

# **Sundaram Home Finance Limited**

(Formerly known as Sundaram BNP Paribas Home Finance Limited)

## **22nd Annual Report**

**2020-21**



### **Board of Directors**

T.T. Srinivasaraghavan	Chairman
Harsha Viji	
A.N. Raju (w.e.f. 20th May 2021)	
P.N. Venkatachalam	
Radha Unni	
Lakshminarayanan Duraiswamy	Managing Director

### **Audit Committee**

P.N. Venkatachalam	Chairman
Radha Unni	
Harsha Viji	

### **Executive Committee**

T.T. Srinivasaraghavan	Chairman
Harsha Viji	
Lakshminarayanan Duraiswamy	

### **Asset Liability Management Committee**

Lakshminarayanan Duraiswamy	Chairman
G. Sundararajan	
S. Sridhar	
V. Swaminathan	

### **Risk Management Committee**

P.N. Venkatachalam	Chairman
Radha Unni	
Harsha Viji	
Lakshminarayanan Duraiswamy	

### **Corporate Social Responsibility Committee**

P.N. Venkatachalam	Chairman
T.T. Srinivasaraghavan	
Lakshminarayanan Duraiswamy	

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## **Nomination & Remuneration Committee**

Harsha Viji      Chairman  
P.N. Venkatachalam  
Radha Unni

## **Stakeholders Relationship Committee**

Lakshminarayanan Duraiswamy      Chairman  
P.N. Venkatachalam

## **IT Strategy Committee**

P.N. Venkatachalam      Chairman  
Radha Unni  
Lakshminarayanan Duraiswamy

## **Key Managerial Personnel**

Lakshminarayanan Duraiswamy      Managing Director  
G. Sundararajan      Chief Financial Officer  
V. Swaminathan      Company Secretary

## **Senior Executives**

S. Sridhar      Vice-President & Head - Treasury  
Gaurav Mittal      Chief Business Officer  
V. Janaki      Senior General Manager & Head - Information Systems

## **Statutory Auditors**

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

## **Secretarial Auditor**

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

## **Information Security Assurance Services**

M/s. C.V. Ramaswamy & Co.  
No.1, Vidwan Sundaram Street  
Nungambakkam, Chennai 600 034

### Bankers

Axis Bank	HDFC Bank
Canara Bank	ICICI Bank
Federal Bank	IndusInd Bank
State Bank of India	

### Trustee for Debentures / Public Deposits

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

### Trustee for Securitisation

Vistra (ITCL) Limited  
(Formerly IL & FS Trust Company Limited)  
The IL & FS Financial Centre  
Plot 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’  
46, Whites Road  
Chennai – 600 014  
Phone: 044 2851 5267, 044 2851 5269  
Fax: 044 2858 2235

### Email

corporateaffairs@sundaramhome.in

### Website

www.sundaramhome.in

### Corporate Identity Number

U65922TN1999PLC042759

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## Contents

Financial Highlights	5
Board's Report	6
Report on Corporate Governance	38
Auditors' Report	49
Balance Sheet	58
Statement of Profit and Loss	59
Cash Flow Statement	62
Notes to the Accounts	64

## HIGHLIGHTS

(₹ in Crore)

	2020-21	2019-20	2018-19	2017-18	2016-17
<b>OPERATIONAL HIGHLIGHTS</b>	<b>Ind AS</b>				<b>IGAAP</b>
Approvals	1446	2240	2672	2996	2077
Disbursements	1254	2113	2449	2626	1831
Loans outstanding	9061	9479	9043	8236	7391
Loans under Management (including assets sold)	9173	9638	9258	8524	7793
<b>FINANCIAL HIGHLIGHTS</b>					
Paid-up capital	101.25	101.25	101.25	101.25	101.25
Reserves and surplus	1457.45	1319.81	1150.84	1047.66	927.19
Networth	1558.70	1421.06	1252.09	1148.91	1028.44
Total borrowings	8234.10	8601.23	8037.39	7353.63	6470.75
Fixed Deposits	1875.24	1657.20	1230.13	1124.22	1094.72
Profit before tax	251.30	218.08	224.17	211.83	236.57
Profit after tax (before exceptional item)	191.64	157.90	145.48	144.42	153.65
Profit after tax (after exceptional item)	191.64	218.15	145.48	144.42	153.65
Total Comprehensive Income for the period comprising Profit and other comprehensive income for the period	191.24	217.87	145.55	144.25	153.65
Dividend %	70%*	42%	35%	35%	35%
Dividend (including tax) - Amount in cr	70.88	45.03	42.72	42.72	42.65
Return on average Net-worth (%)	12.86	11.81	12.12	13.15	16.15
Book value (₹)	153.94	140.35	123.66	113.47	101.57
Earnings per share (₹)	18.93	21.54	14.37	14.26	15.17
Capital Adequacy Ratio (%)	24.85	23.00	23.54	24.28	24.78
Cost-to-income ratio (%)	26.67	30.83	29.31	26.97	25.62
Stage III Assets (%)	4.48	4.78	3.88	4.17	3.67
Net Stage III Assets (%)	1.09	1.63	0.93	1.27	0.98

\* including an interim dividend of 15% paid during FY 2020-21

# BOARD'S REPORT

To the Members

The Directors have pleasure in presenting the Twenty Second Annual Report of the Company together with the audited accounts for the year ended 31st March 2021.

## FINANCIAL RESULTS

The summarised financial results are given hereunder:

(₹ in Crore)  
(as per Ind AS)

	Year ended 31st March 2021	Year ended 31st March 2020
Income from Operations	1039.31	1078.51
Other income	0.04	0.25
Total Revenue	1039.35	1078.76
Less: Total Expenses	788.05	860.68
Profit Before Tax	251.30	218.08
Profit After Tax before Exceptional Item	191.64	157.90
Exceptional Item	-	60.25
Profit After Tax after Exceptional Item	191.64	218.15
Other comprehensive income	(0.40)	(0.28)
Total Profit & Other comprehensive income	191.24	217.87
Add: Balance brought forward from the previous year	159.88	67.32
<b>Amount available for appropriation</b>	<b>351.12</b>	<b>285.19</b>

**Appropriations**

(₹ in Crore)

	Year ended 31st March 2021	Year ended 31st March 2020
Transfer to Special Reserve under Section 36(1) (viii) of the Income-tax Act, 1961	34.95	29.00
Transfer to Special Reserve relating to earlier years	0.05	0.00
Transfer to Additional Reserve under Section 29C of National Housing Bank Act, 1987	3.33	14.63
Transfer/(Reversal) to COVID Reserve (net of deferred tax)	(24.30)	24.30
Other Comprehensive Income	(0.78)	(0.37)
Final Dividend paid for 2018-19	-	35.44
Final Dividend paid for FY 2019-20	30.38	-
Interim Dividend paid for FY2020-21	15.19	12.15
Dividend Distribution Tax	-	9.78
Transfer to General Reserve	0.00	0.00
Surplus carried to the Balance Sheet	292.31	160.26
<b>Total</b>	<b>351.12</b>	<b>285.19</b>

**DIVIDEND**

During the year 2020-21, the following dividends were paid:

Final Dividend for the year 2019-20	30%	₹30.37 crore (including the dividend distribution tax)
Interim Dividend for the year 2020-21	15%	₹15.19 crore (including the dividend distribution tax)

Your Directors are pleased to recommend a final dividend of 55% (₹5.50 per share) for the Financial Year 2020-21 on the total paid-up capital of ₹101.25 crore. This together with Interim dividend amounting to ₹1.50 per share (15%) already paid, would aggregate to a total dividend of ₹7/- per share (70%).

In terms of the Companies (Accounting Standard) Rules, 2006, as amended, the final dividend paid for the year 2019-20 and the interim dividend for the year 2020-21 has been recorded as a liability for the year 2020-21. The proposed dividend of ₹55.69 crore is not recorded as a liability as on 31st March 2021. The liability will be recognised after the dividend is approved by the Members in the ensuing Annual General Meeting and duly reflected in the accounts for the year 2021-22.

## OPERATING AND FINANCIAL PERFORMANCE

Gross income of the Company during the year ended 31st March 2021 amounted to ₹1039.35 crore, lower by 4% over the previous year. Profit before tax was ₹251.30 crore, higher by 15% compared to the previous year. At ₹191.64 crore, profit after tax was higher by 21% over the previous year. The Company's net worth stood at ₹1559 crore as on 31st March 2021 (₹1421 crore at the end of the previous year). As on that date, the regulatory capital adequacy ratio (CRAR) was 24.85%, well above the regulatory minimum of 13%.

The Company approved loans totalling ₹1446 crore during the year, as against ₹2240 crore in FY20, registering a drop of 35%. Disbursements during the year amounted to ₹1254 crore as against ₹2113 crore in FY20, a drop of 41%. The average ticket size of home loans disbursed to individuals during the year was ₹25 lakh.

Gross Non-Performing Loans (NPLs) (loans in continuing default for more than 90 days) amounted to ₹303.17 crore as on 31st March 2021 which constituted 3.42% of the total loans, down from 3.77%, a year ago. Net NPLs after provisioning under ECL were 1.09%, down from 1.63% last year. As per the RBI notification, the above NPLs are exclusive of loans under Moratorium due to the COVID-19 Pandemic.

The Company continues to follow a prudent loan provisioning policy, as a result of which the provisions for Expected Credit Loss (ECL) allocated to NPL accounts is considerably higher than the regulatory requirement.

During the year, the Company disbursed loans amounting to ₹53 crore to Affordable Housing Finance Companies through Line of Credit (LOC).

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company has duly constituted a Corporate Social Responsibility Committee as per the provisions of Section 135 of the Companies

Act, 2013 and devised a Policy for the implementation of the CSR framework, broadly defining the areas of spending, of at least two per cent of the average net profits made during the last three immediately preceding Financial Years on the activities mentioned under Schedule VII of the Companies Act, 2013.

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

For the year 2020-21, the CSR Committee consisted of three Members, viz. Mr. P.N. Venkatachalam, Mr. T.T. Srinivasaraghavan and Mr. Lakshminarayanan Duraiswamy, Managing Director. Mr. P.N. Venkatachalam was the Chairman of the Committee.

During the Financial Year 2020-21, your Company has spent the required amount of ₹5.14 crore. A Report on CSR Activities undertaken by the Company for the Financial Year 2020-21 is annexed as part of this Board's Report (Annexure I).

The Policy on Corporate Social Responsibility has been hosted on Company's website <http://www.sundaramhome.in>

## CORPORATE GOVERNANCE

The National Housing Bank vide Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 9th February 2017, has mandated all Housing Finance Companies to follow the guidelines on Corporate Governance as per the Housing Finance Companies – Corporate Governance (NHB) Directions, 2016. The Company has accordingly framed internal guidelines on Corporate Governance which have been hosted on its website <http://www.sundaramhome.in>

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

## **DIRECTORS' RESPONSIBILITY STATEMENT**

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

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

## **RELATED PARTY TRANSACTIONS**

During the year, the Company did not enter into any materially significant transaction with related parties, i.e., its Promoters, Directors, Key Managerial Personnel and their relatives, conflicting with the Company's interests as laid down under Section 188(1) of the Companies Act, 2013.

Approval of the Audit Committee is obtained by the Company before entering into any related party transaction as per the applicable

provisions of Companies Act, 2013. In accordance with 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 during the year were in the ordinary course of business and on an arm's-length basis. Form AOC-2, as required under Section 134(3) (h) of the Act, read with Rule 8(2) of the Companies (Accounts) Rules 2014, is annexed as part of this Board's Report (Annexure II (i)).

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

The Policy on Related Party Transactions has been hosted on the Company's website <http://www.sundaramhome.in>

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

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

The Policy has been hosted on the Company's website <http://www.sundaramhome.in>

There were no complaints during the year 2020-21.

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## WHISTLE BLOWER POLICY

The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism with effect from 1st April 2014, for Directors and Employees to report genuine concerns about unethical behaviour, pursuant to the provisions of Section 177(9) and (10) of the Companies Act, 2013 read with Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014. The vigil mechanism provides for adequate safeguards against victimisation of persons who use such mechanism and makes provision for direct access to the Chairman 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. The Whistle Blower Policy has been hosted on the Company's website <http://www.sundaramhome.in>

There were no complaints during the year 2020-21.

## 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 or its future operations.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDIAN ECONOMIC SCENARIO

The Financial Year 2020-21 commenced with the uncertainties of the COVID-19 pandemic and during the close of the financial year, Indian economy was poised to advantageous growth trajectory. However, the situation witnessed a topsy turn in the first week of April 2021 with the country witnessing the ferocious second wave of covid-19 with new mutant virus spreading virulently with increased mortalities.

System liquidity remained in large surplus in February and March 2021 with average daily net liquidity absorption of ₹5.9 lakh crore. Driven by currency demand, reserve money (RM) increased by

14.2 per cent (y-o-y) as on March 26, 2021. Money supply (M3) grew by 11.8 per cent as on March 26, 2021 with credit growth at 5.6 per cent. Corporate bond issuances at ₹6.8 lakh crore during 2020-21 (up to February 2021) were higher than ₹6.1 lakh crore during the same period last year. Issuances of commercial paper (CPs) turned around since December 2020 and were higher by 10.4 per cent during December 2020 to March 2021 than in the same period of the previous year. India's foreign exchange reserves increased by US\$ 99.2 billion during 2020-21 to US\$ 577.0 billion at end-March 2021, providing an import cover of 18.4 months and 102 per cent of India's external debt.

According to CRISIL, by the end of 2021-22, GDP will only be approximately 2% higher than March 2020 level. More importantly, the absolute GDP would be roughly 10% below its pre-pandemic trend level.

CPI inflation edged up to 5.5 per cent in March 2021 from 5.0 per cent a month ago on the back of a pick-up in food as well as fuel inflation while core inflation remained elevated.

### HOUSING FINANCE SECTOR

India's home loan market is seeing intense competition with banks and non-bank financial companies vying for a slice of the most secure credit segment. This, along with the benign interest rate regime, are beginning to put pressure on spreads that housing finance companies (HFC) earn.

According to analysts at Nomura Financial Advisory and Securities India Ltd, incremental spreads of HFCs have narrowed sharply to 125 basis points in the past two months. This compares with a spread of around 200 basis points in the second half of 2020. One basis point is one-hundredth of a percentage point.

The real estate sector is one of the largest contributors to the GDP, but this is one sector that has gone through more than its fair share of difficulties over the last decade. On August 2020, Maharashtra

Government announced a cut stamp duty rates from 5 per cent to 2 per cent in urban areas and in rural areas, the rates have been cut from 4 per cent to 1 per cent till December 31 and 3 per cent till March 31, 2021. The demand increases for low- and mid-income housing. Karnataka also reduced stamp duty recently; it is reduced from five per cent to two per cent for land costing up to ₹20 lakh for setting up industries, and cut from five per cent to three per cent on properties costing above ₹21 lakh.

ICRA Ratings in a report said with revival in demand for housing credit in the industry in the last two quarters, most of the HFCs have already reached near pre-Covid level disbursements and are targeting to achieve further higher disbursements in H2/FY2021.

Considering the extreme uncertainties and the heightened risk perceptions due to COVID-19, your Company will continue to exercise utmost prudence in its growth plans, underpinned by a robust underwriting framework. The focus on Growth with Quality and Profitability (GQP) will continue to be the guiding philosophy of your Company.

**REGULATORY CHANGES**

During the year, a few major regulatory changes were made:

The Finance (No.2) Act, 2019 has amended the National Housing Bank Act, 1987 conferring certain powers for regulation of Housing Finance Companies (HFCs) with Reserve Bank of India and was published in the Official Gazette on 09th August 2019. HFCs will be treated as one of the categories of Non-Banking Financial Companies (NBFCs) for regulatory purposes. NHB will continue to carry out supervision of HFCs including Grievance Redressal Mechanism. Reserve Bank of India vide RBI/2020-21/100 - DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated 17th February 2021 has issued Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 which came into effect immediately.

The Company is in compliance with the applicable provisions of the RBI HFC Directions and other directions/guidelines issued by RBI/NHB as applicable

**TRADEMARK REGISTRATION:**

During the year, the Company has obtained two new trademarks from the Trademark Registry.

**RESOURCE MOBILISATION**

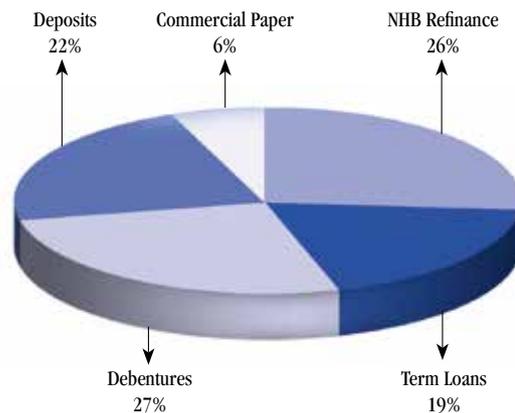
**FRESH EQUITY**

During the year, the Company did not raise funds by way of infusion of fresh equity. The Company did not face any liquidity pressure.

**BORROWINGS**

Total borrowings as on 31st March 2021 stood at ₹8062.98 crore as against ₹8407.95 crore a year earlier. Of the total borrowings, NHB Refinance constituted 26%, Non-Convertible Debentures (NCDs) 27%, Term Loans from Banks and Financial Institutions 19% and Public Deposits 22% and Commercial Paper 6%.

**LOAN FUNDS**



During the year, the Company obtained fresh refinance of ₹1145.50 crore from NHB and repaid ₹802.22 crore of refinance. It raised long-term funds to the extent of ₹850 crore through non-convertible debentures and ₹1150 crore from banks. The Company duly repaid its term borrowings including debentures as and when they became due for payment and no debentures remained unclaimed by the investors at the year end. The Company did not opt for moratorium with any of its lenders.

## DEPOSITS

The Company mobilised fresh public deposits of ₹394 crore during FY21. Fixed Deposits outstanding at the year-end were ₹1810 crore (₹1606 crore at the end of FY20).

The Company notifies depositors well ahead of the maturity of their deposits and thereafter issues periodical reminders if the deposits are not renewed or unclaimed on or after maturity. As of 31st March 2021, deposits totaling ₹27.56 crore from 1094 depositors had matured for payment but the depositors concerned had sought neither renewal nor repayment of their deposits. The Company is closely following up these cases and, as of date, such deposits stand reduced to ₹18.06 crore from 858 depositors.

As of 31st March 2021, there were no amounts pending to be transferred to the Investor Education and Protection Fund (IEPF).

## COMMERCIAL PAPER

The Company issued commercial paper aggregating ₹750 crore (face value) during the year. The maximum amount of commercial paper outstanding at any time during the year was ₹975 crore (face value) and the amount outstanding at the end of the year ₹450 crore (face value).

Effective from 1st January 2020, the Company has listed its commercial paper with the NSE as required under SEBI (Guidelines).

## CREDIT RATINGS

The Company's borrowings enjoy the following credit ratings:

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

## INTERNAL FINANCIAL CONTROLS

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

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

## RISK MANAGEMENT POLICY

As mandated under the Directions issued by the National Housing Bank vide Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 9th February 2017, the Company has constituted a Risk Management Committee which is responsible for putting in place a progressive

risk management system, risk management policy and strategy to be followed by the Company.

NHB, vide its circular dated 29th May 2019 mandated that HFCs with asset size of more than ₹5000 crore shall appoint a Chief Risk Officer (CRO) with a clearly specified role and responsibilities. Complying with the above requirements, the Company has appointed a senior official as its Chief Risk Officer with effect from 25th October 2019 for a period of two years.

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

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

Successful mortgage lending calls for timely identification, careful assessment and effective management of the credit, operational, market (interest-rate and liquidity) and reputation risks. The Company has adopted efficient risk management policies, systems and processes that seek to strike an appropriate balance between risk and returns.

The Company has also introduced appropriate risk management measures, such as accessing the applicant's credit history with credit information bureaus, field investigation of the applicant's credentials, adoption of prudent loan to value ratio and analysis of the borrower's debt-service capacity. This is in addition to in-house appraisal of the legal documents, monitoring the end-use of approved loans, lending only against approved properties, risk-based loan pricing and property insurance.

The Company has employed qualified personnel to value properties and track property price movements, besides engaging qualified

external valuers in appropriate cases. A separate recovery vertical has been set up to monitor recovery of dues from the borrowers. The Recovery Team constantly follows up with the borrowers for the collection of outstanding dues.

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

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

During the year 2020-21, there were no instances of frauds that are required to be reported by the Statutory Auditors with respect to Sub-Section 3 (ca) of Section 134 of the Companies Act, 2013.

## INTERNAL AUDIT

In compliance with the requirements of the Companies Act, 2013 read with Circular G.S.R. 742(E) dated 27th July 2016 issued by the Ministry of Corporate Affairs, the Company has appointed the Internal Audit Department of Sundaram Finance Limited as the Internal Auditors of the Company, to carry out an effective internal audit and such other audit functions in addition to their existing assignment on Audit of Corporate Office, Branch Inspection and Docket Verification.

The Internal Auditors review all the internal control and risk-management measures, highlight areas requiring attention and report

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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. The internal control systems are being tested on an on-going basis and necessary actions are initiated wherever necessary.

### **INFORMATION SECURITY ASSURANCE SERVICES – SYSTEMS AUDIT**

The Company's operations have a high degree of automation. Information security assurance service is provided by M/s. C.V. Ramaswamy & Co., whose recommendations have led to the introduction of several additional safeguards in operational, accounting and security-related areas.

### **HUMAN RESOURCES AND TRAINING**

Employees' contribution is vital to the Company's performance - both qualitative and quantitative. Accordingly, the Company's performance management system is used effectively to improve staff capabilities in areas such as leadership, team building, knowledge accessibility and productivity enhancement. An exclusive Training and Development Department, headed by a senior officer, has been set up to give additional impetus to the growing training needs of the employees. In-house on-the-job coaching and enhanced training programmes in various other functional areas were conducted during the year to upgrade the skills of 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 fair practices code. These training programmes enabled the staff members to sharpen their knowledge in their areas of responsibility. New employees are put through an induction programme covering business requirements, Company's processes, regulatory prescriptions and contours of personality development.

There are no material developments in the human resources/industrial relations front adversely affecting the Company's business.

The number of permanent employees on the rolls of the Company as on 31st March 2021 was 784.

### **MATERIAL CHANGES AFTER BALANCE SHEET DATE (31ST MARCH 2021)**

No material changes and commitments favourably or unfavourably affecting the financial position of the Company have occurred between the end of the Financial Year (FY21) of the Company to which the Financial Statements relate and the date of this Board's Report.

### **BOARD OF DIRECTORS**

During the year, Mr. P.N. Venkatachalam was reappointed as an Independent Director for a further term of two (2) years and 11 months commencing from 30th April 2021 co-terminus with his directorship in Sundaram Finance Limited (SFL). The Board appointed Mr. A.N. Raju (DIN: 00036201) as an Additional Director with effect from 20th May 2021.

The Company has received necessary declarations from the Independent Directors of the Company under Section 149 (7) of the Companies Act, 2013 that they meet the criteria of Independence as provided in Section 149 (6). Further, the Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV of the Companies Act, 2013.

The appointment of the Independent Directors has been made in accordance with the provisions of Section 152(5) of the Companies Act, 2013 and the Rules made there under. Details of the terms and conditions of the appointment of the Independent Directors have been hosted on the Company's website <http://www.sundaramhome.in>

### **KEY MANAGERIAL PERSONNEL**

For the year 2020-21, Mr. Lakshminarayanan Duraiswamy, 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 there under.

## BOARD AND COMMITTEE MEETINGS

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

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

### EMPLOYEES

The Nomination & 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 website of the Company <http://www.sundaramhome.in>

## EXTRACT OF ANNUAL RETURN

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

## STATUTORY AUDITORS' REPORT

The Statutory Auditors' Report on the Accounts for the year ended 31st March 2021 does not contain any qualification, reservation or adverse observation. The Notes on the Financial Statements referred to in the Auditors' Report are self-explanatory.

## STATUTORY AUDITORS

At the Nineteenth Annual General Meeting of your Company, M/s. Sundaram & Srinivasan (Registration No.004207S), Chartered Accountants, Chennai had been appointed as the Statutory Auditors of the Company for a period of four years, till the conclusion of 23rd Annual General Meeting, as per Section 139(1) of the Companies Act, 2013. However, in view of the recent Reserve Bank of India Circular - RBI/2021-22/25 Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, M/s. Sundaram & Srinivasan, the Statutory Auditors, will retire at the conclusion of the Twenty Second Annual General Meeting. The Board places on record its appreciation of their valuable contribution during their tenure of office.

