494.13
- Others	4973.08	4700.20
	<u>6451.14</u>	<u>6194.33</u>
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;	574.82	638.70
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
a. Residential	20.92	14.46
b. Commercial Real Estate	–	–
b) Indirect Exposure Fund Based and Non-Fund Based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	22.33	10.00

Note:

Consists of future Principal and Principal component of EMI outstanding.

* Includes exposures to Non-Housing loans secured by residential mortgages amounting to ₹1491.96 crore (Previous year – ₹1460.41 crore)

III. Asset Liability Management

Maturity pattern of certain items of Assets and Liabilities

(₹ in crore)											
	1 day to 30-31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 years	Total
Liabilities											
Borrowings from Banks*	82.08	-	12.50	173.58	503.78	653.69	331.75	302.08	382.21	243.98	2685.65
Market Borrowings	92.00	142.48	125.80	356.99	797.45	1586.80	352.74	65.00	65.00	-	3584.26
Assets											
Advances	42.86	43.13	43.34	131.88	265.04	1146.25	1253.97	1272.56	1333.95	1483.61	7016.59
Investments #	339.47	0.25	0.25	24.99	41.31	53.53	8.05	15.78	26.12	21.28	531.03

* Includes Borrowings from NHB

Breakup of Investments:

	(₹ in crore)
Investments	
Investments as per Note 13	78.29
Investments as per Note 17	190.22
Total (A)	268.51
Cash & Bank balances – Note 18	
Bank Deposits	152.22
SIR Bank Deposits	64.45
Bank deposits held as Collateral for assets assigned	45.85
Total (B)	262.52
Total (A)+(B)	531.03



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,
Madanapalle : 08571 231571, Nellore : 0861 2322269, Ongole : 08592 283959, Rajahmundry : 0883 2468579,
Srikkakulam : 08942 229123, Tanuku : 08819 227667, Tirupati : 0877 2237378, Vijayawada : 0866 2471717
Visakhapatnam : 0891 2575522, Vizianagaram : 08922 237778

Telangana

Hyderabad : 040 27806002, Karimnagar : 0878 2237676, Khammam : 08742 242160,
Kukatpally : 040 23162224, LB Nagar : 040 24126456, Mancherial : 08736 255456,
Nizamabad : 08462 220224, Tolichowki : 040 23564968, Warrangal : 0870 2441244

Karnataka

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

Kerala

Calicut : 0495 2722066, Kanhangad : 0467 2203990, 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 2224289, Trichur: 0487 2324077, Thiruvananthapuram : 0471 2346086

Puducherry : 0413 2330509

Tamil Nadu

Attur: 04282 253354, Chennai - Ambattur: 044 26521656, Chennai - Chromepet: 044 22210244, Chennai - Parrys: 044 25241099,
Chennai - Porur: 044 65624038, Chennai - T Nagar: 044 28155151, Chennai - Thiruvannamiyur: 044 24430030, Chengleput: 044 27432929,
Coimbatore : 0422 2246655, 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, Perambalur: 04328 275563,
Pollachi: 04259 223552, Pudukottai: 04322 232455, Ranipet: 04172 271979, R S Puram: 0422 2545333, 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 26581761, Aurangabad: 0240 235 0005 ,
Bhopal: 0755 2550240, Bhubaneswar: 0674 2544677,
Indore: 0731 2522236, Jaipur: 0141 2359577,
Kolhapur: 0231 2667381, Kolkata: 033 22837877, Nagpur: 0712 255 8017,
Nasik: 0253 2501766, Pune: 020 2551 1575, Vadodara: 0265 2355070