## SECRETARIAL AUDITORS

In terms of Section 204 of the Companies Act, 2013 and the Rules thereunder, the Company has appointed Mr. M. Damodaran, Company Secretary in Practice, for conducting Secretarial Audit of the Company for the Financial Year 2020-21. The Secretarial Audit Report for the Year in Form MR-3 as prescribed under the Companies Act, 2013 is annexed to this Board's Report (Annexure IV).

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

## CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Since the Company is not engaged in any manufacturing activity and its operations are not energy intensive, the disclosure relating to conservation of energy and technology absorption as stipulated under

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Section 134(3) (m) read with Rule 8 of the Companies (Accounts) Rules, 2014 is not applicable to the Company. However, adequate measures are always taken to ensure optimum utilization and maximum possible saving of energy. The Company on its lending side, associates itself in all programmes and schemes of the Government and NHB, in promoting energy efficient homes.

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

### **FOREIGN EXCHANGE OUTGO**

During the year, there were no foreign exchange earnings or foreign exchange outgo.

### **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 Reserve Bank of India and the National Housing Bank Directions applicable in this regard.

### **LOANS AND INVESTMENTS**

During the year, the Company duly complied with the provisions of Section 186(1) 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 are provided in the Financial Statements. The Company, being a Housing Finance Company,

is exempt from the provisions of Section 186(11) of the Companies Act, 2013.

### **BOARD EVALUATION**

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

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

### **SEPARATE MEETING OF INDEPENDENT DIRECTORS**

As required under Clause VII of Schedule IV of the Companies Act, 2013 on the Code for Independent Directors, a separate Meeting of all the Independent Directors on the Company's Board, viz. Mr. P. N. Venkatachalam and Mrs Radha Unni was held on 25th February 2021, without the attendance of the Non-Independent Directors and the Members of the Management.

At this Meeting, the Independent Directors --

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

Besides, the Independent Directors discussed other matters of interest concerning the Company.

### **LISTING WITH STOCK EXCHANGES**

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

### **PARTICULARS OF EMPLOYEES**

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

A statement containing the details of top ten employees who were in receipt of remuneration of not less than ₹1.20 crore for the year 2019-20, 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 Annexure VII. The Annexure is available for inspection by the Members at the Registered Office of the Company during business hours on working days up to the date of the ensuing Annual General Meeting. Any Member interested in obtaining a copy of the said Annexure may write to the Company Secretary at the Registered Office of the Company.

### **STATUTORY AND REGULATORY COMPLIANCE**

The Company has complied with the applicable statutory provisions, including those of the Companies Act, 2013, the Income-tax Act, 1961 and other laws related to Goods and Services Tax (GST). Further, the Company has complied with the Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, NHB's Housing Finance Companies Directions, 2010, SEBI

(Listing Obligations & Disclosure Requirements) Regulations, 2015, Accounting Standards issued by the Ministry of Corporate Affairs (MCA), Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI), Anti-Money Laundering guidelines, applicable labour laws and forex laws.

### **CAUTIONARY STATEMENT**

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

### **ACKNOWLEDGEMENT**

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

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

For and on behalf of the Board of Directors

Chennai  
20th May 2021

**T T Srinivasaraghavan**  
Chairman

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

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

The Company has formulated its Corporate Social Responsibility (CSR) Policy for implementing the CSR framework, broadly defining the areas in which the Company proposes to spend for CSR promotion / development. The Company has contributed and will contribute further towards the areas mentioned in Schedule VII of the Companies Act, 2013. The CSR Policy of the Company is available on its website [https://www.sundaramhome.in/uploads/downloads/csr\\_policy.pdf](https://www.sundaramhome.in/uploads/downloads/csr_policy.pdf)

- 2. Composition of the CSR Committee**

The CSR Committee consists of the following Members (as on 31st March 2021):

S. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. P.N. Venkatachalam	Chairperson	1	1
2.	Mr. T.T. Srinivasaraghavan	Member	1	1
3.	Mr. Lakshminarayanan Duraiswamy, Managing Director	Member	1	1

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

[https://www.sundaramhome.in/uploads/downloads/csr\\_policy.pdf](https://www.sundaramhome.in/uploads/downloads/csr_policy.pdf)

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

Not applicable

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

Not applicable

- 6. Average net profit of the Company as per Section 135(5)**

₹257.31 Crore

7.	a.	Two percent of average net profit of the company as per section 135(5)	₹5.14 Crore
	b.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	—
	c.	Amount required to be set off for the financial year, if any	—
		Total CSR obligation for the financial year (7a+7b+7c)	₹5.14 Crore

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

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
₹5.14 crore	-	-	-	-	-

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

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

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

Annexure I(i) Enclosed

**(d) Amount spent in Administrative Overheads:**

Nil

**(e) Amount spent in Impact Assessment, if applicable:**

Not applicable

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

₹5.14 crore

**(g) Excess amount for set off, if any**

Sl. No.	Particulars	Amount (₹ in lakhs)
(i)	Two percent of average net profit of the company as per section 135(5)	₹5.14 Crore
(ii)	Total amount spent for the Financial Year (excluding administrative overheads)	₹5.14 Crore
(iii)	Excess amount spent for the financial year [(ii) – (i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

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

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

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

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

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

Not applicable

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

Not applicable

Place : Chennai

Date : 20th May 2021

Managing Director

Chairman - CSR Committee

**Annexure I (i)**

(₹ in lakhs)

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

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the Project		Amount spent for the project (₹ in lakhs)	Mode of Implementation (Yes/No)	Mode of Implementation – Through Implementing Agency	
				State	District			Name	CSR Register number
1	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set up by the Central Government for the promotion of sanitation and making available safe drinking water.	Health	Yes	Tamil Nadu	Chennai	2.00	No	KVN Foundation (Feed My Chennai)	
			Yes	Tamil Nadu	Chennai	2.00	No	Sharana Breast Cancer Relief And Research Foundation	
			Yes	Tamil Nadu	Chennai	2.00	No	Cancer Research And Relief Trust	
			Yes	Tamil Nadu	Chennai	2.00	No	Cancare Foundation	
			Yes	Tamil Nadu	Chennai	15.00	No	Sri Ramachandra Educational And Health Trust	CSR00001622
			Yes	Tamil Nadu	Chennai	1.00	No	Dr.Mehta's Medical Trust	
			Yes	Tamil Nadu	Chennai	50.00	No	Sundaram Medical Foundation	
			Yes	Tamil Nadu	Chennai	15.00	No	Single Teacher Schools - SVRDS	
			Yes	Tamil Nadu	Chennai	10.00	No	The Voluntary Health Services	
			Yes	Tamil Nadu	Chennai	0.15	No	Baskar Dental Foundation	
			Yes	Tamil Nadu	Chennai	1.50	No	Dharma Paripalana Sabha Annadhanam And Charitable Trust	
			Yes	Tamil Nadu	Chennai	6.00	No	Neuro Sciences India Group	
			Yes	Tamil Nadu	Thanjavur	1.00	No	Ramakrishna Math, Thanjavur	CSR00002806
Yes	Tamil Nadu	Tiruvannamalai	2.00	No	Soul Free Trust				
Yes	Karnataka	Bengaluru	5.00	No	Rangadore Memorial Hospital				

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the Project		Amount spent for the project (₹ in lakhs)	Mode of Implementation (Yes/No)	Mode of Implementation – Through Implementing Agency	
				State	District			Name	CSR Register number
2	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Education	Yes	Tamil Nadu	Chennai	50.00	No	Laxmi Charities	CSR00005940
			Yes	Tamil Nadu	Chennai	1.00	No	Rotary Club Of Madras South West	
			Yes	Tamil Nadu	Chennai	2.00	No	Aim For Seva	
			Yes	Tamil Nadu	Chennai	5.00	No	P S Educational Society	
			Yes	Tamil Nadu	Chennai	0.50	No	Vedanta Institute (Madras)	
			Yes	Tamil Nadu	Chennai	2.00	No	Sri Vishwa Vidyalaya Matriculation Higher Secondary School	
			Yes	Tamil Nadu	Chennai	2.00	No	Madras Dyslexia Association	CSR00000202
			Yes	Tamil Nadu	Chennai	1.00	No	Seva Samajam Nursery And Primary School	
			Yes	Tamil Nadu	Chennai	10.00	No	Om Charitable Trust	CSR00002768
			Yes	Tamil Nadu	Chennai	3.50	No	Ramakrishna Mission Students' Home	CSR00006101
			Yes	Karnataka	Bengaluru	10.00	No	Alamara Residential Centre For Persons With Developmental Disabilities	
			Yes	Karnataka	Bengaluru	5.00	No	Deepika School	
			Yes	Gujarat	Ahmedabad	5.00	No	Swaminarayan Vidyapith	
			Yes	Gujarat	Porbandar	1.00	No	Ramakrishna Mission Vivekananda Memorial	
			Yes	New Delhi		5.00	No	Ahvaan Trust	CSR00000767
Yes	Uttar Pradesh	Kanpur	2.00	No	Ramakrishna Mission Ashrama				

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the Project		Amount spent for the project (₹ in lakhs)	Mode of Implementation (Yes/No)	Mode of Implementation – Through Implementing Agency	
				State	District			Name	CSR Register number
3	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.	Setting up old age home	Yes	Tamil Nadu	Chennai	5.00	No	Anandam	
		Setting up old age home	Yes	Tamil Nadu	Chennai	1.00	No	The Interface (Project of Sarada Foundations)	
		Setting up old age home	Yes	Gujarat	Ahmedabad	5.00	No	Gnanyagna Vidyapith	
		Promotion of Gender Equality	Yes	Karnataka	Bengaluru	3.00	No	So Care Ind	
4.	Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts	National Heritage, Art and Culture	Yes	Tamil Nadu	Chennai	5.00	No	Quilt India Foundation	
			Yes	Tamil Nadu	Chennai	20.00	No	Dharma Rakshana Samithi Trust	
			Yes	Tamil Nadu	Chennai	10.00	No	The Kuppuswami Sastri Research Institute	CSR00008155
			Yes	Tamil Nadu	Chennai	2.00	No	Uttankita Vidya Aranya Trust	
			Yes	Tamil Nadu	Chennai	1.00	No	Sree Suprabatha Sabha	
			Yes	Tamil Nadu	Nagapattinam	0.50	No	Smt. Jayanthi Janakiraman Ninaivu Dravida Veda Agama Patasalai	
			Yes	Tamil Nadu	Thiruvannamalai	2.00	No	Sri Renugambal Nadaga Mandram	NA
			Yes	Tamil Nadu	Thiruvannamalai	2.00	No	Arulmigu Sri Mandaveli Amman Nadaga Mandram	NA
			Yes	Tamil Nadu	Thiruvannamalai	2.00	No	Shree Sundaresananda Sabha	
			Yes	New Delhi		25.00	No	Shri Ram Janmbhoomi Teerth Kshetra Trust	
Yes	West Bengal	Kolkata	5.00	No	The Saborno Sangrahalay				

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the Project		Amount spent for the project (₹ in lakhs)	Mode of Implementation (Yes/No)	Mode of Implementation – Through Implementing Agency	
				State	District			Name	CSR Register number
5.	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga	Ensuring environmental sustainability	Yes	Tamil Nadu	Chennai	0.50	No	The Madras Pinjrapole	Not Available
			Yes	Tamil Nadu	Tirunelveli	5.00	No	Dharmapathi Sri Ettaluthu Perumal Dharmasthapanam Arakkattalai	
			Yes	Tamil Nadu	Tiruppur	1.00	No	VETRY - Voluntary Organisation For People Empowerment of Rural Areas by Youth	
6.	Contribution to the prime minister's national relief fund	Relief fund	Yes	New Delhi		100.00	No	Prime Minister's Citizen Assistance And Relief In Emergency Situations Fund (Pm Cares Fund)	NA
		Relief fund	Yes	Tamil Nadu	Chennai	100.00	No	Tamil Nadu Chief Minister's Public Relief Fund	NA
	<b>Total</b>					<b>5,14.65</b>			

**Annexure-II(i)**
**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.

Chennai  
20th May 2021

**T T SRINIVASARAGHAVAN**  
Chairman

**Annexure-II(ii)**
**POLICY ON RELATED PARTY TRANSACTIONS**
**PREAMBLE:**

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

**OBJECTIVE:**

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

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

**DEFINITIONS:**

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

- f. "Related Party" means related party as defined under the Companies Act, 2013 read with the SEBI (Listing Obligations and Disclosure Requirements) 2015 as may be amended from time to time.
- g. "Related Party Transaction" means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charged and includes –
  - a. Sale, purchase or supply of any goods or materials;
  - b. Selling or otherwise disposing of, or buying property of any kind;
  - c. Leasing of property of any kind;
  - d. Availing or rendering of any services;
  - e. Appointment of any agent for the purchase or sale of goods, materials, services or property;
  - f. Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company;
  - g. Underwriting the subscription of any securities or derivatives thereof, of the Company;
  - h. Financing (including loans and equity contributions in cash or kind);
  - i. Providing or obtaining guarantees and collaterals; and
  - j. Deputation of employees.
- h. "Relative" means a relative as defined under the Companies Act, 2013 and includes anyone who is related in any of the following manner:
  - a. Members of a Hindu Undivided Family
  - b. Husband or Wife;
  - c. Father (including Step-Father);
  - d. Mother (including Step-Mother);
  - e. Son (including Step-Son);
  - f. Son's Wife;
  - g. Daughter;
  - h. Daughter's Husband;
  - i. Brother (including Step-Brother); or
  - j. Sister (including Step-Sister).
- i. "Transaction" with a related party shall be construed to include a single transaction or a group of transactions.

#### **POLICY:**

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

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

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

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

#### **AMENDMENTS:**

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

## Form No. MGT-9

## Extract of Annual Return as on the financial year ended on 31st March 2021

[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 Home Finance Limited
(iv)	Category/Sub-Category of the Company	Housing Finance Company
(v)	Address of the Registered office & contact details	21, Patullos Road, Chennai - 600 002 Ph: 044-28521181, Fax: 044-28586641
(vi)	Whether Listed Company	Yes / No
(vii)	Name, Address and Contact details of Registrar and Transfer Agent	Cameo Corporate Services 'Subramaniam Building' No.1, Club House Road, Chennai - 600 002 Phone: 044 2846 0390

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the company
1.	Housing Finance	65922	100%

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

Sl. No.	Name and Address of the Company	CIN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Sundaram Finance Limited 21, Patullos Road, Chennai - 600 002	L65191TN1954PLC002429	Holding Company	100%	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	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	101254433	5	101254438	100%	101254438	–	101254438	100%	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
<b>Sub-total (A) (1) :-</b>	<b>101254433</b>	<b>5</b>	<b>101254438</b>	<b>100%</b>	<b>101254438</b>	<b>-</b>	<b>101254438</b>	<b>100%</b>	
<b>(2) Foreign</b>									
a) NRI-Individual	–	–	–	–	–	–	–	–	–
b) Other–Individual	–	–	–	–	–	–	–	–	–
c) Body Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
<b>Sub-total (A) (2):-</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>101254433</b>	<b>5</b>	<b>101254438</b>	<b>100%</b>	<b>101254438</b>	<b>-</b>	<b>101254438</b>	<b>100%</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt.	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Fnds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
<b>Sub-total (B) (1):-</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
<b>Sub-total (B) (2):-</b>	–	–	–	–	–	–	–	–	–
<b>Total Public Shareholding (B)=(B)(1)+ (B) (2)</b>	–	–	–	–	–	–	–	–	–
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	–	–	–	–	–	–	–	–	–
<b>Grand Total (A+B+C)</b>	<b>101254433</b>	<b>5</b>	<b>101254438</b>	<b>100%</b>	<b>101254438</b>	<b>-</b>	<b>101254438</b>	<b>100%</b>	<b>-</b>

**(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)	10,12,54,438	100%	–	10,12,54,438	100%	–	–
<b>Total</b>		<b>10,12,54,438</b>	<b>100%</b>	<b>–</b>	<b>10,12,54,438</b>	<b>100%</b>	<b>–</b>	<b>–</b>

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year Sundaram Finance Limited	NO CHANGE			
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.)				
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:**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>For each of the Directors and KMP</b>	Mr. T.T. Srinivasaraghavan, as a nominee of Sundaram Finance Limited			
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

**Shareholding of Key Managerial Personnel:**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		Mr. G. Sundararajan (KMP) jointly with Mr. V. Swaminathan (KMP), as a nominee of Sundaram Finance Limited			
	For each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	1	Negligible	1	Negligible
2	Date wise Increase / Decrease in Share-holding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/ sweat equity etc.)	–	–	–	–
3	At the end of the year	1	Negligible	1	Negligible

**V. INDEBTEDNESS**

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

(₹ in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	5764,59.92	1033,99.54	1602,97.42	8401,56.88
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	131,98.50	13,44.97	54,22.63	199,66.10
<b>Total (i + ii + iii)</b>	<b>5896,58.42</b>	<b>1047,44.51</b>	<b>1657,20.05</b>	<b>8601,22.98</b>
<b>Change in Indebtedness during the financial year (including interest accrued)</b>				
i) Addition	3226,18.47	831,28.98	394,28.09	4451,75.54
ii) Reduction	3651,79.94	990,84.29	176,23.94	4818,88.17
Net Change (i-ii)	(425,61.47)	159,55.31	218,04.15	(367,12.63)
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	5378,49.18	869,49.16	1807,51.89	8055,50.23
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	92,47.77	18,40.04	67,72.31	178,60.12
<b>Total (i + ii + iii)</b>	<b>5470,96.95</b>	<b>887,89.20</b>	<b>1875,24.20</b>	<b>8234,10.35</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount
		Mr. Lakshminarayanan Duraiswamy, Managing Director		
1	Gross Salary			
a)	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1,22.23		1,22.23
b)	Value of perquisites under Section 17(2) Income-tax Act, 1961	11.43		11.43
c)	Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	–		–
2.	Stock Option	–		–
3.	Sweat Equity	–		–
4.	Commission - as % of profit	50.00		50.00
5.	Contributions to Provident Fund, Superannuation Fund and Gratuity Fund	17.37		17.37
	<b>Total (A)</b>	<b>2,01.03</b>		<b>2,01.03</b>
	Ceiling as per the Act (5% of Net Profit)			12,99.43

### B. Remuneration to other Directors

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. P.N. Venkatachalam	Mrs. Radha Unni	
1	Independent Directors			
	• Fee for attending board/ committee meetings	3.35	3.35	6.70
	• Commission	7.50	7.50	15.00
	<b>Total (1)</b>	<b>10.85</b>	<b>10.85</b>	<b>21.70</b>
2	Other Non-Executive Directors			
	• Fee for attending board / committee meetings	–	–	–
	• Commission	–	–	–
	<b>Total (2)</b>	–	–	–
	<b>Total (B) = (1 + 2)</b>	<b>10.85</b>	<b>10.85</b>	<b>21.70</b>
	<b>Total Managerial Remuneration (A + B)</b>			<b>2,22.73</b>
	Overall Ceiling as per the Act (11% of Net Profit)			28,58.75

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

(₹ in lakhs)

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	88.67	38.33	1,27.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.85	3.94	4.79
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	–
2	Stock Option	2.58	–	2.58
3	Sweat Equity	–	–	–
4	Commission			
	- as % of profit	–	–	–
	- others, specify	–	–	–
5	Contributions to Provident Fund, Superannuation Fund and Gratuity Fund	8.46	4.92	13.38
	<b>Total (C)</b>	<b>1,00.56</b>	<b>47.19</b>	<b>1,47.75</b>

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES**

During the year 2020-21, 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.

However, during the year, National Housing Bank (NHB) levied a penalty of ₹22.24 lakhs for non-compliance of the provisions of the Housing Finance Companies (NHB) Directions, 2010. The same was paid by the Company with applicable GST within the due date. The Details of the same are as follows:-

Financial year pertaining to which penalty is raised by NHB	Non Compliance of provisions against which penalty is raised	Amount of Penalty levied (including GST) (₹ in Lakhs)
2017-18	1) Paragraph 28 (Housing Finance Companies(NHB) Directions,2010)	14.69
	2) Paragraph 10(2) (NHB Directions on issuance of NCDs on private placement basis, 2014):	
	3) Policy Circular no. 55	
2018-19	1) Policy Circular no 41	7.55

Chennai  
20th May 2021

**T.T. SRINIVASARAGHAVAN**  
Chairman

## Form No. MR-3 Secretarial Audit Report For The Financial Year Ended 31.03.2021

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

To,

The Members,  
Sundaram Home Finance Limited,  
(Formerly known as Sundaram BNP Paribas Home Finance Limited)  
(CIN: U65922TN1999PLC042759),  
21, Patullos Road, Chennai – 600002.

I M. Damodaran, Managing Partner of M Damodaran & Associates LLP, Practicing Company Secretaries, Chennai have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Sundaram Home Finance Limited (herein after 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 M/s. Sundaram 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 31.03.2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (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) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (v) The following act and directions applicable specifically to the Company:-
  - (a) The National Housing Bank Act, 1987 and
  - (b) The Housing Finance Companies (NHB) Directions, 2010
  - (c) Housing Finance Companies –Corporate Governance (National Housing Bank) Directions, 2016

I have also examined compliance with the applicable Regulations and standards of the following:

- (i) The Listing Agreement entered into by the Company with National Stock Exchange of India Limited under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for listing of its debt securities;
- (ii) 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 Director, Non-Executive Directors and Independent Directors. The change 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. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

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) passed Special Resolution under section 42 and all other applicable provisions of the Companies Act, 2013 at the Annual General Meeting held on 17th July, 2020 to issue secured/unsecured Redeemable Non-convertible Debentures on private placement basis up to an aggregate amount not exceeding ₹2,000 crores (Rupees Two Thousand Crore Only).
- (ii) issued listed Secured Redeemable Non-Convertible Debentures on Private Placement Basis.
- (iii) redeemed the debentures on its respective due dates.

Place: Chennai

Date : 29-06-2021

For **M DAMODARAN & ASSOCIATES LLP**

M. DAMODARAN  
Managing Partner  
Membership No.: 5837  
COP. No.: 5081

ICSI UDIN: F005837C000540987

## Disclaimer Certificate

To,

**The Members,**

**Sundaram Home Finance Limited,**

(Formerly known as Sundaram BNP Paribas Home Finance Limited)

(CIN: U65922TN1999PLC042759),

21, Patullos Road,

Chennai – 600 002.

My Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.
7. I have conducted online verification & examination of records, as facilitated by the Company, due to Covid 19 and subsequent lockdown situation for the purpose of issuing this Report.

Place: Chennai

Date : 29-06-2021

For **M DAMODARAN & ASSOCIATES LLP**

M. DAMODARAN

Managing Partner

Membership No.: 5837

COP. No.: 5081

ICSI UDIN: F005837C000540987

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

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

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

### C. Criteria for evaluation of Independent Directors

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

### D. Criteria for evaluation of the Audit Committee

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

Chennai  
20th May 2021

**T T SRINIVASARAGHAVAN**  
Chairman

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

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

Names of the Directors / Key Managerial Personnel	Ratio to Median Remuneration	Ratio to Mean Remuneration	Increase / Decrease in Remuneration
Mr. T.T. Srinivasaraghavan, Chairman	-	-	Not Applicable
Mr. Harsha Viji	-	-	Not Applicable
Mrs. Radha Unni	1.42	1.00	Not Applicable
Mr. P.N. Venkatachalam	1.42	1.00	Not Applicable
Mr. Lakshminarayanan Duraiswamy, Managing Director	35.96	25.30	Not Applicable
Mr. G. Sundararajan, Chief Financial Officer	18.42	12.96	1.96%
Mr. V. Swaminathan, Company Secretary	8.77	6.17	-1.18%

- (iii) The percentage increase in the median remuneration of employees in the financial year : 4.53%
- (iv) The number of permanent employees on the rolls of the Company : 783 (Excluding MD)
- (v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:  
The average increase in salaries of employees other than managerial personnel in 2020-21 was 4.04%. Percentage increase in the managerial remuneration for the year was -26.77%.
- (vi) The key parameters for any variable component of remuneration availed by the directors:  
Commission is within the ceiling of 1% of the net profits of the Company, as approved by the shareholders.
- (vii) Affirmation that the remuneration is as per the remuneration policy of the company.  
The Company affirms that remuneration is as per the remuneration policy of the Company.

Chennai  
20th May 2021

**T T SRINIVASARAGHAVAN**  
Chairman

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# Report on Corporate Governance

Sponsored by the Sundaram Finance Group, the Company has imbibed the Group's corporate philosophy laying strong emphasis on ethical business practices with transparency and accountability, dedicated customer service and efficient and prudent financial policies. While striving to enhance shareholder value, the Company has adopted the sound corporate-governance and financial-disclosure policies and practices that its holding company, Sundaram Finance Ltd. (SFL), has been consistently following for over six decades.

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

The Company is in compliance with Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 in this regard.

The Company has accordingly framed the internal guidelines on Corporate Governance and the guidelines have been hosted on the Company's website [www.sundaramhome.in](http://www.sundaramhome.in)

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

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

## 1 BOARD OF DIRECTORS

The composition of the Board of Directors of the Company is governed by the relevant provisions of the Companies Act, 2013 and the Rules made thereunder. The Company's Board has an optimum combination

of executive and non-executive Directors with expertise and experience in the field of banking, finance, operations management, engineering, auditing and accounting. The Company is immensely benefitted by the range of experience and skills that the Directors bring to the Board.

As on 31st March 2021, the Company's Board consisted of 5 Directors as under:

### Non-Executive Promoter Directors:

1. Mr. T.T. Srinivasaraghavan, Chairman
2. Mr. Harsha Viji

### Non-Executive Independent Directors:

3. Mr. P.N. Venkatachalam
4. Mrs. Radha Unni

### Managing Director:

5. Mr. Lakshminarayanan Duraiswamy

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

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

The Board at its meeting held on 13th March 2020 appointed Mr. Lakshminarayanan Duraiswamy as the Managing Director of the Company with effect from 1st April 2020 for a period of five years. During the year, Mr. P.N. Venkatachalam was re-appointed as an Independent Director for a further term of two (2) years and

11 months with effect from 30th April 2021 co-terminus with his directorship in SFL.

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

### 1.1 DIRECTORS' TERM

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

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

### 1.2 MEMBERSHIP OF OTHER BOARDS

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

Details of directorships held by the Directors in other Indian Public Limited Companies as on 31st March 2021 are given below:

Sl. No.	Director	DIN	Directorships*		Chairmanship/ Membership of Committees of other Companies*	
			Chairman	Director	Chairman	Member
1.	Mr. T.T. Srinivasaraghavan	00018247	1	4	-	2
2.	Mr. Harsha Viji	00602484	-	5	1	3
3.	Mr. P.N. Venkatachalam	00499442	-	6	-	5
4.	Mrs. Radha Unni	03242769	-	7	1	6
5.	Mr. Lakshminarayanan Duraiswamy **	07988186	-	1	-	-

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

### 1.3 BOARD PROCEDURE AND RESPONSIBILITIES

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

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

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

The Board takes decisions after careful consideration of the issues involved with inputs from the Management, wherever needed, and ensures that appropriate action is taken by the Company to implement Board decisions and directions.

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

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

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

## 2 BOARD MEETINGS

Board meetings are held in Chennai. The Board meets at least once a quarter, inter-alia, to review the operations and financial results. The Company also holds additional Board Meetings to address any specific requirement, as and when required. The Directors are informed of the main items on the agenda for every Board meeting along with the Notice of the meeting. Detailed agenda notes are sent to them in advance of the meetings. All the urgent matters approved by way of Circular Resolutions are placed and noted at the subsequent Board meeting. The intervening gap between any two meetings is within the period prescribed by the Companies Act, 2013.

During the year ended 31st March 2021, the Board met six times as noted below:

2020 – 2021	
20th May 2020	25th January 2021
30th July 2020	10th March 2021
5th September 2020	
23rd October 2020	

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

Sl. No.	Director	No. of Meetings	
		Held	Attended
1.	Mr. T.T. Srinivasaraghavan	6	6
2.	Mr. Harsha Viji	6	6
3.	Mr. P.N. Venkatachalam	6	6
4.	Ms. Radha Unni	6	6
5.	Mr. Lakshminarayanan Duraiswamy	6	6

## 3 BOARD COMMITTEES

The Board has reconstituted the following eight Committees during the year:

### 3.1 EXECUTIVE COMMITTEE

As on 31st March 2021, the Executive Committee consisted of three Members, viz.

1. Mr. T.T. Srinivasaraghavan, Chairman
2. Mr. Harsha Viji
3. Mr. Lakshminarayanan Duraiswamy

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 beyond the limits of the Managing Director and 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 nineteen times during the year.

### 3.2 AUDIT COMMITTEE

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

The Company Secretary serves as the Secretary to the Committee.

As of 31st March 2021, the Committee consisted of three Members. viz.

1. Mr. P.N. Venkatachalam, Chairman
2. Mrs. Radha Unni
3. Mr. Harsha Viji

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

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

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

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

Sl. No.	Member	No. of Meetings	
		Held	Attended
1.	Mr. P.N. Venkatachalam	5	5
2.	Ms. Radha Unni	5	5
3.	Mr. Harsha Viji	5	5

### 3.3 ASSET LIABILITY MANAGEMENT COMMITTEE (ALCO)

As of 31st March 2021, ALCO consisted of five Members, viz.

1. Mr. Lakshminarayanan Duraiswamy, Chairman
2. Mr. G. Sundararajan

3. Mr. S. Rajagopalan
4. Mr. Moahan Venkatesan
5. 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 ten times during the year. Details of the meetings attended by the Members are as under:

Sl. No.	Member	No. of Meetings	
		Held	Attended
1.	Mr. Lakshminarayanan Duraiswamy	10	10
2.	Mr. G. Sundararajan	10	10
3.	Mr. S. Rajagopalan	10	10
4.	Mr. Moahan Venkatesan	10	10
5.	Mr. V. Swaminathan	10	10

### 3.4 RISK MANAGEMENT COMMITTEE (RMC)

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

The Company Secretary serves as the Secretary to the Committee.

As of 31st March 2021, the Risk Management Committee consisted of four Members viz.

1. Mr. P.N. Venkatachalam, Chairman
2. Mrs. Radha Unni
3. Mr. Harsha Viji
4. Mr. Lakshminarayanan Duraiswamy

In accordance with the Circular No. NHB/ND/DRS/ Policy Circular No. 95/2018-19 dated 29th May 2019 issued by the National Housing Bank, Mrs. Anitha Srinivasan has been appointed as the Chief Risk Officer of the Company for a period of 2 years commencing from 25th October 2019.

The functions of the Committee includes:

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

The Risk Management Committee met one time during the year.

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

Sl. No.	Member	No. of Meetings	
		Held	Attended
1.	Mr. P.N. Venkatachalam	1	1
2.	Mrs. Radha Unni	1	1
3.	Mr. Harsha Viji	1	1
4.	Mr. Lakshminarayanan Duraiswamy	1	1

### 3.5 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

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

The Company Secretary serves as the Secretary to the Committee.

As of 31st March 2021, the CSR Committee consisted of three Members, viz.

1. Mr. P.N. Venkatachalam, Chairman
2. Mr. T.T. Srinivasaraghavan
3. Mr. Lakshminarayanan Duraiswamy

The functions of the Committee include:

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

The Corporate Social Responsibility Committee met one time during the year. Details of the meeting attended by the Members are as under:

Sl. No.	Member	No. of Meetings	
		Held	Attended
1.	Mr. P.N. Venkatachalam	1	1
2.	Mr. T.T. Srinivasaraghavan	1	1
3.	Mr. Lakshminarayanan Duraiswamy	1	1

### 3.6 NOMINATION & REMUNERATION COMMITTEE (NRC)

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

The Company Secretary serves as the Secretary to the Committee.

As of 31st March 2021, the Nomination & Remuneration Committee consisted of three Members, viz.

1. Mr. Harsha Viji, Chairman
2. Mr. P.N. Venkatachalam
3. Mrs. Radha Unni

The functions of the Committee include:

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

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

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

Sl. No.	Member	No. of Meetings	
		Held	Attended
1.	Mr. Harsha Viji	2	2
2.	Mr. P.N. Venkatachalam	2	2
3.	Ms. Radha Unni	2	2

### 3.7 STAKEHOLDERS RELATIONSHIP COMMITTEE (SRC)

In accordance with the provisions of Section 178(5) of the Companies Act, 2013, Stakeholders Relationship Committee (SRC) was constituted and consists of two Non-Executive Directors, of whom one is an Independent Director.

The Company Secretary acts as the Secretary to the Committee.

As of 31st March 2021, the Stakeholders Relationship Committee consisted of two Members, viz.

1. Mr. Lakshminarayanan Duraiswamy, Chairman
2. Mr. P.N. Venkatachalam

The functions of the Committee include:

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

The Chairman of the Nomination & 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.

### 3.8 IT STRATEGY COMMITTEE

In accordance with the Guidelines issued by the National Housing Bank Directions known as the “Guidelines on Information Technology Framework”, the IT Strategy Committee was constituted in August 2018.

As of 31st March 2021, the IT Strategy Committee consisted of three Members viz.

1. Mr. P.N. Venkatachalam, Chairman
2. Mrs. Radha Unni
3. Mr. Lakshminarayanan Duraiswamy

The functions of the Committee include:

- Approving IT Strategy and Policy documents and ensuring that the Management has put an effective strategic planning process in place;
- Ascertaining that the Management has implemented processes and practices to ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- Monitoring the method that the Management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources and
- Ensuring proper balance of IT investments for sustaining the Company’s growth and becoming aware about exposure towards IT risks and controls.

The IT Strategy Committee met two times during the year.

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

Sl. No.	Member	No. of Meetings	
		Held	Attended
1.	Mr. P N Venkatachalam	2	2
2.	Mrs. Radha Unni	2	2
3.	Mr. Lakshminarayanan Duraiswamy	2	2

### 4 SEPARATE MEETING OF INDEPENDENT DIRECTORS

As required under Clause VII of Schedule IV of the Companies Act, 2013 on the Code for Independent Directors, a separate Meeting of all the Independent Directors on the Company’s Board, viz.

Mr. P. N. Venkatachalam and Mrs. Radha Unni was held on 25th February 2021, without the attendance of the Non-Independent Directors and the Members of the Management.

At this Meeting, the Independent Directors-

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

### 5 REMUNERATION OF DIRECTORS

#### 5.1 INDEPENDENT DIRECTORS

Independent Directors are paid sitting fees for attending Board and Committee meetings. Details of the fees paid to them for the year 2020-21 are as under:

Sl. No.	Director	Sitting Fees Paid (in ₹)
1.	Mr. P.N. Venkatachalam	3,35,000/-
2.	Mrs. Radha Unni	3,35,000/-

In addition, commission of ₹7.50 lakh was paid to Mr. P.N. Venkatachalam and Mrs. Radha Unni.

## 5.2 KEY MANAGERIAL PERSONNEL

Details of remuneration paid to the Key Managerial Personnel of the Company for the year 2020-21 are as under:

(₹ in lakhs)

Particulars	Mr. Lakshminarayanan Duraiswamy, Managing Director	Mr. G. Sundararajan, Chief Financial Officer	Mr. V. Swaminathan, Company Secretary
Salary & Allowances	122.23	88.67	38.33
Commission	50.00	NA	NA
Contribution to Provident, Superannuation, and Gratuity Funds	17.37	8.46	4.92
Perquisites	11.43	0.85	3.94
Employee Stock Option	**	*	

During the year, Sundaram Finance Ltd, the holding Company has incurred ₹19.76 lakhs (31st March 2020 ₹30.70 lakhs) towards the cost of Employee stock option scheme issued under Sundaram Finance Employee Stock Option Scheme 2008 to the Managing Director and two Senior Executives of the Company.

\*\* 200 Stock Options were granted at ₹10/- per share (at par) on 29th May 2020. The said Options would vest on 1st June 2021 and would be exercisable between 2nd June 2021 and 1st September 2021.

\* 100 Stock Options were granted at ₹10/- per share (at par) on 29th May 2020. The said Options would vest on 1st June 2021 and would be exercisable between 2nd June 2021 and 1st September 2021.

## 6 DIRECTORS' DEPOSITS WITH THE COMPANY

As on 31st March 2021 Directors and their relatives held deposits aggregating ₹37.95 lakh with the Company. The interest paid on the deposits of Directors and their relatives during the year amounted to ₹3.23 lakh.

## 7 RELATED PARTY TRANSACTIONS

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

## 8 DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2021

The distribution of shareholding in the Company as on 31st March 2021 was as under:

No. of Equity Shares held by each Shareholder	No. of Shareholders	Total No. of Shares	% of Capital
1	6*	6	Negligible
1,00,001 and above	1	10,12,54,432	100%
Total	7	10,12,54,438	100%

\* Nominees of Sundaram Finance Limited, Holding Company.

## 9 SHARE PRICE PERFORMANCE

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

## 10 SHARE TRANSFER AND INVESTOR GRIEVANCES COMMITTEE

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

Share transfer, transmission, split, consolidation and grievances of investors and security holders are taken care of by the Stakeholders Relationship Committee set up by the Board. There were no investor complaints pending resolution at the beginning of the year and no fresh investor complaints were received during the year. Also, during the Financial Year, Company did not receive any complaint from its debenture holders.

## 11 LISTED DEBENTURES

The Company has so far privately placed a total of 315 series of secured/unsecured Non-Convertible Debentures (NCDs) of the total face value of ₹9200.50 crore. The NCDs have been listed on the National Stock Exchange of India Ltd. (NSE) for trading in compulsory dematerialised form. The Company is up-to-date in the payment of annual listing fees to NSE.

During the year, the Company issued fresh NCDs aggregating ₹850 crore and redeemed NCDs aggregating ₹626 crore. NCDs (including debenture application money and subordinated debentures) of ₹2362 crore (face value) were outstanding as on 31st March 2021.

## 12 COMMERCIAL PAPER

During the year, the Company privately placed commercial paper aggregating ₹750 crore (face value) with mutual funds and banks/companies.

## 13 REGISTRAR AND TRANSFER AGENT

Cameo Corporate Services Ltd. has been appointed as the Registrar and Transfer Agent of the Company, and can be

contacted by investors at the following address:

Cameo Corporate Services Ltd.

‘Subramaniam Building’

#1, Club House Road,

Chennai 600 002

Phone : 044 – 40020700

Fax : 044 – 2846 0129

Email : cameo@cameoindia.com

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

## 14 ANNUAL GENERAL MEETING

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

Financial Year	Date of Meeting	Time	Venue	Special Resolutions passed
2019-20	17th July 2020	10.00 a.m.	No.21, Patullas Road, Chennai 600 002	For issuance of Non-Convertible Debentures on private placement basis
2018-19	17th July 2019	2.00 p.m.	No.21, Patullas Road, Chennai 600 002	For issuance of Non-Convertible Debentures on private placement basis
2017-18	18th July 2018	2.30 p.m.	No.21, Patullas Road, Chennai 600 002	For issuance of Non-Convertible Debentures on private placement basis

No resolutions were passed through postal ballot during the year ended 31st March 2021. None of the resolutions being placed at the ensuing Annual General Meeting is covered by the Postal Ballot Rules.

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

## 15 WHISTLE BLOWER POLICY

The Company adopted a Whistle Blower Policy and established the necessary vigil mechanism with effect from April 1, 2014, for Directors and Employees to report genuine concerns about unethical behaviour, pursuant to the provisions of Section

177(9) and (10) of the Companies Act, 2013 read with Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014. The vigil mechanism provides for adequate safeguards against victimisation of persons who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. It is hereby affirmed that no personnel of the Company has been denied access to the Audit Committee. There were no complaints from the employees during the year 2020-21.

The Whistle Blower Policy has been hosted on the Company's website [www.sundaramhome.in](http://www.sundaramhome.in)

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

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

## 17 DISCLOSURE

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

## 18 MEANS OF COMMUNICATION

The primary source of information to the shareholders, customers, analysts and other stakeholders of the Company

and to the public at large is through the website of the Company [www.sundaramhome.in](http://www.sundaramhome.in)

In accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Listing Agreement with NSE, half-yearly unaudited financial results/ annual audited financial results of the Company in respect of financial year 2020-21 have been forwarded to NSE in the prescribed format. Further, the results have been published in newspapers, "Financial Express" (English) and "Malai Sudar" (Tamil) and are hosted on the Company's website [www.sundaramhome.in](http://www.sundaramhome.in)

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

## 19 CORPORATE IDENTITY NUMBER

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

## 20 REGISTRATION WITH THE RESERVE BANK OF INDIA

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

Reserve Bank of India has granted Certificate of Registration No. DOR-00010 in pursuance to Section 29A of the National Housing Bank Act, 1987, in lieu of Certificate of Registration No.01.0010.01 issued by NHB, to carry on the business of a housing finance institution along with permission to accept deposits from the public.

## 21 ADDRESS FOR CORRESPONDENCE AND ANY ASSISTANCE OR CLARIFICATION

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

Mr. V. Swaminathan  
Compliance Officer  
Sundaram Home Finance Ltd.  
Fifth Floor, Sundaram Towers,  
46, Whites Road, Chennai-600 014  
Phone: 044-2858 2234  
E-mail: swaminathan@sundaramhome.in

## 22 MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

## 23 GENERAL SHAREHOLDER INFORMATION

Twenty Second Annual General Meeting

Date	Time	Venue
6th September 2021	9.00 a.m.	No.21, Patullos Road, Chennai 600002

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

- Financial Year –1st April 2020 to 31st March 2021: 20th May 2021
- Unaudited results for the half-year ending 30th September 2021: End of October 2021
- Date of payment of dividend for the year ending 31st March 2020: 17th July 2020

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF SUNDARAM HOME FINANCE LIMITED, CHENNAI (FORMERLY KNOWN AS SUNDARAM BNP PARIBAS HOME FINANCE LIMITED, FOR THE YEAR ENDED 31st MARCH, 2021

### REPORT ON FINANCIAL STATEMENTS

#### OPINION

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("The Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2021, and its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing ("SA") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of

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

#### EMPHASIS OF MATTER

We draw attention to note no: 33.17 on the impact of COVID 19 Pandemic in the financial statements in which the management has described the probable impact on the company and the environment in which it operates as well as the measures taken and planned to deal with these circumstances or events. This note also indicates that uncertainties exist and that currently it is not possible to reasonably estimate the future impact. This note also indicates that there were no adjusting events that would have any material impact on the company's financial statements for the year ending 31st March 2021. Our opinion is not modified in respect of this matter.

#### KEY AUDIT MATTERS

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

Key Audit Matter	How our audit addressed the key audit matter
<p><b>Impairment Loss Allowance:</b></p> <p>Management’s judgements in the calculation of impairment allowances have significant impact on the financial statements. The estimates regarding impairment allowances are complex and require a significant degree of judgement, which increased with implementation of expected credit loss (“ECL”) approach as required by Ind AS 109 relating to “Financial instruments.”</p> <p>The Management is required to determine ECLs that may occur depending on the staging of the individual asset.</p> <p>This staging is determined by an assessment of whether there has been a significant increase in credit risk of the borrower since loan origination. It is also necessary to consider the impact of different future macroeconomic conditions in the determination of ECLs.</p> <p>The accuracy of the assumptions used in the models, including the macroeconomic scenarios, impacts the level of impairment provisions. The management monitors the precision of the ECL models, to ensure that the models appropriately estimate losses comparing to actual results (“back-testing procedures”) and that the level of the impairment allowances is adequate. ECL provision calculations require the use of large volumes of data. The completeness and reliability of data can significantly impact accuracy of the modelled impairment provisions. The accuracy of data flows and the implementation of related controls is critical for the integrity of the estimated impairment provisions. Given the significance of judgements and the high complexity related particularly to the calculation of ECL and management’s Judgement and evaluation regarding the impact Covid 19 Pandemic on such calculation we considered this area as a key audit matter.</p>	<p>We have started our audit procedures with updating our understanding of the internal control environment related to recognition and measurement of impairment allowances and tested the effectiveness of the selected key controls implemented by the Company, in particular:</p> <ul style="list-style-type: none"> <li>• procedures in the area of recording, processing and amending of key customer data applied in the calculation of expected credit losses;</li> <li>• data flows between the Company’s core IT systems and ECL calculation tool;</li> <li>• procedures in the area of timely and complete identification of significant increase in credit risk (stage 2) and default (stage 3).</li> </ul> <p>We also assessed the approach of the Company regarding application of significant increase in credit risk criteria, definition of default, probability of default, loss given date and incorporation of forward-looking information in the calculation of ECL.</p> <p>We have focused on the analysis of the results of the back-testing procedures, by assessing the Company’s assumptions and the expert adjustments applied in the model taking into account the empirical data and the existing credit and monitoring processes.</p> <p>For individually insignificant loans and advances which are assessed for impairment on a portfolio basis we performed particularly the following procedures:</p> <ul style="list-style-type: none"> <li>• we tested the reliability of key data inputs and related management controls</li> <li>• we verified the key judgements and assumptions relating to the macro-economic scenarios including the impact of Covid 19 Pandemic and the associated probability weights;</li> <li>• we analyzed impairment coverage of credit portfolio and its changes.</li> </ul> <p>We applied our professional judgement in the selection of significant loans and advances assessed for impairment on an individual basis – we selected the sample taking into account different risk criteria:</p> <ul style="list-style-type: none"> <li>• for selected loans and advances we checked the stage classification as at the Balance sheet date,</li> <li>• for selected impaired loans and advances (Stage 3) we tested the assumptions used in the impairment allowances’ calculation, particularly expected scenarios and probabilities assigned to them and the timing and amount of expected cash flows, including cash flows from repayments, valuation of collaterals, application of haircuts and realisation of collaterals.</li> </ul> <p>As a result of the above audit procedures no material differences were noted.</p> <p>We confirm the adequacy of disclosures made in the Financial Statements.</p>

Key Audit Matter	How our audit addressed the key audit matter
<p><b>IT Systems and Controls</b></p> <p>The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems,</p> <p>We have considered this as Key Audit Matter as any control lapses, Validation failures, incorrect input data and wrong extraction of data may result in the financial accounting and reporting records being misstated.</p> <p>We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems</p>	<p>We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations.</p> <p>We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties.</p> <p>Reliance was also placed on the System Audit report of the Company.</p> <p>Based on our review no. weakness was found in the IT Systems and Controls.</p>

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

The Company's Board of Directors is responsible for other information. The other information comprises the information included in the financial highlights, board's report and report on corporate governance but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity 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 the Companies (Indian Accounting Standards) Rules, 2015. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation

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of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" to this Report, a statement on the matters specified in paragraphs 3 and 4 of the said Order.
  2. As required by Section 143(3) of the Act, we report that:
    - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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, the Statement of Changes in Equity and the Statement of Cash Flow 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 the Companies (Indian Accounting Standards) Rules, 2015.
    - (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of 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) As regards Managerial Remuneration paid to Directors, refer to note no. xi of "Annexure A" to this Report.
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – refer note no. 33.12 to the financial statements.
    - ii. The Company did not enter into any derivative contracts during the year.
    - iii. During the year, there has been no delay in transferring the amounts required to be transferred to the Investor Education and Protection Fund.

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

**K Srinivasan**  
Partner

Place: Chennai

Date : 20.05.2021

Membership Number: 005809  
UDIN: 21005809AAAAEU9559

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## ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SUNDARAM HOME FINANCE LIMITED, CHENNAI (FORMERLY KNOWN AS SUNDARAM BNP PARIBAS HOME FINANCE LIMITED)

Annexure A referred to in our report under "Report on Other Legal and Regulatory Requirements Para 1" of even date on the accounts for the year ended 31st March 2021

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) Fixed assets have been physically verified by the Management during the year, in accordance with the regular programme of verification, which in our opinion is reasonable having regard to the size of the Company and nature of the fixed assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties owned by the Company are held in its name.
- ii. The Company does not have any inventory and hence reporting under this clause 3(ii) is not applicable.
- iii. The Company has granted a secured loan to a party covered in the register maintained under Section 189 of the Companies Act, 2013.
  - (a) The terms and conditions of the grant of the loan are not prejudicial to the Company's interest;
  - (b) The schedule of repayment of principal and interest has been stipulated and the recovery of principal and interest are regular.
- iv. In respect of a loan, the provisions of section 185 have been complied with.

The Company has not made any investment or furnished any security or guarantee which will attract the provisions of section 186 of the Companies Act, 2013.
- v. As per the notification by the Ministry of Corporate Affairs (GSR 256(E) dated March 31, 2014) the provisions of sections 73 to 76 or any other provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted are not applicable to the Company and hence the reporting under clause 3(v) of the Order is not applicable. The Company has complied with the directions issued by the National Housing Bank with regard to deposits accepted from the public.
- vi. The Central Government has not prescribed the maintenance of cost records for the Company u/s. 148(1) of the Companies Act, 2013.
- vii. (a) In our opinion and according to the information and explanation given to us, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Duty of Customs, Cess and other material statutory dues have been regularly deposited during the year with appropriate authorities.
  - (b) There are no statutory dues which were not deposited on account of any disputes which were pending before the concerned authorities.
- viii. The Company has not defaulted in the repayment of dues to financial institution, banks, Government or debenture holders.
- ix. (a) The Company has not raised any money by the way of initial public offer or further public offer (including debt instruments) during the year. Hence reporting on utilization of such money does not arise; and
  - (b) The term loans were applied for the purposes for which the loans were obtained.
- x. During the course of audit of the company carried out in accordance with the Generally Accepted Auditing Practices in India and according to the information and explanations given to us, no fraud by the company or material fraud on the company by its officers or employees were noticed during the year.
- xi. The Company has paid / provided for managerial remuneration within limits of section 197 read with schedule V to the Companies Act, 2013.

- xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations furnished to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013.
- The details of such transactions have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures under section 42 of the Companies Act, 2013.
- xv. 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 any non-cash transactions with directors or persons connected with them.
- xvi. The Company does not require registration under section 45-IA of the Reserve Bank of India Act, 1934. The Company has obtained a Certificate of Registration under section 29A of the National Housing Bank Act, 1987.

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

**K Srinivasan**  
Partner

Place: Chennai  
Date : 20.05.2021

Membership Number: 005809  
UDIN: 21005809AAAAEU9559

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## ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS ON THE FINANCIAL STATEMENTS OF SUNDARAM HOME FINANCE LIMITED, CHENNAI (FORMERLY KNOWN AS SUNDARAM BNP PARIBAS HOME FINANCE LIMITED) FOR THE YEAR ENDED MARCH 31, 2021

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

We have audited the internal financial controls over financial reporting of Sundaram Home Finance Limited, Chennai (formerly known as Sundaram BNP Paribas Home Finance Limited) ("the Company") as at 31st March, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls with reference to Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on

Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

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

A Company's internal financial control with reference to financial statements 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 with reference to financial

statements over financial reporting includes those policies and procedures that;

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

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

Because of the inherent limitations of internal financial controls over financial reporting with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be

detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control with reference to financial statements 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 with reference to financial statements over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2021, based on the internal control over financial reporting with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place: Chennai  
Date : 20.05.2021

**K Srinivasan**  
Partner  
Membership Number: 005809  
UDIN: 21005809AAAAEU9559

## Balance Sheet as at 31st March, 2021

(₹ in lakhs)

Particulars	Note No.	31st March 2021	31st March 2020
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	5	2,089.21	2,154.23
Bank Balances	6	4,813.89	10,983.14
Receivables			
- Trade Receivables	7	83.73	106.74
Loans	8	8,75,205.76	9,17,983.14
Investments	9	78,292.93	58,766.83
Other Financial assets	10	9,459.89	370.51
<b>Non-financial Assets</b>			
Current tax assets (Net)	11	3,975.87	6,325.94
Property, Plant and Equipment	12	2,586.84	2,850.89
Right of Use Assets	13	566.67	553.26
Other Intangible assets	14	340.90	554.70
Other Non-Financial assets	15	923.03	1,016.93
Deferred tax Assets (Net)	23	4,492.93	4,262.20
<b>Total Assets</b>		<b>9,82,831.65</b>	<b>10,05,928.51</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial Liabilities</b>			
<b>Payables</b>			
<b>(I) Trade Payables</b>			
(i) Total outstanding dues of micro enterprises and small enterprises			
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	16	789.79	1,077.32
<b>(II) Other Payables</b>			
(i) Total outstanding dues of micro enterprises and small enterprises			
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises			
Debt Securities	17	2,57,188.02	2,60,880.60
Borrowings (Other than Debt Securities)	18	3,65,432.58	4,20,270.22
Deposits	19	1,84,588.41	1,63,800.15
Subordinated Liabilities	20	13,265.58	13,252.10
Lease Liability		607.06	592.44
Other financial liabilities	21	4,137.28	3,275.50
<b>Non-Financial Liabilities</b>			
Current tax liabilities (Net)			
Provisions	22	562.73	163.77
Deferred tax liabilities (Net)	23	-	-
Other non-financial liabilities	24	389.80	509.66
<b>EQUITY</b>			
Equity Share capital	25	10,125.44	10,125.44
Other Equity	26	1,45,744.96	1,31,981.31
<b>Total Liabilities and Equity</b>		<b>9,82,831.65</b>	<b>10,05,928.51</b>

Significant Accounting Policies 1 - 4 Balance Sheet, Statement of Profit and Loss and other disclosures 5 - 35

As per our report of even date attached  
For **Sundaram & Srinivasan**  
Chartered Accountants  
FRN 004207S  
**K Srinivasan**  
Partner  
Membership No. 5809  
Chennai  
20th May 2021

**T.T. Srinivasaraghavan**  
Chairman

**Lakshminarayanan Duraiswamy**  
Managing Director

**V. Swaminathan**  
Company Secretary

**P.N. Venkatachalam**  
Director

**G. Sundararajan**  
Chief Financial Officer

**Statement of Profit and Loss for the year ended 31st March, 2021**

(₹ in lakhs)

Particulars	Note No.	April 2020 - March 2021	April 2019 - March 2020
<b>Revenue from operations</b>			
Interest Income	27	1,00,323.41	1,03,420.43
Fees and commission Income		242.40	304.29
Net gain on fair value changes	28	2,062.60	2,359.22
Other Operating Income		1,302.23	1,767.05
<b>Total Revenue from operations</b>		<b>1,03,930.64</b>	<b>1,07,850.99</b>
<b>Other Income</b>			
Profit/(Loss) on sale of Property Plant & Equipment (Net)		-	18.33
Miscellaneous Income		4.57	6.57
		<b>4.57</b>	<b>24.90</b>
<b>Total Income</b>		<b>1,03,935.21</b>	<b>1,07,875.89</b>
<b>Expenses</b>			
Finance Costs	29	62,537.20	69,137.10
Impairment on financial instruments	30	5,227.97	4,987.23
Employee Benefits Expenses	31	6,628.21	6,486.03
Depreciation, amortization and impairment	12,13 & 14	1,293.55	1,377.76
Other expenses	32	3,118.19	4,079.84
<b>Total Expenses</b>		<b>78,805.12</b>	<b>86,067.96</b>
<b>Profit before tax</b>		<b>25,130.09</b>	<b>21,807.93</b>
Tax Expense:			
Current Tax		7,013.69	5,269.50
Deferred Tax		(1047.94)	748.10
<b>Total Tax Expense</b>		<b>5,965.75</b>	<b>6,017.60</b>
<b>Profit after tax before exceptional item</b>		<b>19,164.34</b>	<b>15,790.33</b>
Exceptional item			
<b>Reversal of Deferred Tax Liability relating to past years</b>		<b>-</b>	<b>6,024.86</b>
<b>Profit after tax after Exceptional item</b>		<b>19,164.34</b>	<b>21,815.19</b>
<b>Other Comprehensive Income</b>			
(A) (i) Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit plans		(54.39)	(37.76)
(ii) Income tax relating to items that will not be reclassified to profit or loss		13.69	9.50
<b>Subtotal (A)</b>		<b>(40.70)</b>	<b>(28.26)</b>
(B) (i) Items that will be reclassified to profit or loss			
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Subtotal (B)</b>		<b>-</b>	<b>-</b>
<b>Other Comprehensive Income (A + B)</b>		<b>(40.70)</b>	<b>(28.26)</b>
<b>Total Comprehensive Income for the period comprising Profit and other comprehensive income for the period</b>		<b>19,123.64</b>	<b>21,786.93</b>
Earnings per equity share			
Basic & Diluted (₹)		18.93	21.54

As per our report of even date attached  
 For **Sundaram & Srinivasan**  
 Chartered Accountants  
 FRN 004207S  
**K Srinivasan**  
 Partner  
 Membership No. 5809  
 Chennai  
 20th May 2021

**T.T. Srinivasaraghavan**  
 Chairman

**Lakshminarayanan Duraiswamy**  
 Managing Director

**V. Swaminathan**  
 Company Secretary

**P.N. Venkatachalam**  
 Director

**G. Sundararajan**  
 Chief Financial Officer

**STATEMENT OF CHANGES IN EQUITY**

**Statement of Changes in Equity for the year ended 31st March 2021**

₹ in lakhs

Particulars	Reserves and Surplus					ESOP Reserve	COVID-19 Reserve	Other Comprehensive Income	Total
	Statutory Reserves	General Reserve	Securities Premium	Special Reserve U/s 36(1)(viii) of Income Tax Act, 1961	Retained Earnings				
<b>Balance as at 31st March 2019</b>	<b>1,502.90</b>	<b>61,000.00</b>	<b>20,474.56</b>	<b>25,274.00</b>	<b>6,740.89</b>	<b>100.67</b>	<b>-</b>	<b>(9.39)</b>	<b>115083.63</b>
Profit for the year	-	-	-	-	21,815.19	-	-	-	21815.19
Other Comprehensive Income for the year	-	-	-	-	-	-	-	(28.26)	(28.26)
Appropriations made during the year	1463.04	-	-	2,900.00	(4363.04)	-	3247.05	-	3247.05
COVID-19 Provision (net of deferred tax of ₹817.22 lakhs)	-	-	-	-	(2429.83)	-	-	-	(2,429.83)
Dividends including Dividend distribution Tax	-	-	-	-	(5737.17)	-	-	-	(5737.17)
Options granted during the year	-	-	-	-	-	30.70	-	-	30.70
Transfer to retained earnings	-	-	-	-	-	-	-	-	-
Any other change (to be specified)	-	-	-	-	-	-	-	-	-
<b>Balance as at 31st March 2020</b>	<b>2,965.94</b>	<b>61,000.00</b>	<b>20,474.56</b>	<b>28,174.00</b>	<b>16,026.04</b>	<b>131.37</b>	<b>3,247.05</b>	<b>(37.65)</b>	<b>131981.31</b>

Particulars	Reserves and Surplus					ESOP Reserve	COVID-19 Reserve	Other Comprehensive Income		Total
	Statutory Reserves	General Reserve	Securities Premium	Special Reserve U/s 36(1)(viii) of Income Tax Act, 1961	Retained Earnings				Others- Remeasurement of Employee Benefits	
<b>Balance as at 01st April 2020</b>	<b>2,965.94</b>	<b>61,000.00</b>	<b>20,474.56</b>	<b>28,174.00</b>	<b>16,026.04</b>	<b>131.37</b>	<b>3,247.05</b>	<b>(37.65)</b>	<b>131981.31</b>	
Profit for the period	-	-	-	-	19,164.34	-	-	-	19,164.34	
Other Comprehensive Income for the period	-	-	-	-	-	-	-	(40.70)	(40.70)	
Appropriations made during the period	332.87	-	-	3,500.00	(1,403.06)	-	(3,247.05)	-	(817.24)	
Dividends	-	-	-	-	(4,556.45)	-	-	-	(4,556.45)	
Options granted during the period	-	-	-	-	-	13.71	-	-	13.71	
<b>Balance as at 31st March 2021</b>	<b>3,298.81</b>	<b>61,000.00</b>	<b>20,474.56</b>	<b>31,674.00</b>	<b>29,230.87</b>	<b>145.07</b>	<b>-</b>	<b>(78.35)</b>	<b>1,45,744.96</b>	

- 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 ₹ 332.87 lakhs (March 31, 2020 ₹ 1463.04) to the statutory reserve u/s 29C of NHB Act and ₹ 3500 lakhs (March 31, 2020 - ₹ 2900.00 lakhs) to the Special Reserve in terms of Section 36 (1) (viii) of the Income-tax Act, 1961.

As per our report of even date attached  
**For Sundaram & Srinivasan**  
Chartered Accountants  
FRN 00/4207S  
**K Srinivasan**  
Partner  
Membership No. 5809  
Chennai  
20th May 2021

**T.T. Srinivasaraghavan**  
Chairman  
**Lakshminarayanan Duraiswamy**  
Managing Director  
**V. Swaminathan**  
Company Secretary

**P.N. Venkatachalam**  
Director  
**G. Sundararajan**  
Chief Financial Officer

## Cash Flow Statement

(₹ in lakhs)

Particulars		April 2020 - March 2021	April 2019 - March 2020
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>			
<b>Net Profit</b>		<b>19164.34</b>	<b>15790.33</b>
Provision for Taxation (Including Deferred Tax)		5965.75	6017.60
Add : Financial Costs		62537.20	69137.10
Depreciation		1293.55	1377.76
Impairment on Financial Instruments		5227.97	4987.23
Share based payments		13.71	30.70
Profit on sale of Property Plant & Equipment (Net)		–	(18.33)
(Profit)/ Loss on sale of Investments		(2062.60)	(2359.22)
Interest / Dividend Income		(2920.43)	(1824.41)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>89219.49</b>	<b>93138.76</b>
(Increase)Decrease in Trade Receivables		23.01	0.88
(Increase) Decrease in Loans		37482.82	(45878.07)
(Increase) Decrease in Bank Deposits		6147.75	(3536.38)
(Increase) Decrease in Other Financial Assets		(9085.60)	(16.18)
Increase (Decrease) in Other Non Financial Assets		93.90	50.22
Increase (Decrease) in Trade Payables		(287.52)	452.49
Increase (Decrease) in Other Financial Liabilities		906.87	422.81
Increase (Decrease) in Other Non Financial Liabilities		(122.38)	101.22
Increase (Decrease) in Provisions		342.44	51.57
<b>Cash Generated From Operations</b>		<b>124720.77</b>	<b>44787.32</b>
Financial Costs		(64587.64)	(69288.28)
Direct Taxes Paid		(4649.93)	(6379.67)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>( A )</b>	<b>55483.20</b>	<b>(30880.63)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets - Tangible & Intangible		(246.81)	(568.79)
Sale of Fixed Assets - Tangible		24.59	52.89
Purchase/Sale of Investments		(17227.94)	(20154.73)
Interest Received		2726.23	1713.13
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>( B )</b>	<b>(14723.92)</b>	<b>(18957.50)</b>

(₹ in lakhs)

Particulars		April 2020 - March 2021	April 2019 - March 2020
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Share Capital - Equity		—	—
Securities Premium received		—	—
Increase (Decrease) in Debt Securities		(4061.39)	(35204.69)
Increase (Decrease) in Borrowings other than debt securities		(50999.69)	48888.53
Increase (Decrease) in Public Deposits		19438.58	42190.90
Repayment of lease liabilities		(645.34)	(622.56)
Dividend paid (including Corporate Dividend Tax)		(4556.45)	(5737.17)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>( C )</b>	<b>(40824.30)</b>	<b>49515.01</b>
<b>Effect of Foreign Exchange rates on Cash and Cash Equivalents, net</b>	<b>( D )</b>	<b>—</b>	<b>—</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)+(D)</b>		<b>(65.02)</b>	<b>(323.12)</b>
Cash and cash equivalents at the Beginning of the Year		2154.23	2477.35
<b>Cash and cash equivalents at the End of the Year</b>		<b>2089.21</b>	<b>2154.23</b>
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>			
<b>AT THE END OF THE YEAR</b>			
Current Account with Banks		813.18	1877.49
Cheques Drafts on Hand		1158.35	273.43
Cash, Stamps and Stamp Papers on Hand		117.68	3.31
<b>Cash &amp; Cash equivalents</b>		<b>2089.21</b>	<b>2154.23</b>

As per our report of even date attached  
For **Sundaram & Srinivasan**  
Chartered Accountants  
FRN 004207S  
**K Srinivasan**  
Partner  
Membership No. 5809  
Chennai  
20th May 2021

**T.T. Srinivasaraghavan**  
Chairman

**Lakshminarayanan Duraiswamy**  
Managing Director

**V. Swaminathan**  
Company Secretary

**P.N. Venkatachalam**  
Director

**G. Sundararajan**  
Chief Financial Officer

# NOTES TO THE ACCOUNTS

## 1. Corporate Information

Sundaram Home Finance Ltd (“the company”) is a public limited company incorporated in India with its registered office located at No.21 Patullos Road Chennai 600002.

The company is a housing finance company registered with National Housing Bank. The Company is primarily involved in long term financing for acquisition / construction of residential properties in India.

The Non-Convertible Debentures issued by the Company are listed on the whole-sale debt market segment of National Stock Exchange of India Limited.

## 2. Basis of preparation and presentation

### 2.1 Accounting Convention

The Financial Statements have been prepared under the historical cost convention on accrual and going concern basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

The Financial statements have been prepared in accordance with the Indian Accounting Standards (IND AS).

### 2.2 Measurement of fair values

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

Fair value measurements are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as mentioned below:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets and liabilities.

**Level 2:** Inputs other than quoted prices included in Level 1, which are observable for the asset or liability, either directly or indirectly.

**Level 3:** Inputs for the asset and liability that are not based on observable market data.

## 3. Significant Accounting Policies

### 3.1 Revenue recognition

Interest income from financial assets is recognized on an accrual basis using Effective Interest Rate (EIR) method. Interest revenue would be recognized at the original effective interest rate applied on the gross carrying amount.

Fee and commission, that are integral to the transaction relating to any financial asset or liability are included in the computation of EIR.

### 3.2 Financial instruments

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity. Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at fair value through profit or loss are recognised immediately in Statement of Profit and Loss.

#### 3.2.a Financial Assets

##### Classification

The Company classifies its financial assets as subsequently measured at either amortized cost or at fair value depending on the Company’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

## NOTES TO THE ACCOUNTS (Contd.)

### At Amortised Cost

A financial asset is measured at amortised cost only if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold them in order to collect contractual cash flows; and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding. Such Financial assets are subsequently measured at amortised cost using the EIR method.

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. The interest income is recognized as revenue in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss and the amortised cost is reduced by impairment losses.

### Financial instrument at Fair Value through Profit and Loss (FVTPL)

Any financial instrument, which does not meet the criteria for categorization as at amortized cost or as Fair Value through Other Comprehensive Income (FVOCI), is classified as at FVTPL. In addition, the Company may elect to classify a debt instrument, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

### 3.2.b Impairment of Financial Assets

The Company applies the Expected Credit Loss (ECL) model for recognizing impairment losses on financial assets.

12 months ECL represents the possibility of expected default events on the financial assets within 12 months after the respective reporting date.

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

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

### 3.2.c. Financial Liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest rate method except for financial liabilities at FVTPL. A financial liability is classified as FVTPL if it is held-for-trading or it is a derivative or it is designated as FVTPL on initial recognition. Interest expense, foreign exchange gains (losses) and any gains and losses on derecognition are recognized in the profit or loss.

### 3.2.d. Derecognition of financial assets and financial liabilities

#### Financial Asset

A financial asset or a part thereof is primarily derecognized when:

The right to receive contractual cash flows from the asset has expired, or the Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

## NOTES TO THE ACCOUNTS (Contd.)

If the company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received including any cumulative gain or loss accounted in OCI, is recognised in Statement of Profit and Loss.

### Financial Liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

### 3.2.e. Offsetting of financial instruments

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

### 3.3 Employee Benefits:

#### Short Term Employee Benefits

Short term employee benefits for services rendered by employees are recognized during the period when the services are rendered.

#### Post-Employment Benefits

##### A. Defined contribution plans

###### I. Superannuation

The Company contributes to the Superannuation fund administered by Trustees and managed by the Life Insurance Corporation of India (LIC). The contributions are charged to the Statement of Profit and Loss.

###### II. Employees' Provident Fund, Pension Scheme and Employees' State Insurance Scheme

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

##### B. Defined benefit plans

###### 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 using the Projected Unit Credit method.

The change in defined benefit plan liability is split into changes arising out of service, interest cost and re-measurements and the change in defined benefit plan asset is split between interest income and re-measurements. Changes due to service cost and net interest cost / income is recognized in the statement of profit and loss. Re-measurements of net defined benefit liability / (asset) which comprise of the below are recognized in other comprehensive income:

###### Actuarial gains and losses;

The return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset).

##### C. Other Long-Term Employee Benefits

###### Leave Encashment:

The Company contributes to a staff leave encashment scheme managed by SBI Life Insurance Company Limited. The company accounts its liability based on an actuarial valuation, as at the balance sheet date, using the Projected Unit Credit method. The expenses and the actuarial gain or loss on account of the above benefit plans are recognized in the Statement of Profit and Loss on the basis of actuarial valuation.

## NOTES TO THE ACCOUNTS (Contd.)

### 3.4 Share Based Payments:

#### Employee Stock Options

Sundaram Finance Limited, the holding company, has an employee stock option scheme in accordance with SEBI guidelines 1999 for extending the scheme to eligible employees of the subsidiary companies. The Company recognises the compensation expense relating to share based payments in accordance with IND AS 102 - Share based payments.

### 3.5 Taxation

Tax expense comprises of current and deferred tax. It is recognised in statement of profit and loss except to the extent that it relates to items recognised directly in equity or in OCI.

#### Current tax

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

Current tax assets and liabilities are offset only if, the Company has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### Deferred tax

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or

settle the carrying amount of its assets and liabilities. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

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

- a) has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

#### Current and Deferred tax for the period

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

### 3.6 Property, plant and equipment

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

Property, plant and equipment are stated in the balance sheet at cost (net of duty/ tax credit availed) less

## NOTES TO THE ACCOUNTS (Contd.)

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

### **Freehold land is not depreciated.**

Depreciation is recognised to write off, the cost of assets less their residual values over their useful lives, using the written down value method. The estimated useful life, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Estimated useful life of the assets, based on technical assessment, which are different in certain cases from those prescribed in Schedule II to the Act, are as follows:

#### Computers and Data Processing Units

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

Office Equipment              8 Years

Furniture and Fixtures        10 Years

Electrical installations        15 years

Vehicles                         5 Years

The property plant and equipment with definite life are reviewed for impairment whenever the events or changes indicate that their carrying value may not be recoverable. Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

Further, there is no significant change in the useful life of the above assets as compared to previous year.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

### **3.7 Leases**

The Company shall recognise a right-of-use asset and a lease liability whenever it takes any asset on lease. The right-of-use asset shall be measured at cost that comprises of initial value of lease liability, lease payments made on or before the commencement of lease, initial direct costs incurred by the entity and an initial estimated cost of dismantling & removing the leased asset and restoring the site on which the asset is located. The lease liability shall be measured at the present value of the lease payments due. The interest rate implicit in the lease or lessee's incremental borrowing has been used to arrive at the present value. Subsequently, at each balance sheet date, the right-of-use asset shall be depreciated and lease liability shall be increased by interest amount & decreased by amount paid.

### **3.8 Intangible assets**

Intangible assets are identified non-monetary assets without physical existence.

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

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

The cost of the intangible asset shall include the purchase price, including non-refundable duties and taxes, all the directly attributable costs to bring the intangible to the present location, working condition and intended use.

Intangible assets represent Computer software, the cost of which is amortized over their expected useful life 2 to 5 years on a straight-line basis.

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the

## NOTES TO THE ACCOUNTS (Contd.)

effect of any changes in estimate being accounted for on a prospective basis.

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of net selling price of the assets and the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

### 3.9 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.

### 3.10 Dividend

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

### 3.11 Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit after tax is adjusted for the effects of transactions of non-cash nature, tax and any deferrals or accruals of past or future cash receipts or payments. The cash flows are prepared for the operating, investing and financing activities of the Company.

### 3.12 Provisions and Contingent Liabilities

Provisions are recognized only when the company has a present obligation (legal or constructive) as a result of any past events, and it is probable that it is required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the obligation at the reporting date, considering the risk and uncertainties surrounding the obligation.

### Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Company (or)

There is a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

### 3.13 Earnings Per Share

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

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

## 4. Recent Indian Accounting Standards ( Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. The company has considered the impact of the amendments in the preparation of financial statements.

Ministry of Corporate Affairs (MCA) vide notification G.S.R 207 ( E) dated 24th March 2021 have notified amendments which are applicable from 01st April 2021, which requires elaborate disclosures to various financial statement line items. The company will evaluate the disclosures and disclose the same in the subsequent year's financial statements.

## NOTES TO THE ACCOUNTS (Contd.)

### Note 5: Cash and cash equivalents:

₹ in lakhs

Particulars	31st March 2021	31st March 2020
(i) Cash on hand	117.68	3.31
(ii) Balances with Banks	813.18	1877.49
(iii) Cheques, drafts on hand;	1158.35	273.43
<b>Total</b>	<b>2089.21</b>	<b>2154.23</b>

### Note 6: Bank Balances other than specified in Note 5 above

₹ in lakhs

Particulars	31st March 2021	31st March 2020
Bank Deposits *	4664.93	10904.35
Earmarked balances with Bank (Interest Warrant)	148.96	78.79
<b>Total</b>	<b>4813.89</b>	<b>10983.14</b>

\* Bank Deposit accounts include ₹ 3665.00 lakhs (31st March 2020 - ₹ 3905.00 lakhs) provided as collateral for assets securitised / assigned.

### Note 7: Trade Receivables

₹ in lakhs

Particulars	31st March 2021	31st March 2020
Receivables considered Good- Unsecured	83.73	106.74
<b>Total</b>	<b>83.73</b>	<b>106.74</b>

**NOTES TO THE ACCOUNTS (Contd.)**
**Note 8: Loans**

₹ in lakhs

Particulars	31st March 2021	31st March 2020
<b>Loans (In India)</b>		
<b>Secured Term Loans - At Amortised Cost</b>		
<b>Housing Loans</b>		
Individuals	6,08,961.23	6,39,188.41
Others	18,713.37	15,019.36
<b>Non-Housing Loans</b>		
Individuals	2,42,839.49	2,53,974.31
Others	35,564.73	39,802.25
Loans Against Deposits	858.38	757.85
<b>Total - Gross</b>	<b>9,06,937.20</b>	<b>9,48,742.18</b>
Less :Impairment loss allowance - Stage I & II	653.19	342.44
Less :Impairment loss allowance - Stage III	31,078.25	30,416.60
<b>Total - Net</b>	<b>8,75,205.76</b>	<b>9,17,983.14</b>

**Refer Note 17(a) & Note 18**

- Housing / Non-Housing Loans granted by the Company are secured by mortgage of properties/ hypothecation of loan receivables.
- ₹ 77.49 lakhs (31st March 2020 - ₹ 87.45 lakhs from Whole-time Director) due from the Managing Director of the company.
- ₹ 20.22 lakhs (31st March 2020 - ₹ 81.12 lakhs) due from the Officers of the Company.
- Insurance on Housing Loans to the extent of ₹ 6094.93 lakhs (31st March 2020 ₹ 6145.19 lakhs) is regrouped under Non-Housing Loans.
- There is no exposure by way of Loans granted against Gold Jewellery as Security.
- Loans including instalment and interest outstanding amount amounts to ₹11549.05 lakhs ( previous year ₹6438.00 lakhs) in respect of properties held for disposal under securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

## NOTES TO THE ACCOUNTS (Contd.)

### Note 9: Investments

₹ in lakhs

Particulars	31st March 2021	31st March 2020
<b>At Fair value through Profit or Loss</b>		
Mutual funds*	49,785.02	35,245.29
Alternate Investment Fund- Sundaram Alternative Opportunities Series – High Yield Secured Debt Fund II	3,846.14	2,566.93
<b>At Amortised Cost</b>		
Government securities	23,782.15	14,831.42
Others- Investments in Senior Pass Through Certificates	880.77	1,198.26
Investment in Subordinated Debt of related party	-	4,945.96
<b>Total – Gross -(A)</b>	<b>78,294.08</b>	<b>58,787.86</b>
(i) Investments outside India	-	-
(ii) Investments in India	<b>78,294.08</b>	<b>58,787.86</b>
<b>Total (B)</b>	<b>78,294.08</b>	<b>58,787.86</b>
Total (A) to tally with (B)		
Less: Allowance for Impairment loss	1.15	21.03
<b>Total – Net</b>	<b>78,292.93</b>	<b>58,766.83</b>

- (i) 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 ₹227,33.60 lakhs (Cost ₹23782.15 lakhs) (31st March 2020 - face value ₹14233.60 lakhs (cost ₹14831.42 lakhs)) and bank deposits of ₹998.00 lakhs ( mentioned in Note - 6 Bank Balances) (31st March 2020 - ₹6950.00 Lakhs) in favour of Trustees representing the public depositors of the company.
- (ii) During the year, the Company has sold subordinated debt of Royal Sundaram General Insurance Co. Ltd for face value of ₹50,00.00 lakhs.

**Mutual Funds\***

Particulars	Face Value	2020-21 Holding ( Number)	Carrying Amount ₹ in lakhs	2019-20 Holding ( Number)	Carrying Amount ₹ in lakhs
<b>At fair value through Profit or loss</b>					
Sundaram Money Fund - Direct - Growth	10.00	2,12,11,417	9,205.31	6,04,86,870.55	25,325.79
Sundaram Ultra Short Term Fund - Direct - Growth	10.00	16,24,38,345	17,978.51		
Birla Sunlife Liquid Fund - Direct - Growth	10.00	24,14,296	8,004.18	8,83,178.10	2,822.28
Birla Sun Life Banking & PSU Fund - Direct- Growth	10.00	8,87,870	2,572.34		
Kotak Banking & PSU Fund - Direct- Growth	10.00	48,89,626	2,519.31		
UTI Liquid Fund - Direct - Growth	10.00	2,82,017	9,505.37		
Sundaram Money Market Fund- Direct- Growth	10.00			3,23,96,527.89	3,629.12
UTI Money Market Fund - Direct - Growth	10.00			17,725.66	401.97
Franklin India Liquid Fund - Direct- Growth	10.00			508.11	15.16
ICICI Prudential Liquid Fund- Direct - Growth	10.00			10,38,510.78	3,050.96
<b>Total</b>			<b>49,785.02</b>		<b>35,245.29</b>

**Note 10: Other Financial Assets**

₹ in lakhs

Particulars	31st March 2021	31st March 2020
Rental Deposits	363.40	389.26
Other Advances	9,120.57	9.10
<b>Subtotal</b>	<b>9,483.97</b>	<b>398.36</b>
Less: Impairment loss allowance	24.08	27.85
<b>Total</b>	<b>9459.89</b>	<b>370.51</b>

**Note 11: Current tax assets (Net)**

₹ in lakhs

Particulars	31st March 2021	31st March 2020
Advance Income - tax and TDS (Net)	3,975.87	6,325.94
<b>Total</b>	<b>3975.87</b>	<b>6325.94</b>

## NOTES TO THE ACCOUNTS (Contd.)

### Note 12 Property, Plant And Equipment

₹ in lakhs

Description	Gross Block at Cost				Depreciation				Carrying Value	
	Up to 31.03.2020	Additions	Deductions	As at 31.03.2021	Up to 31.03.2020	For the Year	Deductions	Up to 31.03.2021	As at 31.03.2021	As at 31.03.2020
<b>Tangible Assets</b>										
Freehold Land	1,621.77	-	-	1,621.77	-	-	-	-	1,621.77	1,621.77
	(1621.77)	-	-	(1621.77)	-	-	-	-	(1621.77)	(1,621.77)
Buildings	130.49	-	-	130.49	18.15	5.47	-	23.62	106.87	112.34
	(130.49)	-	-	(130.49)	(12.40)	(5.75)	-	(18.15)	(112.34)	(118.09)
Buildings-Temporary Structure	201.97	-	-	201.97	82.28	39.89	-	122.17	79.80	119.69
	(201.97)	-	-	(201.97)	(22.44)	(59.84)	-	(82.28)	(119.69)	(179.53)
Electrical Installations and Equipment's	138.09	4.31	9.01	133.39	40.56	13.68	4.83	49.41	83.98	97.53
	(127.14)	(11.51)	(0.56)	(138.09)	(25.45)	(15.24)	(0.13)	(40.56)	(97.53)	(101.69)
Furniture and Fixtures	194.39	8.02	19.71	182.71	92.77	27.07	16.20	103.64	79.07	101.62
	(180.55)	(15.14)	(1.30)	(194.39)	(60.37)	(33.01)	(0.61)	(92.77)	(101.62)	(120.18)
Vehicles	537.37	6.24	24.75	518.86	218.75	75.77	9.51	285.01	233.86	318.62
	(416.79)	(171.59)	(51.01)	(537.37)	(142.81)	(95.83)	(19.89)	(218.75)	(318.62)	(273.98)
Office Equipment	181.41	0.69	0.44	181.65	94.36	20.56	0.38	114.54	67.12	87.05
	(172.49)	(9.23)	(0.31)	(181.41)	(65.84)	(28.66)	(0.14)	(94.36)	(87.05)	(106.65)
Computers and Data Processing Units - Networks & Servers	204.05	20.71	-	224.76	105.35	35.71	-	141.06	83.70	98.70
	(202.60)	(1.45)	-	(204.05)	(57.34)	(48.01)	-	(105.35)	(98.70)	(145.26)
Computers and Data Processing Units - End user devices	570.13	73.11	8.33	634.92	276.55	134.42	6.74	404.23	230.69	293.58
	(336.80)	(239.42)	(6.09)	(570.13)	(133.19)	(147.30)	(3.94)	(276.55)	(293.58)	(203.61)
<b>Grand Total</b>	<b>3,779.67</b>	<b>113.09</b>	<b>62.24</b>	<b>3,830.52</b>	<b>928.77</b>	<b>352.57</b>	<b>37.66</b>	<b>1,243.67</b>	<b>2,586.84</b>	<b>2850.89</b>
<b>Previous Year</b>	<b>(3390.60)</b>	<b>(448.34)</b>	<b>(59.27)</b>	<b>(3779.67)</b>	<b>(519.84)</b>	<b>(433.65)</b>	<b>(24.71)</b>	<b>(928.78)</b>	<b>(2850.89)</b>	<b>(2870.76)</b>

Figures in brackets refer to previous year

**NOTES TO THE ACCOUNTS (Contd.)**
**Note 13 : Right of Use Assets**

₹ in lakhs

Description	Gross Block at Cost				Depreciation				Carrying Value
	Up to 31.03.2020	Additions	Deductions	As at 31.03.2021	Up to 31.03.2020	For The Year	Deductions	Up to 31.03.2021	As at 31.03.2021
Right of use asset	882.09	628.35	466.47	1,043.97	328.83	593.48	445.01	477.30	566.67
	-	(1226.52)	(344.43)	(882.09)	-	(591.43)	(262.6)	(328.83)	(553.26)
<b>Grand Total</b>	<b>882.09</b>	<b>628.35</b>	<b>466.47</b>	<b>1043.97</b>	<b>328.83</b>	<b>593.48</b>	<b>445.01</b>	<b>477.30</b>	<b>566.67</b>
	-	(1226.52)	(344.43)	(882.09)	-	(591.43)	(262.6)	(328.83)	(553.26)

**Note 14 Other Intangible Assets**

₹ in lakhs

Description	Gross Block at Cost				Depreciation				Carrying Value
	Up to 31.03.2020	Additions	Deductions	As at 31.03.2021	Up to 31.03.2020	For The Year	Deductions	Up to 31.03.2021	As at 31.03.2021
<b>Intangible Assets</b>									
Computer Software	1432.91	133.71	-	1566.62	878.21	347.51	-	1,225.72	340.90
	(1312.46)	(120.45)	-	(1432.91)	(525.53)	(352.68)	-	(878.21)	(554.70)
<b>Grand Total</b>	<b>1432.91</b>	<b>133.71</b>	<b>-</b>	<b>1566.62</b>	<b>878.21</b>	<b>347.51</b>	<b>-</b>	<b>1225.72</b>	<b>340.90</b>
	(1312.46)	(120.45)	-	(1432.91)	(525.53)	(352.68)	-	(878.21)	(554.70)

**Note 15: Other Non Financial Assets**

₹ in lakhs

Particulars	31st March 2021	31st March 2020
Capital Advances	2.66	47.62
Other Advances (includes Security deposits & prepaid expenses)	920.37	969.31
<b>Total</b>	<b>923.03</b>	<b>1016.93</b>

## NOTES TO THE ACCOUNTS (Contd.)

### Note 16: Trade Payables

₹ in lakhs

Particulars	31st March 2021	31st March 2020
Creditors for Expenses	424.67	723.83
Creditors for Other Finance	365.12	353.49
<b>Total</b>	<b>789.79</b>	<b>1,077.32</b>

### Note 17: Debt Securities

₹ in lakhs

Particulars	31st March 2021	31st March 2020
<b>At Amortised Cost</b>		
<b>In India</b>		
<b>Secured</b>		
Non Convertible Debentures		
- From Related Party	12,100.58	12,637.88
- Others	1,69,563.80	1,56,750.31
<b>Unsecured</b>		
Non Convertible Debentures		
- From Related Party	-	-
- Others	31,415.43	20,943.01
Commercial Paper	44,108.21	70,549.40
<b>Total</b>	<b>2,57,188.02</b>	<b>2,60,880.60</b>

- (a) 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 ₹ 173200 lakhs as at March 31, 2021. (31st March 2020 - ₹ 160800.00 lakhs)
- (b) Face Value of commercial paper outstanding as on March 31, 2021 was ₹ 45000 lakhs (31st March 2020 - ₹ 72500 lakhs) Maximum amount of face value of commercial paper outstanding at any time during the period was ₹ 97500 lakhs (31st March 2020 - ₹ 123000 lakhs)

**NOTES TO THE ACCOUNTS (Contd.)**
**Note 18: Borrowings (Other than Debt Securities)**

₹ in lakhs

Particulars	31st March 2021	31st March 2020
<b>In India</b>		
<b>Secured Loans</b>		
(a) Term loans		
(i) from Banks	1,49,275.30	2,35,047.72
(ii) from National Housing Bank	2,13,186.62	1,82,472.19
(b) Working capital demand loans and Cash Credit with Banks	2,970.66	2,750.31
<b>Total</b>	<b>3,65,432.58</b>	<b>4,20,270.22</b>

**(a) The Term Loans from Scheduled Banks are secured by a negative lien & specific charge on the loan assets of the Company.**

₹ in lakhs

Particulars	2020-21	2019-20
Secured by negative lien on loan assets of the Company other than (i) a specific immovable property ii) Statutory Liquid Assets having floating charge in favour of Public Deposit Trustees against the public deposits and (iii) specific charge on loan assets of the company.	56,566.47	2,10,443.30
Secured by specific charge on loan assets of the company	73,144.20	-
Securitisation - Pool of Housing loans transferred to Special Purpose Vehicle (SPV)	19,564.63	24,604.42
<b>Total</b>	<b>1,49,275.30</b>	<b>2,35,047.72</b>

**(b) The Refinance from NHB is secured by**

₹ in lakhs

Particulars	2020-21	2019-20
Secured by negative lien on assets of the Company other than (i) a specific immovable property ii) Statutory Liquid Assets having floating charge in favour of Public Deposit Trustees against the public deposits and (iii) specific charge on loan assets of the company. It is repayable in quarterly instalments.	1,39,456.91	1,82,472.19
Secured by specific charge on loan assets of the company and repayable in quarterly instalments.	48829.71	-
Secured by specific charge on loan assets of the company and repayable in May 2021.	24,900.00	-
<b>Total</b>	<b>2,13,186.62</b>	<b>1,82,472.19</b>

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

**Maturity of Secured Non Convertible Debenture**

₹ in Lakhs

Implicit Interest Rate (%) / Maturities	<1 year	1 - 3 yrs	Total
<7%	1,983.86	65000.00	66983.86
	-	-	-
>7% to 8%	10,879.84	20,000.00	30879.84
	(27985.37)	(20206.57)	(48191.94)
8% to 9%	22,039.98	37,200.00	59239.98
	(31580.91)	(59233.17)	(90814.08)
9% to 10%	24,560.69	-	24560.69
	(7164.37)	(23227.80)	(30392.17)
<b>Total</b>	<b>59464.38</b>	<b>122200.00</b>	<b>181664.38</b>
	<b>(66730.65)</b>	<b>(102667.54)</b>	<b>(169398.19)</b>

**Maturity of Secured Term Loans from NHB**

₹ in Lakhs

Implicit Interest Rate (%)	< 1 year	1-3 yrs	3-5 yrs	> 5 yrs	Grand Total
<=7%	59,746.29	63,741.42	43,637.87	22,835.05	1,89,960.63
	(6578.09)	(12093.27)	(11590.22)	(5153.93)	(35415.51)
7% to 8%	3,512.81	6,823.82	5,991.45	6,897.91	23,225.99
	(13149.30)	(22529.37)	(19546.81)	(15911.26)	(71136.74)
8% to 10%	-	-	-	-	-
	(17958.46)	(28616.73)	(18515.91)	(10828.84)	(75919.94)
<b>Total</b>	<b>63,259.10</b>	<b>70,565.24</b>	<b>49,629.32</b>	<b>29,732.96</b>	<b>2,13,186.62</b>
	<b>(37685.85)</b>	<b>(63239.37)</b>	<b>(49652.94)</b>	<b>(31894.03)</b>	<b>(182472.19)</b>

**Maturity of Unsecured Non convertible Debentures**

₹ in Lakhs

Implicit Interest Rate (%) / Maturities	< 5 yrs	> 5 yrs	Total
8% to 9%	-	31415.43	31415.43
	-	(20943.01)	(20943.01)

**Maturity of UnSecured Subordinated Non convertible Debenture**

₹ in Lakhs

Implicit Interest Rate (%) / Maturities	<1 year	> 1 to 3 yrs	3-5 yrs	> 5 yrs	Total
>9% to 10%	-	4,013.74	6,559.00	-	10,572.74
	-	(4007.32)	(6553.38)	-	(10560.70)
10% to 11%	-	2,692.84	-	-	2,692.84
	-	(2691.40)	-	-	(2691.40)
<b>Total</b>	<b>-</b>	<b>6706.58</b>	<b>6559.00</b>	<b>-</b>	<b>13265.58</b>
<b>Total</b>	<b>-</b>	<b>(6698.72)</b>	<b>(6553.38)</b>	<b>-</b>	<b>(13252.10)</b>

**Maturity of Term Loans from Banks**

₹ in Lakhs

Implicit interest rate / Residual maturity	< 1 year	> 1 to 3 yrs	3-5 yrs	> 5 yrs	Total
<7%	51,320.59 (2460.09)	78,725.85 (4804.27)	9,845.70 (4515.50)	9,383.15 (12824.56)	1,49,275.30 (24604.42)
>=7% to 8%	- (70002.27)	- (59079.91)	-	-	- (129082.18)
8% to 9%	- (35111.16)	- (36249.96)	- (10000.00)	-	- (81361.12)
<b>Total</b>	51,320.59 (107573.52)	78,725.85 (100134.14)	9,845.70 (14515.50)	9,383.15 (12824.56)	1,49,275.30 (235047.72)

Previous year figures are given in brackets

**Note 19: Deposits**

₹ in lakhs

Particulars	31st March 2021	31st March 2020
<b>At Amortised Cost</b>		
<b>Fixed Deposits</b>		
(i) Public	1,83,378.64	1,63,079.89
(ii) From Companies	1,202.78	510.81
(iii) From Directors of the Company	6.99	209.45
<b>Total</b>	<b>1,84,588.41</b>	<b>1,63,800.15</b>

**Note 20: Subordinated Liabilities**

₹ in lakhs

Particulars	31st March 2021	31st March 2020
<b>At Amortised Cost</b>		
Subordinated Non-Convertible Debentures		
- From Related Party	-	-
- Others	13,265.58	13,252.10
<b>Total</b>	<b>13,265.58</b>	<b>13,252.10</b>

**Note 21: Other Financial Liabilities**

₹ in lakhs

Particulars	31st March 2021	31st March 2020
Unclaimed Matured Deposits and Interest accrued thereon*	2,935.79	1,919.90
Amounts due on assets securitised/assigned	512.38	565.32
Employees related liabilities	682.49	783.66
Unclaimed Interest On Deposits*	6.62	6.62
<b>Total</b>	<b>4,137.28</b>	<b>3,275.50</b>

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

**Note 22: Provisions**

₹ in lakhs

Particulars	31st March 2021	31st March 2020
<b>Provision for Employee Benefits</b>		
- Leave Encashment	292.44	57.53
- Other benefits	270.29	106.24
<b>Total</b>	<b>562.73</b>	<b>163.77</b>

**Note 23: Deferred tax Assets / (Liabilities)**

₹ in lakhs

Particulars	31st March 2021	31st March 2020
<b>Deferred Tax Liabilities</b>		
Property, plant and Equipment	-	-
Adjustment on account of Effective Interest Rate for Financial Assests & Liabilities recognised at amortised cost & Net interest on credit impaired loans	1,793.58	1,751.64
Fair value change on investment in Mutual Funds	138.82	70.92
Others - Employee Benefits	-	5.50
U/s 36(1)(viiia) of Income-tax Act, 1961	1,683.00	1,288.23
<b>Total</b>	<b>3,615.40</b>	<b>3,116.29</b>
<b>Deferred Tax Assets</b>		
Provision for Expected Credit Loss	7,850.78	6,550.31
COVID 19 Provision	-	817.22
Property, plant and Equipment	46.88	1.10
Others - Lease Liability	10.78	9.86
Others - Employee Benefits	78.26	-
Others	121.63	
<b>Total</b>	<b>8,108.33</b>	<b>7,378.49</b>
<b>Deferred Tax Assets/(Liabilities) - (Net)</b>	<b>4,492.93</b>	<b>4,262.20</b>

**Note 24 Other Non-Financial Liabilities**

₹ in lakhs

Particulars	31st March 2021	31st March 2020
Statutory Dues	326.89	415.91
Advance received from sale of properties	62.91	93.75
<b>Total</b>	<b>389.80</b>	<b>509.66</b>

**NOTES TO THE ACCOUNTS (Contd.)**
**Note 25: Equity Share Capital**

₹ in lakhs

Particulars	31st March 2021	31st March 2020
<b>Authorised Capital:</b>		
Equity Shares, ₹10/- Par Value		
15,00,00,000 (15,00,00,000) Equity Shares	150,00.00	150,00.00
<b>Issued:</b>		
Equity Shares, ₹10/- Par Value		
10,62,54,438 (10,62,54,438) Equity Shares	106,25.44	106,25.44
<b>Subscribed and Fully Paid - up:</b>		
Equity Shares, ₹10/- Par Value		
10,12,54,438 (10,12,54,438) Equity Shares	101,25.44	101,25.44
	<b>101,25.44</b>	<b>101,25.44</b>

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

% held as at 31-03-2020	Name of the Shareholder	Status	No. of Shares	% held as at March 31, 2021	No. of Shares	% held as at March 31, 2020
100.00	Sundaram Finance Limited*	Holding Company	10,12,54,438	100.00	10,12,54,438	100.00

\* Includes 6 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 2020- March 2021		April 2019- March 2020	
	No of Shares	₹ in lakhs	No of Shares	₹ in lakhs
Opening number of shares outstanding	101254438	10125.44	101254438	10125.44
Add : Shares issued	-	-	-	-
Less: Shares bought back	-	-	-	-
Closing number of shares outstanding	101254438	10125.44	101254438	10125.44

## NOTES TO THE ACCOUNTS (Contd.)

### Note 26: Other Equity

₹ in lakhs

Particulars	31st March 2021	31st March 2020
<b>Reserves &amp; Surplus</b>		
Statutory Reserves	3,298.81	2,965.94
General Reserve	61,000.00	61,000.00
Securities Premium	20,474.56	20,474.56
Special Reserve U/s 36(1) (viii) of Income Tax Act,1961	31,674.00	28,174.00
Retained Earnings	29,230.87	16,026.04
ESOP Reserve	145.07	131.37
COVID-19 Reserve	-	3,247.05
Other Comprehensive Income	(78.35)	(37.65)
<b>Total</b>	<b>1,45,744.95</b>	<b>1,31,981.31</b>

### A. Equity Share Capital

Balance at the beginning of the reporting period	Change in equity share capital during the year	Balance at the end of the reporting period
101,25.44	-	101,25.44

### Note 27 Interest Income

₹ in lakhs

Particulars	April - March 2021	April - March 2020
Interest on Loans	96,920.26	1,01,211.52
Interest income from investments	2,525.95	1,882.26
Interest on deposits with Banks	699.36	237.43
Other Interest Income	177.84	89.22
<b>Total</b>	<b>1,00,323.41</b>	<b>1,03,420.43</b>

**NOTES TO THE ACCOUNTS (Contd.)**
**Note 28 Net Gain on Fair Value Changes**

₹ in lakhs

Particulars	April - March 2021	April - March 2020
<b>Net gain/ (loss) on financial instruments at fair value through profit or loss</b>		
(i) On financial instruments designated at fair value through profit or loss	2,062.60	2,359.22
<b>Total</b>	<b>2,062.60</b>	<b>2,359.22</b>
Fair Value changes:		
- Realised	1792.80	2190.67
- Unrealised	269.80	168.55

**Note 29 Finance Costs**

₹ in lakhs

Particulars	April - March 2021	April - March 2020
Interest on deposits	13,897.26	12,127.53
Interest on Term Loans	12,963.81	15,507.85
Interest on NHB refinance	14,603.46	17,690.39
Interest on debt securities- NCD	16,039.92	14,891.18
Interest on debt securities - Commercial Paper	3,405.84	7,084.95
Interest on subordinated liabilities	1,279.20	1,509.12
Interest On Lease Liability	55.53	70.31
Other Borrowing Cost	292.18	255.77
<b>Total</b>	<b>62,537.20</b>	<b>69,137.10</b>

**Note 30 Impairment on financial instruments**

₹ in lakhs

Particulars	April - March 2021	April - March 2020
Loans	5,294.56	5,032.30
Investments	(19.87)	18.90
Others	(46.72)	(63.97)
<b>Total</b>	<b>5,227.97</b>	<b>4,987.23</b>

## NOTES TO THE ACCOUNTS (Contd.)

### Note 31 Employee Benefits Expenses

₹ in lakhs

Particulars	April - March 2021	April - March 2020
Salaries and wages	6,006.38	5,746.25
Contribution to provident and other funds	411.22	382.48
Share Based Payments to employees	13.71	30.70
Staff welfare expenses	126.78	238.82
Others - Concessional loans to Staffs	70.12	87.78
<b>Total</b>	<b>6,628.21</b>	<b>6,486.03</b>

### Note 32 Other expenses

₹ in lakhs

Particulars	April - March 2021	April - March 2020
Rent, taxes and electricity costs	141.96	189.23
Communication Costs	120.45	168.77
Printing and stationery	39.51	78.14
Travelling and Conveyance	94.46	258.68
Advertisement and publicity	70.17	223.63
Outsourcing Cost	346.56	546.44
Director's fees, allowances and expenses	23.65	38.80
Insurance	31.09	30.94
Repairs and maintenance	181.16	249.23
Software Charges	683.59	659.02
Database and Networking Expenses	491.15	488.27
CSR contributions	514.65	514.09
Legal and Professional charges	106.34	282.43
Loss on sale of Property Plant & Equipment	4.18	-
Other expenditure ( Including Donation)	269.26	352.17
<b>Total</b>	<b>3,118.19</b>	<b>4,079.84</b>

## NOTES TO THE ACCOUNTS (Contd.)

### 33 General

33.1 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 Indian Accounting Standard 108: Segment Reporting.

33.2 Securitisation:

Details of securitised assets outstanding as on March 31, 2021 are as follows

Pass Through Certificates subscribed by the Company: ₹ 880.77 lakhs

Bank Deposits provided as collateral: ₹ 3665.00 lakhs

33.3 Expenditure in Foreign Currency (on payment basis)

On account of others – Membership fees –0.75 lakh (March 31, 2020 - ₹ 0.66 lakh)

33.4 The Company did not contract any foreign currency loan during the period.

33.5 Non-Performing Loans and Provisions:

In accordance with NHB Directions 2010, the company has identified Non- Performing Loans amounting to ₹30317.33 lakhs as on March 31 2021. (March 31, 2020 –₹ 351,86.66 lakhs)

33.6 The Company has spent an amount of ₹ 514.65 lakhs (March 31,2020-₹514.09 lakhs) towards Corporate Social Responsibility (CSR) under Sec 135 of the Companies Act, 2013, in the various areas covered under the regulatory provisions like healthcare, education, environment and protection of art and culture.

33.7 During the period, Sundaram Finance Ltd, the holding company has incurred ₹ 13.71 lakhs (March 31, 2020 ₹ 30.70 lakhs) towards the cost of Employee stock option scheme issued under Sundaram Finance Employee Stock Option Scheme 2008 to the Managing Director and two senior executives of the company.

33.8 Interim dividend paid during the year is ₹1.50 per share. Final dividend of ₹5.50 per share have been recommended by the Board for the year ended 31st March 2021 in May 2021.

33.9 During the year, National Housing Bank (NHB) levied a penalty of ₹22.24 lakhs for non-compliance of the provisions of the Housing Finance Companies (NHB) Directions, 2010. The same was paid by the Company with applicable GST within the due date. The Details of the same are as follows:-

Financial year pertaining to which penalty is raised by NHB	Non Compliance of provisions against which penalty is raised	Amount of Penalty levied (including GST) (₹ in Lakhs)
2017-18	1) Paragraph 28 (Housing Finance Companies(NHB) Directions, 2010)	14.69
	2) Paragraph 10(2) (NHB Directions on issuance of NCDs on private placement basis, 2014):	
	3) Policy Circular no. 55	
2018-19	1) Policy Circular no 41	7.55

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

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

## NOTES TO THE ACCOUNTS (Contd.)

- 33.12 The pending litigations as on March 31, 2021 have been estimated by the Company. The current position of the litigations has been evaluated and the effect thereof has been disclosed in the financial statements, where appropriate.
- 33.13 Estimated amount of contracts remaining to be executed on capital account

₹ in lakhs

Particulars	31st March 2021	31st March 2020
Estimated Amount of contracts remaining to be executed on capital account (net of advance)	2.07	43.69
Commitments remaining uncalled in Alternatives Investment Fund Schemes	12,50.00	25,00.00

- 33.14 In accordance with IND AS Accounting Standard 24: Related Party Disclosures, the details of Related Party Transactions are given below:

Details of Related Parties:

**Promoters** Sundaram Finance Ltd.  
(100% of the paid-up share capital)

**Other Related parties**

(Entities in which the Company's promoter has control or significant influence)

LGF Services Ltd.  
Sundaram Asset Management Company Ltd.  
Sundaram Asset Management Singapore Pte Ltd.  
Sundaram Fund Services Ltd.  
Sundaram Trustee Company Ltd.  
Sundaram Business Services Ltd.  
Royal Sundaram General Insurance Co Ltd.  
Sundaram Alternate Assets Ltd.  
Sundaram Finance Holding Ltd.  
Sundaram Finance employee Welfare trust

**Key Management Personnel:**

Mr. T T Srinivasaraghavan Chairman  
Mr. Harsha Viji Director  
Mr. Lakshminarayanan Duraiswamy Managing Director

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

Mr. Viji Father of Mr. Harsha Viji  
Mrs Chitra Viji Mother of Mr. Harsha Viji  
Mrs Vimala Rangaswamy Mother of Mr. T.T. Srinivasaraghavan  
Mrs Bagyam Raghavan Wife of Mr. T.T. Srinivasaraghavan  
Mrs. Sheela Lakshminarayanan Wife of Mr. Lakshminarayanan Duraiswamy

## Details of Related Party Transactions as on 31st March 2021

₹ in lakhs

Particulars	Promoter	Other Related Parties	Key Management Personnel	Relative of Key Management Personnel	April 2020 - March 2021	April 2019 - March 2020
<b>Income</b>						
<b>Interest on Housing Loan</b>	-	-	1.66	6.85	8.51	20.71
<b>Rent</b>						
Sundaram Finance Ltd.	2.34	-	-	-	2.34	0.66
<b>Brokerage</b>						
Sundaram Finance Ltd.	2.22	-	-	-	2.22	0.90
<b>Docket Fees</b>						
Sundaram Alternate Assets Limited	-	1.50	-	-	1.50	-
<b>Expenses</b>						
<b>Rent</b>						
Sundaram Finance Ltd.	218.76	-	-	-	218.76	222.11
<b>Brokerage, Commission, Deposit processing services and Tele calling Services</b>						
Sundaram Finance Ltd.	331.68	-	-	-	331.68	565.35
Sundaram Finance Holdings Ltd.	-	42.06	-	-	42.06	49.34
<b>Intranet/ Web Maintenance, Scanning Image Charges</b>						
Sundaram Finance Ltd.	2.65	-	-	-	2.65	1.69
<b>Internal Audit, Branch Inspection fees and Docket Verification fees</b>						
Sundaram Finance Ltd.	89.66	-	-	-	89.66	97.79
<b>Connectivity and Other Charges</b>						
Sundaram Finance Ltd.	663.73	-	-	-	663.73	621.47
<b>Interest On NCDs</b>						
Royal Sundaram General Insurance Co Ltd.	-	958.07	-	-	958.07	699.34
<b>Interest on Public Deposits</b>	-	-	0.57	20.99	21.56	30.93
<b>Insurance Premium</b>						
Royal Sundaram General Insurance Co Ltd.	-	31.31	-	-	31.31	33.28
<b>Remuneration</b>	-	-	205.89	-	205.89	349.87
<b>Dividend Paid</b>						
Sundaram Finance Ltd.	3,037.63	-	-	-	3,037.63	1775.50
BNP Paribas Personal Finance S. A	-	-	-	-	-	1768.41
<b>Portfolio Management Fees</b>						
Sundaram Alternate Assets Limited	-	24.62	-	-	24.62	-

Particulars	Promoter	Other Related Parties	Key Management Personnel	Relative of Key Management Personnel	April 2020 - March 2021	April 2019 - March 2020
<b>Assets</b>						
<b>Purchase of Asset - Software</b>						
Sundaram Finance Ltd.	102.63	-	-	-	102.63	117.11
Investment in Subordinated Debts	-	-	-	-	-	-
Royal Sundaram General Insurance Co Ltd.	-	-	-	-	-	4,945.96
<b>Other Deposits</b>						
Sundaram Finance Ltd.	143.44	-	-	-	143.44	143.44
Royal Sundaram General Insurance Co Ltd.	-	10.31	-	-	10.31	15.17
<b>Income Receivable</b>						
Sundaram Finance Ltd.	0.24	-	-	-	0.24	0.18
Sundaram Alternate Assets Limited	-	0.08	-	-	0.08	-
Housing Loan - at the end of the year	-	-	77.49	-	77.49	274.46
<b>Insurance Premium Prepaid</b>						
Royal Sundaram General Insurance Co Ltd.	-	18.53	-	-	18.53	7.83
<b>Liabilities</b>						
<b>Fixed Deposits</b>						
	-	-	6.99	259.82	266.81	391.47
<b>Issue of Non-Convertible Debentures</b>						
Royal Sundaram General Insurance Co Ltd.	-	12100.58	-	-	12100.58	12637.88
Commission Payable	-	-	50.00	-	50.00	125.00
<b>Other Liabilities</b>						
Sundaram Finance Ltd.	36.88	-	-	-	36.88	7.66
Sundaram Finance Holdings Ltd.	-	0.05	-	-	0.05	-

33.15 Contingent Liabilities in respect of

- Sanctioned and Undisbursed loans as at March 31, 2021: ₹ 25,458.09 lakhs. (March 31, 2020 ₹30598.49 lakhs).
- Partly undisbursed amounts of loans sanctioned as at March 31, 2021 -- ₹18,082.68 lakhs, (March 31, 2020: ₹19687.81 lakhs.)

33.16 The Exceptional Item in the statement of Profit & Loss in Fy 2019-20 represents reversal of Deferred tax liability created on special reserve u/s 36(1)(viii) of Income-tax Act, 1961 relating to past years.

33.17 The COVID 19, pandemic and the extended lockdown has led to a significant slowdown in economic activity. While the gradual easing of the restrictions by the Government has spurred improvements in economic activity in recent months, the near total lockdown in the first quarter has resulted in a sharply lower business acquisition for the year ended 31st March 2021. Further, in line with the RBI guidelines on the COVID-19 Regulatory Package, the Company offered moratorium for instalments falling

due between March 1, 2020 and August 31, 2020, to all eligible customers. While the extension of moratorium does not by itself necessarily trigger a significant increase in credit risk, considering the prevailing uncertainty due to the overall economic situation, the Company has, based on its estimates and judgment, provided for possible credit losses in respect of its loan receivables. The Company will continue to monitor any material changes to future economic conditions. There were no adjusting events that would have any material impact on the company's financial statements for the year ended 31st March 2021.

Disclosures as per RBI notification no. DOR.No.BP.BC.63/21.04.048/2020-21 dated 17th April 2020 – COVID 19 Regulatory Package - Asset Classification and Provisioning:

The details of loans, where moratorium benefit was extended are as under:

SL No.	Particulars	31.03.2021
i)	Amount due in respect of overdue contracts	62,003.85
ii)	Amount due on contracts where asset classification benefits was extended	–
iii)	Provision held against (ii) above*	–

\* As the ECL provision is in excess of (iii) above, the Covid -19 Reserve to the extent of ₹3247.05 lakhs as on 31st March 2020, has been reversed and transferred to Retained earnings.

#### 33.18 Covid-19 - Related Rent Concessions

The Company has applied practical expediency to all its rent concessions and the amount in profit and loss for the reporting period that reflect the change in lease payments arising from rent concession is ₹14.39 lakhs.

33.19 Pursuant to NHB Circular on Guidelines on Reporting and Monitoring of Frauds in Housing Finance Companies dated 05-02-2019, the Company has reported fraudulent transactions (including transaction pertaining to earlier years) to NHB. The cumulative amount related to frauds reported since inception is ₹1798.07 lakhs.

33.20 The Government of India, Ministry of Finance, vide its notification dated October 23, 2020, had announced COVID-19 Relief Scheme for rant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (Scheme), as per the eligibility criteria and other aspects specified therein and irrespective of whether the moratorium was availed or not. The Company has implemented the Scheme and credited the accounts of or remitted amounts to the eligible borrowers as per the Scheme.

33.21 In accordance with the RBI Circular No. RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 7, 2021 and the methodology for calculation of interest on interest based on guidance issued by Indian Banks' Association, the Company has put in place a Board approved policy to refund / adjust interest on interest charged to borrowers during the moratorium period, i.e. March 1, 2020 to August 31, 2020. The Company has estimated the said amount and made a provision in the financial statements for the year ended March 31, 2021.

33.22 In terms of the requirement as per RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 on Implementation of Indian Accounting Standards, Housing Finance Companies are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and IRAC norms (including provision on standard assets). The Impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRAC as at March 31, 2021 and accordingly, no amount is required to be transferred to impairment reserve.

- 33.23 a) Disclosure as required under RBI Circular No. RBI/2020-21/16 DOR.No.BPBC/3/21.04.048/2020-21 dated August 6, 2020 in relation to the Resolution Framework for COVID-19-related Stress:

(₹ In lakhs)

	(A)	(B)	(C)	(D)	(E)
Type of Borrower	Number of accounts where resolution plan has been implemented under this window	exposure to accounts mentioned at (A) before implementation of the plan	Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan ^
Personal Loans	101	5690.04	–	–	569.00
Corporate Persons*					
Of which, MSMEs					
Others					
Total	101	5690.04	–	–	569.00

- c) Disclosure pursuant to RBI Circular No. RBI/2020-21/17 DOR.No.BPBC/4/21.04.048/2020-21 dated August 6, 2020 (for restricting of accounts of Micro, Small and Medium enterprises (MSME) sector – Restructuring of advances having exposure less than or equal to ₹25 crores:

	(A)	(B)
Type of Borrower	Number of accounts where resolution plan has been implemented under this window	Exposure to accounts mentioned at (A) before implementation of the plan
MSMEs	57	5737.23

- 33.24 Earnings per share (Basic and Diluted)

Particulars	2020-21	2019-20
Profit for the year after taxation (₹ in lakhs)	191,39.35	218,15.19
Weighted Average number of Equity Shares	10,12,54,438	10,12,54,438
Basic & Diluted Earnings per share	18.90	21.54

- 33.25 Other expenditures include payment to Auditors towards:

(₹ in lakhs)

Particulars	2020-21	2019-20
Statutory Audit	30.00	30.00
Tax Audit	6.00	6.00
Certification	5.00	20.00
Reimbursement of expenses	1.50	1.50

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

## NOTES TO THE ACCOUNTS (Contd.)

### 34.1: Capital Management:

The Company's capital management strategy is to ensure that it has sufficient capital for business operations, strategic investment, regulatory requirements and to provide reasonable return to the shareholders. Equity share capital and other equity are considered for Capital management.

The company monitors capital Adequacy ratio as stipulated by NHB for Housing Finance Companies. The Company endeavour to source diversified borrowing, depending on asset liability duration and interest rate sensitivities.

The Company monitors capital using Adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total debt less Cash and Cash equivalents.

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Debt securities	257188.02	260880.60
Borrowings (other than debt securities)	365432.58	420270.22
Deposits	187524.20	165720.05
Sub Debt	13265.58	13252.10
<b>Gross Debt</b>	<b>823410.38</b>	<b>860122.97</b>
Less - Cash and Cash Equivalents	2089.21	2154.23
<b>Adjusted Net debt</b>	<b>821321.17</b>	<b>857968.74</b>
Total equity	155845.41	142106.75
Adjusted Net debt to equity ratio	5.27	6.04

### 34.2: Financial instruments – Fair value measurements

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

**Level 1** - This level includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2** - This level includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

**Level 3** - This level includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

## NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

### Accounting classification and fair values

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Financial Asset at Fair value through P&L	Fair Value Hierarchy	March 31, 2021	March 31, 2020
<b>Financial Assets</b>			
<b>Investments</b>			
Mutual Funds	Level 1	49785.02	35245.29
Alternate Investment Fund	Level 1	3846.14	2566.93
<b>Total</b>		<b>53631.16</b>	<b>37812.22</b>

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

	Carrying amount		Fair Value Hierarchy	Fair Value Hierarchy	
	March 31, 2021	March 31, 2020		March 31, 2021	March 31, 2020
<b>Financial Assets</b>					
<b>Investments</b>					
Government securities	23782.15	14831.42	Level 1	24212.40	15769.96
Pass through certificates	880.77	1198.26	Level 3	880.77	1198.26
Subordinated Debt	-	4945.96	Level 3	-	4896.02
Cash and cash equivalents	2089.21	2154.23	Level 3	2089.21	2154.23
Bank Balances	4813.89	10983.14	Level 3	4813.89	10983.14
Receivables	83.73	106.74	Level 3	83.73	106.74
Loans	906937.20	948742.18	Level 3	904183.82	947754.69
Other Financial assets	9459.89	370.51	Level 3	9459.89	370.51
Sub-total	948046.83	983332.43		945723.71	983332.43

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

	Carrying amount		Fair Value Hierarchy	Fair Value Hierarchy	Fair value
	March 31, 2021	March 31, 2020		March 31, 2021	March 31, 2020
<b>Financial Liabilities</b>					
Payables	789.79	1077.32	Level 3	789.79	1,077.32
Non-convertible debentures	2,26,345.39	203583.30	Level 3	2,31,218.45	2,07,528.06
NHB Refinance	2,13,186.62	182472.19	Level 3	2,16,604.15	1,86,525.63
Long term loan from banks	1,49,275.30	235047.72	Level 3	1,49,503.93	2,36,218.95
Fixed Deposit	1,84,588.41	1,63,800.15	Level 3	1,86,712.65	1,65,668.45
Working capital demand loans and cash credits	2,970.66	2,750.31	Level 3	2,970.66	2,750.31
Commercial paper	44,108.21	70,549.40	Level 3	44,187.75	70,550.76
Other Financial Liabilities	4,137.28	3,275.49	Level 3	4,137.28	3,275.49
Lease Liability	607.06	592.44	Level 3	607.06	592.44
<b>Sub-total</b>	<b>8,26,008.72</b>	<b>863148.33</b>		<b>8,36,731.73</b>	<b>8,74,187.40</b>
<b>Net</b>	<b>1,22,038.11</b>	<b>120184.10</b>		<b>108991.98</b>	<b>1,09,046.15</b>

**34.3: Financial Risk Management framework**

Risk is an inherent and integral part of the financial services business and the company has been judiciously managing this through an efficient risk mitigation system, with a view to achieve the Company's stated objectives of Growth with Quality and Profitability. The risks primarily include credit risk, liquidity risk and market risk.

The policies and procedures laid down by the company for the purpose of risk identification, measurement and management, compare well with contemporary best practices followed by industry peers. The Risk Management Committee and Asset Liability Management Committee, functioning under the supervision of the Board, have enunciated detailed policies for assessment of various types of risks, and fixed tolerance limits as appropriate.

**1. Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer fails to meet his contractual obligations and arises principally from the company's loan receivables.

The company has in place a comprehensive credit policy which clearly defines the credit filters and the terms of acceptance of proposals for financing different categories of borrowers and asset classes. The credit appraisal process, inter alia, includes filters for classification of customers, compliance with Know Your Customer (KYC) norms, Field investigation, Credit bureau

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verification, Credit Concentration norms, asset risk, segment and geography risks. The risk metrics also address Loan to Value, loan tenure, based on the useful life of the asset, end-use of the asset and credit enhancements, as appropriate. The Company's exposure is primarily to retail customers, thereby making for a well diversified risk portfolio. The time tested monitoring and recovery mechanism ensures timely recovery of instalments and where required, necessary action for resolution of delinquent accounts is initiated, including legal proceedings. Finally, physical presence and in-depth knowledge of the markets in which the Company operates enables early identification of emerging risks thereby facilitating prompt remedial action.

**Impairment - Expected credit loss (ECL):**

The application of Ind AS 109 has necessitated fundamental changes to the accounting for expected default risk (risk provisioning). Specifically, the incurred loss model has been replaced by the Expected Credit Loss model (ECL). Consequent to this change, the Expected Credit losses on financial instruments are classified under three stages.

**Stage 1:** Every financial asset is classified as stage 1, upon initial recognition. In addition, stage 1 contains all transactions with limited default risk.

**Stage 2:** Financial assets whose default risk has risen significantly since initial recognition and which are not classified as cases with limited default risk.

**Stage 3:** Financial assets that display objective evidence of impairment at the reporting date.

The accounting standard, Ind AS 109 does not specifically prescribe any methodology for computing ECL. However, entities are required to adopt sound and market acceptable methodologies which are in line with the size, complexity and risk-profile of the financial entity for computing the ECL. The Company uses three main components to measure ECL. These are, Exposure at Default (EAD), Probability of Default (PD) and Loss Given Default (LGD). Exposure at Default (EAD) is defined as the sum of Principal outstanding and interest accrued at the reporting date. PD is defined as the probability of borrowers defaulting on their obligations. LGD represents the economic loss, adjusted for cure rate, as a percentage of exposure at the time of default.

Accordingly, loan assets are categorised under three different stages, as under:

**Stage 1:** Where instalments are Current and 1-30 days overdue

**Stage 2:** Where instalments are 31 days – 90 days overdue and

**Stage 3:** Where instalments are overdue beyond 90 days

The company is required to provide 12-month expected credit loss (12-month ECL) for stage 1 assets and the life time expected credit loss (LECL) for stage 2 & stage 3 assets.

12-month ECL is the expected credit loss that results from default events that are possible within 12 months after the reporting date. LECL represents the expected credit loss from default events over the expected life of a financial asset.

As prescribed under para 5.5 in Ind AS 109, 12-months PD is required to be computed for financial instruments which are in stage 1, and life time PD for those in stage 2 & 3. 12 months PD is the likelihood of the borrower defaulting in the 12 months following the reporting date while life time PD is the likelihood of the borrower defaulting during the residual tenor.

The PD model has been developed for all the major asset classes using a statistical and iterative approach. The design and construction of the model involves identification of various credit parameters and variables that have a strong and direct correlation to propensity of default. The PD model reflects the probability of default, taking into consideration the inherent credit quality of the borrower and the residual tenor of each contract. It relies not only on historical information and the current economic environment, but also considers forward-looking information such as the forecasts on the macroeconomic outlook, including emerging risks. The PD for stage 3 contracts is considered at 100%. Where a customer has one contract in stage 3 and one or more contracts in stage 1 / stage 2, the PD for all the contracts is considered at 100%.

### LGD

LGD represents the economic loss, adjusted for cure rate, as a percentage of exposure at the time of default. Economic loss is the estimated shortfall in realisation of dues, in the event of default. Contracts that have turned delinquent do not necessarily involve ultimate losses, since many of them are resolved through corrective legal actions. The cure rate is the probability of a 'non performing' (i.e. defaulted) contract reverting to a 'performing' (i.e. non-default) status in a year.

Following tables provide an overview of the gross carrying amount and credit loss allowance broken down into stages

#### a) Loans

#### a) Loans

(₹ in Lakhs)

	Carrying amount							
	31.03.2021				31.03.2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the year	8,61,525.77	41,785.54	45,430.86	9,48,742.18	8,20,767.31	48,517.18	35,094.91	9,04,379.40
New Business - net of recoveries	(64,655.79)	26,255.76	648.19	(37,751.84)	47,803.93	(3,319.56)	1,108.59	45,592.96
Transfers due to change in creditworthiness	8,631.23	(7,433.10)	(1,198.13)	-	(7,267.80)	(3,432.13)	10,699.93	-
Financial assets that have been derecognised	253.22	6.62	11.33	271.17	247.54	34.24	3.34	285.12
Write off during the year	(10.91)	(62.70)	(4,250.69)	(4,324.31)	(25.21)	(14.18)	(1,475.91)	(1,515.30)
<b>Balance at the end of the year</b>	<b>8,05,743.52</b>	<b>60,552.13</b>	<b>40,641.56</b>	<b>9,06,937.20</b>	<b>8,61,525.77</b>	<b>41,785.54</b>	<b>45,430.86</b>	<b>9,48,742.18</b>

(₹ in Lakhs)

	Expected Credit Loss							
	31.03.2021				31.03.2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the year (A)	52.45	289.99	30,416.60	30,759.04	26.28	187.72	27,026.55	27,240.55
Add/(Less)								
New Business - net of recoveries	29.57	45.50	6,886.96	6,962.03	26.91	28.50	4,403.01	4,458.42
Transfers due to change in creditworthiness	(0.96)	274.90	1,036.77	1,310.71	0.16	103.72	2,718.27	2,822.15
Financial assets that have been derecognised	9.00	26.35	(3,011.39)	(2,976.04)	24.31	(15.78)	(2,255.32)	(2,246.78)
Impairment Loss for the year - (i+ii+iii)	<b>37.61</b>	<b>346.75</b>	<b>4,912.35</b>	<b>5,296.71</b>	<b>51.38</b>	<b>116.45</b>	<b>4,865.96</b>	<b>5,033.79</b>
Less: Write off during the year - C	<b>(10.91)</b>	<b>(62.70)</b>	<b>(4,250.69)</b>	<b>(4,324.31)</b>	<b>(25.21)</b>	<b>(14.18)</b>	<b>(1,475.91)</b>	<b>(1,515.30)</b>
Balance at the end of the year	<b>79.15</b>	<b>574.04</b>	<b>31,078.25</b>	<b>31,731.44</b>	<b>52.45</b>	<b>289.99</b>	<b>30,416.60</b>	<b>30,759.04</b>

**Concentration of credit risk %****(i) Concentration by Geographical risk**

(₹ in Lakhs)

	31.03.2021				31.03.2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
South	94.98%	94.25%	92.74%	94.83%	95.02%	94.78%	94.73%	95.00%
West	2.32%	3.52%	2.57%	2.41%	2.28%	1.83%	2.27%	2.26%
East	1.92%	1.20%	4.28%	1.98%	2.01%	2.32%	2.60%	2.05%
North	0.78%	1.04%	0.42%	0.78%	0.69%	1.07%	0.40%	0.69%
<b>Total</b>	<b>100.00%</b>							

**(ii) Concentration by Asset class**

(₹ in Lakhs)

	31.03.2021				31.03.2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Housing	72.66%	51.97%	43.63%	69.98%	72.28%	46.51%	41.82%	69.68%
Non Housing	27.34%	48.03%	56.37%	30.02%	27.72%	53.49%	58.18%	30.32%
<b>Total</b>	<b>100.00%</b>							

**b) Other financial assets**

The Company computes ECL on other financial assets based on provision matrix which is constructed using historical credit loss experience as adjusted to reflect current conditions.

(₹ in Lakhs)

	31.03.2021				31.03.2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	386.53	-	6.68	393.21	404.22	-	10.26	414.48
Expected Credit Loss	17.40	-	6.68	24.08	17.59	-	10.26	27.85
<b>Net Carrying amount</b>	<b>369.13</b>	<b>-</b>	<b>-</b>	<b>369.13</b>	<b>386.63</b>	<b>-</b>	<b>-</b>	<b>386.63</b>

**c) Loan Commitments and Financial Guarantees**

(₹ in Lakhs)

	31.03.2021				31.03.2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	43,440.78	99.99	-	43,540.77	48,507.27	1,779.04	-	50,286.31
Expected Credit Loss *	2.51	1.11	-	3.62	0.51	0.98	-	1.49
<b>Net Carrying amount</b>	<b>43,438.27</b>	<b>98.88</b>	<b>-</b>	<b>43,537.15</b>	<b>48,506.76</b>	<b>1,778.06</b>	<b>-</b>	<b>50,284.82</b>

\* ECL on Loan commitments included in Table (a) Loans - Expected Credit Loss

## Credit risk management practices

### (i) Policy on write off

Loans are written off when the value of underlying security/other collateral is not sufficient to cover the loan amount or where the underlying security / customer is not traceable. The Company takes legal recourse for recovery of shortfall of dues, if any.

### (ii) Narrative description of collateral:

The underlying assets, which are financed, are the primary collateral held. These are typically properties mortgaged / hypothecation of loan receivables.

## d) Debt Securities

A breakup of investment in debt securities into different stages is given as under:

Stages ->	31.03.2021					31.03.2020				
	Gross Carrying amount					Gross Carrying amount				
	FVTPL	At Amortised Cost				FVTPL	At Amortised Cost			
	1	2	3	Total		1	2	3	Total	
Government securities		23,782.15			23,782.15		14,831.42			14,831.42
Mutual Fund	49,785.02			49,785.02	35,245.29				35,245.29	
Alternate Investment Fund	3,846.14			3,846.14	2,566.93				2,566.93	
Pass through certificates		880.77		880.77		1,198.26			1,198.26	
Subordinated Debt		-		-		4,945.96			4,945.96	
<b>Total</b>	<b>53,631.16</b>	<b>24,662.92</b>	-	-	<b>78,294.08</b>	<b>37,812.22</b>	<b>20,975.64</b>	-	-	<b>58,787.86</b>
Less: Expected Credit Loss		1.15		1.15		21.03			21.03	
<b>Net Carrying amount</b>	<b>53,631.16</b>	<b>24,661.77</b>	-	-	<b>78,292.93</b>	<b>37,812.22</b>	<b>20,954.61</b>	-	-	<b>58,766.83</b>

### Expected Credit Loss

Stages	31.03.2021				31.03.2020			
	1	2	3	Total	1	2	3	Total
Balance at the beginning of the year	21.03			<b>21.03</b>	2.13			<b>2.13</b>
New investments - net of recoveries				-	18.9			<b>18.90</b>
Transfers due to change in creditworthiness				-				-
Financial assets that have been derecognised	19.88			<b>19.88</b>				-
Write off during the year				-				-
Balance at the end of the year	1.15	0	0	<b>1.15</b>	21.03	0	0	<b>21.03</b>

### 34.4 Liquidity Risk

Liquidity risk relates to the Company's potential inability to meet all payment obligations when they fall due or only being able to meet them at excessive costs. The objective of the liquidity risk management framework is to ensure that the Company fulfils its payment obligations at all times and can manage liquidity and funding risks. The Asset Liability Committee regularly monitors the liquidity position and the duration of assets/liabilities and ensures that liquidity is strictly managed as per the policy.

Following are the contractual maturities of financial liabilities / financial assets at the reporting date. The amounts are gross and undiscounted and include estimated interest payments / receipts and exclude the impact of netting agreements.

31 March 2021	Contractual cash flows										Total	
	Upto 30/ 31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years		
<b>Non-derivative financial liabilities</b>												
Payables	4.01	-	369.95	244.51	16.00	30.00	101.07	18.25	6.00	-	789.79	
Debt Securities	586.39	3327.92	18356.05	34410.91	57497.82	139587.99	5358.00	5358.00	8037.00	38037.00	310557.08	
Borrowings (Other than Debt Securities)	11225.65	28444.88	10224.87	26951.78	55296.63	169519.06	67618.33	29705.97	11637.17	2301.51	412925.84	
Deposits	7987.46	4208.69	4863.79	17968.73	39685.26	122272.22	13852.46	-	-	-	210838.60	
Subordinated Liabilities	-	-	261.78	-	1000.17	8372.32	7101.94	-	-	-	16736.21	
Other Financial Liabilities	4162.28	0.00	0.00	0.00	0.00	0.00	0.00	-	-	-	4162.28	
Lease Liability	-	9.06	248.76	28.41	127.77	163.48	9.11	9.51	10.96	-	607.06	

31 March 2021	Contractual cash flows										Total	
	Upto 30/ 31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years		
<b>Non-derivative financial assets</b>												
Cash and cash equivalents	2089.21	--	--	--	--	--	--	--	--	--	--	2089.21
Bank Balances	1196.96	--	1.93	--	2617.00	998.00	--	--	--	--	--	4813.89
Loans	16049.88	13211.28	34119.69	41489.50	81647.73	304685.48	264404.47	227359.03	243161.77	250295.86	1476424.69	
Loan against deposits	79.16	20.00	23.26	63.02	257.49	520.98	6.21	-	-	-	970.12	
Investments	49892.33	11.20	139.56	662.25	1074.02	5654.85	6001.89	12245.89	6092.34	11002.22	92776.54	
Trade Receivables	40.63	-	-	43.10	-	-	-	-	-	-	83.73	
Other Financial Assets	9089.04	8.05	151.76	19.12	77.78	98.51	5.84	5.69	6.56	21.62	9483.97	

Non-derivative financial liabilities – 31 March 2020	Contractual cash flows										Total
	Upto 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 3 months & upto 1 year	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years to 7 years	Over 7 years to 10 years	
Payables	39.90	37.96	364.37	56.40	294.83	228.71	20.22	20.93	14.00	-	1077.32
Debt Securities	14700.43	27500.00	5192.27	35108.26	68286.55	116710.59	3572.00	5358.00	5358.00	27144.00	308930.09
Borrowings (Other than Debt Securities)	24117.06	3414.20	32676.49	31597.51	82000.73	193499.70	76753.71	34394.52	12073.54	3987.88	494515.32
Deposits	5465.69	3581.92	4306.65	16893.85	31420.17	106312.89	11887.04	-	-	-	179868.21
Subordinated Liabilities	-	-	263.22	-	1002.33	9025.70	7710.51	-	-	-	18001.76
Other Financial Liabilities	1169.42	169.43	0.54	0.49	12.47	2.82	0.43	-	-	-	1355.60
Lease Liability	31.07	0.00	28.49	75.66	128.04	253.06	50.45	23.58	2.09	-	592.44

Non-derivative financial assets – 31 March 2020	Contractual cash flows										Total
	Upto 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 3 months & upto 1 year	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years to 7 years	Over 7 years to 10 years	
Cash and cash equivalents	2154.23	--	--	--	--	--	--	--	--	--	2154.23
Bank Balances	10983.14	--	--	--	--	--	--	--	--	--	10983.14
Loans	9848.42	7571.24	28908.74	42973.63	85209.46	324176.58	284231.86	246032.94	270243.69	288589.42	1587785.98
Loan against deposits	55.46	13.10	29.22	38.61	65.11	679.89	-	-	-	-	881.40
Investments	35091.26	12.40	140.57	429.67	1272.03	9671.73	5142.83	7602.23	5192.86	3210.14	67765.71
Trade Receivables	20.78	85.56	-	0.40	--	-	-	-	-	-	106.74
Other Financial Assets	228.51	1.54	23.35	14.56	46.89	88.55	13.29	6.16	0.60	-	423.45

### 34.5 Market Risk

Market risk is the risk of loss arising from potential adverse changes in the value of the firm's assets and liabilities from fluctuation in market variables like liquidity, interest rate and foreign exchange (Currency risk).

#### a. Interest rate risk

The Company's exposure to changes in interest rates relates to the Company's outstanding floating rate assets & liabilities. The Company's liability in local currency on fixed rate basis is not subject to interest rate risk.

The interest rate profile of the Company's interest bearing financial instruments is as follows:

(₹in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Financial Assets</b>		
<b>Fixed-rate instruments</b>		
Loans	56,379.97	49,945.79
Investments	24,662.92	20,975.64
Bank Balances	4,813.89	10,983.14
	<b>85,856.78</b>	<b>81,904.56</b>
<b>Variable rate instruments</b>		
Loans	8,50,557.23	8,98,796.41
Total	<b>9,36,414.01</b>	<b>9,80,700.97</b>
<b>Financial liabilities</b>		
<b>Fixed-rate instruments</b>		
Debt securities	2,70,453.60	2,74,132.71
Borrowings (Other than debt securities)	96,489.58	63,702.67
Deposits	1,84,588.41	1,63,800.15
	<b>5,51,531.59</b>	<b>5,01,635.53</b>
<b>Variable rate instruments</b>		
Financial liabilities with floating interest rate	2,68,943.00	3,56,567.70
	<b>8,20,474.59</b>	<b>8,58,203.23</b>

#### Fair value sensitivity analysis for fixed rate instruments

The Company's fixed rate instruments are carried at amortised cost and are not measured for interest rate risk, as neither the carrying amount nor the future cash flows will fluctuate because of changes in market interest rates.

### Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, remain constant.

	Profit or loss		Profit or loss	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	31 March 2021		31 March 2020	
Variable rate instruments	6568.37	(6569.48)	6631.70	(6632.68)
Cross currency Interest Rate swap	-	-	-	-
Cash flow sensitivity (net)	6568.37	(6569.48)	6631.70	-6632.68

### Interest rate sensitivity

The major lending of the company is in the form of Housing/ Loan against property at floating rates. The Loans are financed by various fixed / floating rate borrowings. While the door to door maturity of the assets financed are generally long term, the tenor of the borrowing is primarily medium term. Hence, the interest rate risk and liquidity risk (mismatches in the duration of assets and liabilities) are inherent and inevitable.

To measure the above risk the Company adopts the duration gap analysis which is measured for assets and liabilities maturing in next 12 months as well as for the overall assets and liabilities. Also, for Interest rate risk management, the Duration Gap model is used on assets and liabilities maturing in the next 12 months, to assess the change in Net Interest Income (NII) for a 1% change in interest rate.

#### b. Currency Risk

The Company has not availed any foreign currency loans and hence is not exposed to any Currency risk.

### Note 34.6: Employee Benefits

#### Post-employment benefits: Defined Contribution Plans

(₹ in lakhs)

Amount recognised as expense in Employee benefit expense		
Particulars	2020-21	2019-20
Superannuation	8.91	8.56
Provident Fund	132.74	137.18
Pension fund	120.90	117.66
Employee State Insurance scheme	3.92	3.93
Total	266.47	267.33

## Defined benefit plans

Defined benefit plan exposes the Company to a number of risks, the most significant of which are detailed below:

**Investment risk:** This may arise from volatility in Asset value due to market fluctuations and impairment of assets due to credit losses. The defined benefit plans may hold equity type assets, which may carry volatility and associated risk.

**Interest risk:** A decrease in bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plan's investment in debt instruments.

**Salary cost Inflation risk:** The present value of some of the defined benefit plan obligations are calculated with reference to the future salaries of plan participants. Increase in salary due to adverse Inflationary pressures might lead to higher liabilities.

**Longevity risk:** The present value of defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants. Increase or decrease in such rate will affect the plan liability.

### A. Gratuity (Funded)

Expected contribution to the plan for the next year is ₹ 185.40 Lakhs.

### B. Leave encashment & Compensated absences (Funded):

Expected contribution to the plan for the next year is ₹ 308.34 Lakhs.

Details of defined benefits plan as per actuarial valuation are as below:

(₹ in lakhs)

Particulars	31.03.2021	31.03.2020
Amounts recognised in profit or loss		
Current service cost	111.87	90.15
Past Service cost	-	-
Net interest expense/(income)	3.62	(0.08)
Total amount included in employee benefits expense	<b>115.49</b>	<b>90.08</b>
<b>Amounts recognised in other comprehensive income</b>		
Re measurement (gains)/losses:		
Actuarial (gains)/losses arising from changes in		
- Financial assumptions	(123.06)	46.57
- Experience adjustments	159.28	(28.11)
Return on plan assets, excluding amount included in net interest expense/ (income)	18.17	19.30
<b>Total amount recognised in other comprehensive income</b>	<b>54.39</b>	<b>37.76</b>
<b>Changes in the defined benefit obligation</b>		

(₹ in lakhs)

Particulars	31.03.2021	31.03.2020
Opening defined benefit obligation	691.73	524.17
Add/(less) on account of business combination/transfers		
Current service cost	111.87	90.15
Interest expense	41.40	43.75
Re measurement (gains)/losses arising from changes in		
- Demographic assumptions		
- Financial assumptions	(123.06)	46.57
- Experience adjustments	159.28	(28.11)
Effect of Business Combinations / Disposals		20.60
Benefits paid	(140.18)	(5.40)
<b>Closing defined benefit obligation</b>	<b>741.04</b>	<b>691.73</b>
Opening fair value of plan assets	628.60	588.88
Interest income on plan assets	37.78	43.82
Contribution by employer	17.59	-
Benefits paid	(140.18)	(5.40)
Actuarial gain / (loss) on plan assets		(19.30)
Return on plan assets excluding interest income	(18.17)	
Effect of Business Combinations / Disposals		20.60
<b>Closing fair value of plan assets</b>	<b>525.62</b>	<b>628.60</b>
<b>Net asset / (liability) recognised in balance sheet</b>	<b>31.03.2021</b>	<b>31.03.2020</b>
Defined benefit obligation	741.04	691.73
Fair value of plan assets	525.62	628.60
Surplus/(Deficit)	215.42	63.13

(₹ in lakhs)

Particulars	31.03.2021	31.03.2020
<b>I. Actuarial assumptions</b>		
Discount rate	6.97%	6.66%
Expected Return on plan assets	6.97%	6.66%
Attrition rate (Age based)		
From Age 18 - 20 years	3%	3%
From Age 21 - 40 years	2%	2%
From Age 41 - 58 years	1%	1%
Salary escalation	7.00%	8.00%

(₹ in lakhs)

Particulars	31.03.2021	31.03.2020
<b>II. Quantitative sensitivity analysis for impact of significant assumptions on defined benefit obligation are as below</b>		
Impact of		
0.5% decrease in discount rate	786.75	737.35
0.5% increase in discount rate	699.11	650.01
0.5% decrease in salary growth rate	<b>700.28</b>	<b>651.76</b>
0.5% increase in salary growth rate	784.64	734.64
0.5% decrease in Attrition rate	741.11	692.19
0.5% increase in Attrition rate	740.97	691.27
Weighted average duration of the Defined benefit obligation (in years)	16.87	17.57

Particulars	31.03.2021	31.03.2020
<b>III. Maturity profile of defined benefit obligation</b>		
Year 1	49.52	39.08
Year 2	38.02	18.75
Year 3	14.35	36.32
Year 4	<b>37.11</b>	<b>13.07</b>
Year 5	31.85	34.97
Next 5 years	276.35	230.08

In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets & the description of the Asset-Liability matching strategies used by the plan has not been disclosed.

**Note 34.7 - Income Tax**
**A. The Major components of Income Tax expense for the year are as under:**
**i) Tax Expense recognised in statement of Profit or Loss**

	Year ended 31 March 2021	Year ended 31 March 2020
<b>Current tax</b>		
Current period	7,013.69	5,269.50
<b>Deferred tax</b>		
Current period	(1,047.94)	748.10
<b>Tax expense recognised in the Statement of Profit and Loss</b>	<b>5,965.75</b>	<b>6,017.60</b>

**ii) Income tax recognised in other comprehensive income**

	Year ended 31 March 2020	Year ended 31 March 2019
Re-measurements of defined benefit liability (asset)	13.69	9.50
<b>Tax Expense recognised in other comprehensive income</b>	<b>13.69</b>	<b>9.50</b>

**B. Reconciliation of effective tax rate**

	31 March 2021	31 March 2020
<b>Profit before tax</b>	25,130.09	21,817.93
Statutory Tax Rate	25.168%	25.168%
Tax expense based on statutory tax rate	6,324.74	5,491.14
<b>Effect of:</b>		
Non-deductible expenses	134.36	87.92
Tax exempt income	-	-
Deductions Under Income Tax Act 1961	(889.72)	(734.52)
Recognition of previously unrecognised tax losses	-	-
Current year losses for which no deferred tax asset was recognised	-	-
Change in unrecognised temporary differences	-	-
Effect of change in Tax rates	-	1,173.06
<b>Tax expense recognised in Statement of Profit &amp; Loss</b>	<b>5,569.38</b>	<b>6,017.60</b>

<b>Deferred Tax (Liabilities)/Assets (Net)</b>	31 March 2021	31 March 2020
<b>Deferred Tax Liabilities</b>	(3,615.72)	(3,116.30)
Less: Deferred Tax Asset	7,986.70	7,378.50
<b>Net deferred tax Assets/(liabilities)</b>	<b>4,370.98</b>	<b>4,262.20</b>

<b>Movement In temporary differences</b>	<b>Balance as at 1 April 2019</b>	<b>Recognised in profit or loss during the year</b>	<b>Recognised in OCI during the year</b>	<b>Recognised through retained earnings</b>	<b>Balance as at 31 March 2020</b>
Property, plant and Equipment	(36.38)	37.49			1.10
Provision for Expected Credit Loss	7,799.41	(1,249.10)			6,550.31
Adjustment on account of Effect Interest Rate for Financial Assests & Liabilities recognised at amortised cost & Net interest on credit impaired loans	(2,167.42)	415.78			(1,751.64)
Fair value change on investment in Mutual Funds	(39.57)	(31.35)			(70.92)
Lease Rentals	-	9.86			9.86
Others - Employee Benefits	(16.53)	11.03			(5.50)
Special Reserve U/s 36(1) (vii) of Income-tax Act,1961	(1,346.42)	58.19			(1,288.23)
Special Reserve U/s 36(1) (viii) of Income-tax Act,1961	(6,024.86)	6,024.86			-
COVID-19 Provision	-			817.22	817.22
<b>Total</b>	<b>(1,831.77)</b>	<b>5,276.76</b>	<b>-</b>	<b>817.22</b>	<b>4,262.20</b>

<b>Movement In temporary differences</b>	<b>Balance as at 1 April 2020</b>	<b>Recognised in profit or loss during the year</b>	<b>Recognised in OCI during the year</b>	<b>Recognised through retained earnings</b>	<b>Balance as at 31 March 2021</b>
Property, plant and Equipment	1.10	45.77			46.88
Provision for Expected Credit Loss	6,550.31	1,300.47			7,850.78
Adjustment on account of Effect Interest Rate for Financial Assests & Liabilities recognised at amortised cost & Net interest on credit impaired loans	(1,751.64)	(41.95)			(1,793.58)
Fair value change on investment in Mutual Funds	(70.92)	(67.90)			(138.82)
Lease Rentals	9.86	0.92			10.78
Others - Employee Benefits	(5.50)	83.76			78.26
Special Reserve U/s 36(1) (vii) of Income-tax Act,1961	(1,288.23)	(395.09)			(1,683.31)
COVID-19 Provision	817.22			817.22	-
Other - Bad Debts Prior years		121.62			121.62
	<b>4,262.20</b>	<b>1,047.61</b>	<b>-</b>	<b>817.22</b>	<b>4,492.60</b>

**NOTES TO THE ACCOUNTS (Contd.)**
**Note 35 Disclosure as per Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016.**
**35.1 Capital**

(₹ in Crore)

	Particulars	31st March 2021	31st March 2020
i.	CRAR (%)	24.85%	23.00%
ii.	CRAR – Tier I Capital (%)	24.11%	21.25%
iii.	CRAR – Tier II Capital (%)	0.74%	1.75%
iv.	Amount of subordinated debt raised as Tier- II Capital	--	--
v.	Amount raised by issue of Perpetual Debt Instruments	--	--

**35.2 Reserve Fund u/s 29C, of NHB Act 1987: Disclosed separately under Note 26 Other Equity – Page 82.**
**35.3 Investments**

(₹ in Crore)

	Particulars	31st March 2021	31st March 2020
<b>Value of Investments</b>			
(i)	Gross value of Investments		
	(a) In India	782.94	587.88
	(b) Outside India		Nil
(ii)	Provisions for Depreciation		
	(a) In India	(0.01)	(0.21)
	(b) Outside India		
(iii)	Net value of Investments		
	(a) In India	782.93	587.67
	(b) Outside India		
<b>Movement of provisions held towards - depreciation on investments</b>			
(i)	Opening balance	0.21	0.02
(ii)	Add: Provisions made during the year	--	0.20
(iii)	Less: Write-off / Write-back of excess provisions during the year	(0.02)	(0.01)
(iv)	Closing Balance	0.01	0.21

## NOTES TO THE ACCOUNTS (CONTD.)

### 35.4 Derivatives:

3.4.1 Forward Rate Agreement (FRA) / Interest Rate Swap (IRS): NIL

3.4.2 Exchange Traded Interest Rate (IR) Derivative: NIL

3.4.3 Disclosures on Risk Exposure in Derivatives: NA

### 35.5 Securitisation

(₹ in Crore)

	Particulars	31-03-2021	31-03-2020
1.	No of SPVs sponsored by the HFC for Securitisation transactions*	2	2
2.	Total amount of securitised assets as per books of the SPVs Sponsored	230.36	291.17
3.	Total amount of exposures retained by the HFC towards the MRR as on the date of balance sheet		
	(I) Off-balance sheet exposures towards Credit Concentration		
	(II) On-balance sheet exposures towards Credit Concentration		
	a) Cash Collateral	21.05	23.42
	b) Others	8.69	11.15
4.	Amount of exposures to securitisation transactions other than MRR	Nil	Nil
	(I) Off-balance sheet exposures towards Credit Concentration	Nil	Nil
	(II) On-balance sheet exposures towards Credit Concentration	Nil	Nil

\* Only the SPVs relating to outstanding securitisation transactions may be reported here

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

35.5.3 Details of Assignment transactions undertaken by HFCs: Nil

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

**NOTES TO THE ACCOUNTS (Contd.)**
**35.6 Asset Liability Management (Maturity Pattern of certain items of Assets and Liabilities) (as per contractual cashflows)**

(₹ in Crore)

Particulars	1 day to 7 days	8 to 14 days	15 days to 30/31 days	Over one month upto 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 to 3 year	Over 3 to 5 years	Over 5 years	Total
<b>Liabilities</b>											
Deposits	31.92	6.83	41.12	42.09	48.64	179.69	396.85	-	-	-	2108.38
Borrowings from Banks*	90.87	0	21.38	284.45	102.25	269.52	552.97	1,695.19	676.18	436.45	4129.24
Market Borrowings	-	-	5.86	33.28	186.18	344.11	584.99	1,479.60	124.60	514.32	3272.93
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>122.79</b>	<b>6.83</b>	<b>68.37</b>	<b>359.81</b>	<b>337.05</b>	<b>793.30</b>	<b>1,534.80</b>	<b>4,397.53</b>	<b>939.30</b>	<b>950.77</b>	<b>9510.55</b>
<b>Assets</b>											
Advances	16049.88	13211.28	34119.69	41489.50	81647.73	304685.48	264404.47	227359.03	243161.77	250295.86	1476424.69
Investments #	498.81	-	10.59	0.11	0.13	0.28	26.66	32.65	31.73	216.74	817.70
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>16,548.69</b>	<b>13,211.28</b>	<b>34,130.28</b>	<b>41,489.61</b>	<b>81,647.86</b>	<b>3,04,685.76</b>	<b>2,64,431.13</b>	<b>2,27,391.68</b>	<b>2,43,193.50</b>	<b>2,50,512.60</b>	<b>14,77,242.38</b>

\* includes Borrowings from NHB

# Breakup

Investments	₹ in crore
Government Securities	225.95
In units of Mutual Funds	536.31
PTC investments	8.81
<b>Total (A)</b>	<b>771.07</b>
<b>Cash &amp; Bank balances</b>	
SLR Bank Deposits	9.98
Bank deposits held as Collateral for assets securitized /assigned	36.65
<b>Total (B)</b>	<b>46.63</b>
<b>Total (A) + (B)</b>	<b>817.70</b>

## NOTES TO THE ACCOUNTS (Contd.)

### 35.7 Exposure

#### 35.7.1 Exposure to Real Estate Sector

Category		31.03.2021 (₹ in Crore)	31.03.2020 (₹ in Crore)
a)	<b>Direct exposure #</b>		
(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 up to ₹15 Lakhs	1265.93	1334.82
	• Others	6596.90	6887.31
	Total	7862.83	8222.13
(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;	1086.73	1195.62
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
	a. Residential	8.81	11.98
	b. Commercial Real Estate	--	--
b)	<b>Indirect Exposure</b>		
	Fund Based and Non-Fund Based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	104.01	87.51
	Total Exposure to Real Estate Sector		

#### Notes:

# Consists of future Principal and Principal component of EMI outstanding.

\* Includes exposures to Non-Housing loans secured by residential mortgages amounting to 1641.27 crore (Previous year – 1991.47 crore)

**35.7.2 Exposure to Capital Market: NIL**

**35.7.3 Details of financing of Parent Company products: NIL**

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

**35.7.5 Unsecured Advances: Nil**

**35.7.6 Exposure to group companies engaged in real estate business (refer to paragraph 21 of these directions)**

- Nil

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

**35.8 Miscellaneous**

**35.8.1 Registration obtained from other financial sector regulators – NA**

**35.8.2 Disclosure of penalties imposed by NHB/RBI and other regulators – Refer Point no: 33.9**

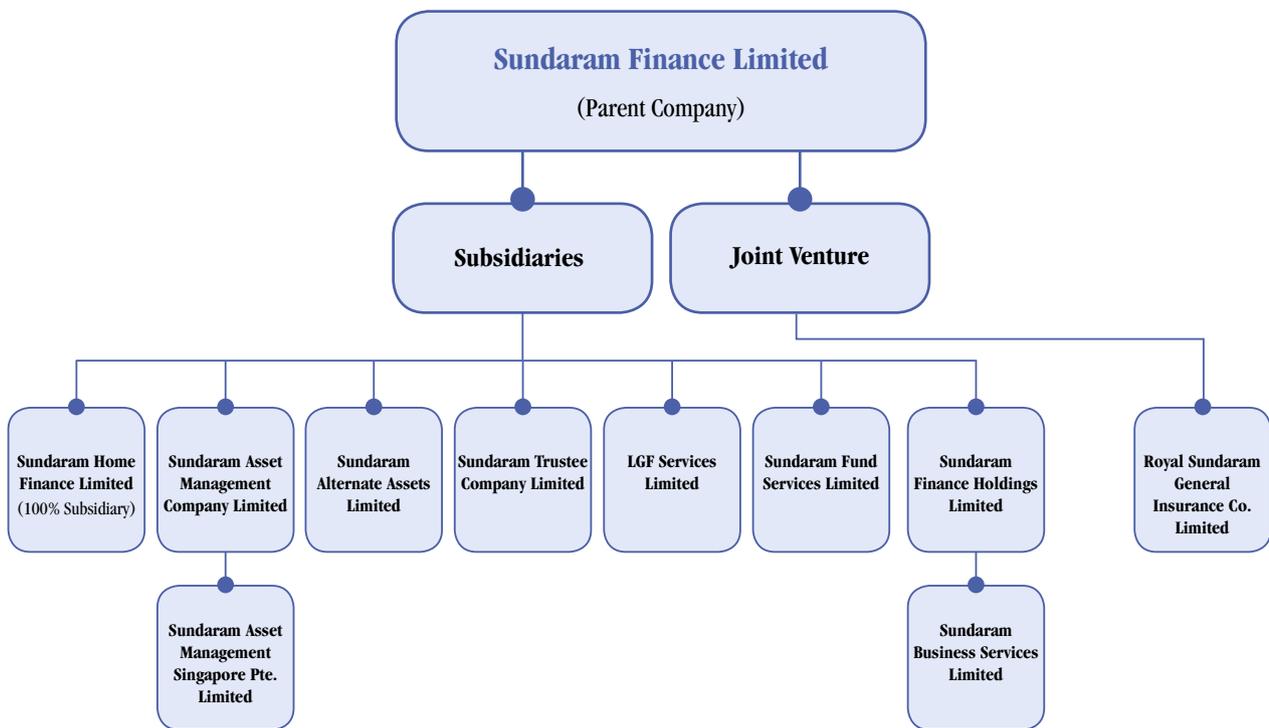
**35.8.3 Related Party Transactions**

35.8.3.1 Details of all material transactions with related parties – Refer Point No: 33.14

35.8.3.2 The Policy on dealing with Related Party Transactions – Refer Annexure - II (ii) of Board's Report

**35.8.4 Group Structure**

Diagrammatic representation of group structure



## NOTES TO THE ACCOUNTS (Contd.)

### 35.8.5 Rating assigned by Credit Rating Agencies and migration of rating during the year

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

### 35.8.6 Remuneration of Directors

The Details of Remuneration of directors are disclosed in Form No MGT-9

### 35.8.7 Management Discussion & Analysis

The Details of the Management Discussion & Analysis forms part of the Board's Report

### 35.8.8 Net Profit or Loss for the period, prior period items and changes in accounting policies

There are no prior period items accounted and hence there are no changes in accounting policies. The Statement of Profit & Loss discloses the net profit for the year ended 31st March 2021.

### 35.8.9 Revenue Recognition

There have been no instances where revenue recognition has been postponed pending resolution of significant uncertainties

### 35.8.10 Consolidated Financial Statement (CFS)

Not Applicable

## Additional Disclosures

### 35.9 Provisions and Contingencies

(₹ in Crore)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss Account		2020-21	2019-20
1.	Provision for depreciation on Investment	(0.20)	0.19
2.	Provision towards NPA – Stage III	6.62	33.90
3.	Provision made towards Income Tax	70.14	52.60
4.	Provision for Standard Assets (excludes Covid-19 provision)	(0.01)	0.17
5.	Other Provision and Contingencies (with details)	32.47	–
	Covid 19 Provision as per RBI circular dated 17th April 2020	--	32.47
6.	Provision for Standard Assets (with details like teaser loans, CRE, CRE–RH etc.)		

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

(₹ in Crore)

Break up of Loan & Advances and Provisions thereon	Housing		Non-Housing	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
<b>Standard Assets</b>				
a) Total Outstanding Amount	6,173.45	6,433.85	2,498.83	2,616.42
b) Provisions made	4.81	2.32	1.69	1.09
c) Covid 19 Provision	-	14.45	-	18.02
<b>Sub-Standard Assets</b>				
a) Total Outstanding Amount	33.81	49.73	30.25	98.53
b) Provisions made	7.62	12.46	6.22	17.73
<b>Doubtful Assets – Category-I</b>				
a) Total Outstanding Amount	37.19	37.56	60.55	25.81
b) Provisions made	23.42	23.52	37.34	14.11
<b>Doubtful Assets – Category-II</b>				
a) Total Outstanding Amount	50.02	43.59	41.81	53.08
b) Provisions made	46.76	41.10	37.93	49.97
<b>Doubtful Assets – Category-III</b>				
a) Total Outstanding Amount	55.11	57.04	96.05	85.99
b) Provisions made	54.32	56.59	95.36	85.22
<b>Loss Assets</b>				
a) Total Outstanding Amount	1.30	2.30	0.51	1.16
b) Provisions made	1.30	2.30	0.51	1.16
<b>TOTAL</b>				
a) Total Outstanding Amount	6,350.88	6,624.07	2,728.00	2,880.99
b) Provisions made	138.23	138.29	179.05	169.28
c) Covid 19 Provision	0.00	14.45	0.00	18.02

**Note:**

- The total outstanding amount means principal + accrued interest + other charges pertaining to loans without netting off.
- The Category of Doubtful Assets will be as under:

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

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms (including income deferred)	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	5=3-4	6	7=4-6
<b>Performing Assets</b>						
Standard	Stage - 1	806585.50	76.64	806508.86	3237.35	-3160.71
	Stage - 2	60642.14	572.92	60069.22	297.28	275.64
<b>Sub total</b>		<b>867227.64</b>	<b>649.56</b>	<b>866578.08</b>	<b>3534.63</b>	<b>-2885.07</b>
Restructured Assets		11566.14	0	11566.14	869.70	-869.70
<b>Non Performing Assets</b>						
Substandard	stage 3	6405.86	1384.71	5021.15	1362.18	22.53
Doubtful - up to 1 year	stage 3	9774.71	6075.79	3698.92	3735.45	2340.34
1 to 3 year	stage 3	9182.61	8469.96	712.65	5112.19	3357.77
More than 3 yrs	stage 3	15116.49	14967.50	148.99	15116.49	-148.99
<b>Subtotal for doubtful</b>		<b>34073.81</b>	<b>29513.25</b>	<b>4560.56</b>	<b>23964.13</b>	<b>5549.12</b>
Loss	stage 3	180.29	180.29	-	180.29	-
<b>Subtotal for NPA</b>		<b>40659.96</b>	<b>31078.25</b>	<b>9,581.71</b>	<b>25506.60</b>	<b>5,571.65</b>
OFF BOOKS: Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms		43540.77	3.62	43537.15	-	3.62
Subtotal		43540.77	3.62	43537.15	0	3.62
Total (on book assets)	stage 1	806585.50	76.64	806508.86	3237.35	-3160.71
	stage 2	60642.14	572.92	60069.22	297.28	275.64
	stage 3	40659.96	31078.25	9581.71	25506.60	5571.65
	<b>Total</b>	<b>907887.60</b>	<b>31731.43</b>	<b>876159.79</b>	<b>29910.93</b>	<b>1820.50</b>

Note : Restructured Gross Carrying amount already included in Stage 1 & Stage 2

**NOTES TO THE ACCOUNTS (Contd.)**
**35.10 Draw Down from Reserves : NIL**
**35.11 Concentration of Public Deposits, Advances, Exposures and NPAs**
**35.11.1 Concentration of Public Deposits (for Public Deposit taking/holding HFCs)**

(₹ in Crore)

Particulars	31.03.2021	31.03.2020
Total Deposits of twenty largest depositors	511.34	536.73
Percentage of Deposits of twenty largest depositors to Total Deposits of the HFC	28.25%	33.43%

**35.11.2 Concentration of Loans & Advances**

(₹ in Crore)

Particulars	31.03.2021	31.03.2020
Total Loans & Advances to twenty largest borrowers	262.91	296.79
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	2.90%	3.12%

**35.11.3 Concentration of all Exposure (including off balance sheet exposure)**

(₹ in Crore)

Particulars	31.03.2021	31.03.2020
Total Exposure to twenty largest borrowers /customers	262.91	297.30
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	2.87%	3.08%

**35.11.4 Concentration of NPAs**

(₹ in Crore)

Particulars	31.03.2021	31.03.2020
Total Exposure to top ten NPA accounts	46.71	62.78

**35.11.5 Sector-wise NPAs**

I. No.	Sector	Percentage of NPAs to Total Advances in that sector
<b>A.</b>	<b>Housing Loans:</b>	
1.	Individuals	2.88%
2.	Builders / Project Loans	--
3.	Corporates	--
4.	Others (specify)	--
<b>B.</b>	<b>Non-Housing Loans:</b>	
1.	Individuals	9.37%
2.	Builders/Project Loans	--
3.	Corporates	2.00%
4.	Others (specify)	-

### 35.12 Movement of NPAs

(₹ in Crore)

Particulars	31.03.2021	31.03.2020
(I) Net NPAs to Net Advances (%)	1.09%	1.64%
(II) Movement of NPAs (Gross)		
a) Opening balance	454.79	351.72
b) Additions during the year	84.23	168.06
c) Reductions during the year	132.42	64.99
d) Closing balance	406.60	454.79
(III) Movement of Net NPAs		
a) Opening balance	150.62	81.45
b) Additions during the year	-0.41	88.88
c) Reductions during the year	54.39	19.71
d) Closing balance	95.82	150.62
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	304.17	270.27
b) Provisions made during the year	84.64	79.18
c) Write-off/write-back of excess provisions	78.03	45.28
d) Closing balance	310.78	304.17

### 35.13 Overseas Assets - Nil

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

### 35.15 Disclosure of Complaints

#### 35.15.1 Customers Complaints

Particulars	2020-21	2019-20
a) No. of complaints pending at the beginning of the year	0	0
b) No. of complaints received during the year	109	84
c) No. of complaints redressed during the year	109	84
d) No. of complaints pending at the end of the year	0	0

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

As per our report of even date attached  
For **Sundaram & Srinivasan**  
Chartered Accountants  
FRN 004207S  
**K Srinivasan**  
Partner  
Membership No. 5809  
Chennai  
20th May 2021

**T.T. Srinivasaraghavan**  
Chairman

**Lakshminarayanan Duraiswamy**  
Managing Director

**V. Swaminathan**  
Company Secretary

**P.N. Venkatachalam**  
Director

**G. Sundararajan**  
Chief Financial Officer

### ANNEXURE III

(as required under Annexure III of Master Direction – Non-Banking Financial Company –  
Housing Finance Company (Reserve Bank) Directions, 2021

#### SCHEDULE TO THE BALANCE SHEET OF SUNDARAM HOME FINANCE LIMITED

(₹ in crore)

Particulars Liabilities side		Amount outstanding	Amount overdue
1 Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:			
(a)	Debentures :		
	Secured	1,816.64	
	Unsecured (other than falling within the meaning of public deposits*)	314.15	
(b)	Deferred Credits		
(c)	Term Loans	3,654.33	
(d)	Inter-corporate loans and borrowing	-	
(e)	Commercial Paper	441.08	
(f)	Public Deposits#	1,863.21	29.36
(g)	Other Loans-Subordinated Debt		
	- Subordinated Debt	132.66	
	- Corporate Deposits	12.03	
2 Break-up of (1) (f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):			
(a)	In the form of Unsecured debentures		
(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security		
(c)	Other public deposits	1,863.21	

# Represents unrenewed deposits and interest accrued thereon

Particulars Assets Side		Amount outstanding
3 Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
(a)	Secured	8.58
(b)	Unsecured	
4 Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities		
(i)	Lease assets including lease rentals under sundry debtors	
	(a) Financial lease	
	(b) Operating lease	
(ii)	Stock on hire including hire charges under Sundry Debtors	
	(a) Assets on hire	
	(b) Repossessed Assets	
(iii)	Other loans counting towards asset financing activities	
	(a) Loans where assets have been repossessed	115.20
	(b) Loans other than (a) above	8,945.59

<b>Particulars</b>		<b>Amount</b>
<b>Assets Side</b>		<b>outstanding</b>
<b>5 Break-up of Investments</b>		
<b>Current Investments</b>		
1	Quoted	
(i)	Shares	-
	(a) Equity	-
	(b) Preference	-
(ii)	Debentures and Bonds	-
(iii)	Units of mutual funds	-
(iv)	Government Securities	237.82
(v)	Others (please specify)	-
2	Unquoted	
(i)	Shares	
	(a) Equity	-
	(b) Preference	-
(ii)	Debentures and Bonds	-
(iii)	Units of mutual funds	497.85
(iv)	Government Securities	-
(v)	Others (please specify)	-
<b>Long Term investments</b>		
1	Quoted	
(i)	Shares	
	(a) Equity	-
	(b) Preference	-
(ii)	Debentures and Bonds	-
(iii)	Units of mutual funds	-
(iv)	Government Securities	-
(v)	Others (please specify)	-
2	<b>Unquoted</b>	
1	Quoted	
(i)	Shares	
	(a) Equity	
	(b) Preference	
(ii)	Debentures and Bonds	
(iii)	Units of mutual funds	38.46
(iv)	Government Securities	
(v)	Others-Investments in Senior Pass Through Certificates	8.81

# Represents unrenewed deposits and interest accrued thereon

(₹ in crore)

6 Borrower group-wise classification of assets financed as in (3) and (4) above: (Please see Note 2 below)				
Category		Amount net of provisions		
		Secured	Unsecured	Total
1	Related Parties **			
(a)	Subsidiaries			
(b)	Companies in the same group			
(c)	Other related parties	0.77		0.77
2	Other than related parties Total	8,751.29	-	8,751.29

(₹ in crore)

7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) : (Please see Note 3 below)			
Category		Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1	Related Parties **		
(a)	Subsidiaries		
(b)	Companies in the same group	310.30	310.30
(c)	Other related parties		
2	Other than related parties	476.94	472.64
	Total	787.24	782.94

(₹ in crore)

8 Other information		
	Particulars	Amount
(i)	Gross Non-Performing Assets	406.60
(a)	Related parties	-
(b)	Other than related parties	406.60
(ii)	Net Non-Performing Assets	
(a)	Related parties	
(b)	Other than related parties	95.82
(iii)	Assets acquired in satisfaction of debt	-



# SUNDARAM HOME

**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@sundaramhome.in](mailto:customercare@sundaramhome.in); [depositorcare@sundaramhome.in](mailto:depositorcare@sundaramhome.in)

**Website:** [www.sundaramhome.in](http://www.sundaramhome.in)

## Andhra Pradesh

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

## Telangana

Hyderabad - Secunderabad : 040 27806002, Hyderabad - Kukkatpally : 040 23162224, Hyderabad - LB Nagar : 040 24126456, Hyderabad - Hitech City: 040 23119847  
Karimnagar : 0878 2237676, Khammam : 08742 242160, Mancheril : 08736 255456, Nizamabad : 08462 220224, Warrangal : 0870 2441244

## Karnataka

Bengaluru - Seshadripuram: 080 23567911, Bengaluru - Jayanagar: 080 26493737, Bengaluru - Whitefield: 080 28450035,  
Bengaluru - Yelahanka : 080 2362 0310, Belagavi: 0831 2471019, Ballari : 0839 2256437, Davanagere : 0819 2297075, Gulbarga : 0847 2244419, Hubli: 0836 2371954,  
Mangaluru : 0824 2451517, Mysuru : 0821 2425007, Raichur: 08532 225009, Shivamogga: 08182 275719, Vijayapura : 0835 2265639

## Kerala

Aluva : 0484 2943265, Calicut : 0495 2722066, Kannur : 0497 2761917, Kayamkulam : 0479 2441157, Kochi : 0484 2350341, Kollam: 0474 2742490,  
Kottayam : 0481 2561549, Manjeri: 0483 2760037, Muvattupuzha: 0485 2812906, Palakkad : 0491 2503610, Pathanamthitta : 0468 222 4289,  
Payyannur : 0498 5209917, Trichur: 0487 2221191, Thirupunithura: 0484-2779170, Thiruvananthapuram : 0471 2534686

**Puducherry :** 0413 2330509

## Tamil Nadu

Attur: 04282 253354, Chennai - Ambattur: 044 26521656, Chennai - Chromepet: 044 22210244, Chennai - Parrys: 044 25241099, Chennai - Porur: 044 48581096,  
Chennai - T Nagar: 044 28342151, Chennai - Thiruvanimiyur: 044 24430030, Chengalpet: 044 27432929, Coimbatore - P.N. Palayam : 0422 2246655,  
Coimbatore - R S Puram: 0422 2545333, Dharmapuri : 04342 230244, Dindigul : 0451 2422001, Erode : 0424 2262999, Hosur : 04344 223318,  
Kancheepuram: 044 27233660, Karaikudi : 04565 233202, Karur: 04324 231235, Kumbakonam : 0435 2433216, Madurai : 0452 4380202,  
Mettupalayam: 04254 221125, Namakkal : 04286 233454, Nanganallur : 044-22242204, Neyveli: 04142 213435, Perambalur: 04328 275563,  
Pollachi: 04259 223552, Pudukottai: 04322 232455, Ranipet: 04172 271979, Salem : 0427 2334554, Sivakasi: 04562 222262, Tanjore : 04362 233216,  
Theni: 04546 263004, Thiruvallur: 044 27664590, Thiruvannamalai: 04175 252020, Thiruvavur: 04366 220293, Tiruchengode: 04288 257381,  
Tirunelveli : 0462 2574274, Tiruppur : 0421 2474450, Trichy : 0431 2402150, Tuticorin : 0461 2328827, Vellore : 0416 2245884

## Rest of India

**Gujarat - Ahmedabad:** 079 66168910, Vadodara: 0265 2355070

**Maharashtra - Aurangabad:** 0240 235 0005, Nagpur: 0712 255 8017,

Nasik: 0253 2501766, Pune: 020-25651575, Thane : 022-25827823, Kolhapur: 0231 2667381

**Madhya Pradesh - Bhopal:** 0755 2550240, Indore: 0731 2532246,

**Odisha - Bhubaneswar:** 0674 2544677,

**West Bengal - Durgapur :** 0343 2542805, - Kolkata: 033 22837877, Kolkata - Lake Town : 033-40606120

**Rajasthan - Jaipur:** 0141-2379607