

Sundaram BNP Paribas Home Finance Limited

11th Annual Report
2009-10



SUNDARAM BNP PARIBAS
— HOME FINANCE —

Board of Directors

S. Viji	Chairman
T.T. Srinivasaraghavan	
Alain Van Groenendael	
John Christopher Woodhouse	
N. Ganga Ram	
M.S. Parthasarathy	
Srinivas Acharya	Managing Director

Audit Committee

M.S. Parthasarathy	Chairman
N. Ganga Ram	
T.T. Srinivasaraghavan	
John Christopher Woodhouse	

Executive Committee

T.T. Srinivasaraghavan	Chairman
Srinivas Acharya	
John Christopher Woodhouse	

Asset Liability Risk Management Committee

Srinivas Acharya	Chairman
John Christopher Woodhouse	
M. Ramaswamy	
G. Sundararajan	
S. Rajagopalan	
V. Swaminathan	

Senior Executives

G. Sundararajan	Vice-President & Head – Finance & Accounts
S. Rajagopalan	General Manager & Head – Operations
V. Janaki	Deputy General Manager – Information Systems

Company Secretary

V. Swaminathan

Auditors

M/s Brahmaya & Co.,
 Chartered Accountants
 No. 48, Masilamani Road
 Balaji Nagar, Royapettah
 Chennai – 600 014

Information Security Assurance Services

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

Registered Office

No.21, Patullos Road, Chennai – 600 002
Phone: 044 2852 1181, Fax: 044 2858 6641

Corporate Office

First Floor, 'Sundaram Towers'
No.46, Whites Road, Chennai – 600 014
Phone: 044 2851 5267, 044 2851 5269
Fax: 044 2858 2235

Website

www.sundarambnpparibashome.com

Senior Managers

R. Srinivasan
G. Anandhan
P. Srinivas Chakravarthy
Ciby Jacob Kurian
K. Vasu
S. Raghavan
K.P. Manikandan

Area Head – Tamil Nadu (North)
Area Head – Tamil Nadu (South)
Area Head – Andhra Pradesh
Area Head – Kerala
Area Head – Karnataka
Assistant General Manager – Inspections
Head – Sales and Marketing

Bankers

HDFC Bank Limited
Dhanalakshmi Bank Limited
Central Bank of India

State Bank of India
IndusInd Bank Limited
IDBI Bank Limited

Debenture Trustees

IDBI Trusteeship Services Limited
Asian Building, Ground Floor
No. 17, R. Kamani Marg, Ballard Estate
Mumbai – 400 001

IL & FS Trust Company Limited
The IL & FS Financial Centre, Block No. G,
Plot No. C22, Bandra Kurla Complex
Bandra (East), Mumbai – 400 051

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Directors' Report

To the Members

The Directors have pleasure in presenting the Eleventh Annual Report of the Company together with the audited accounts for the year ended 31st March 2010 (FY10).

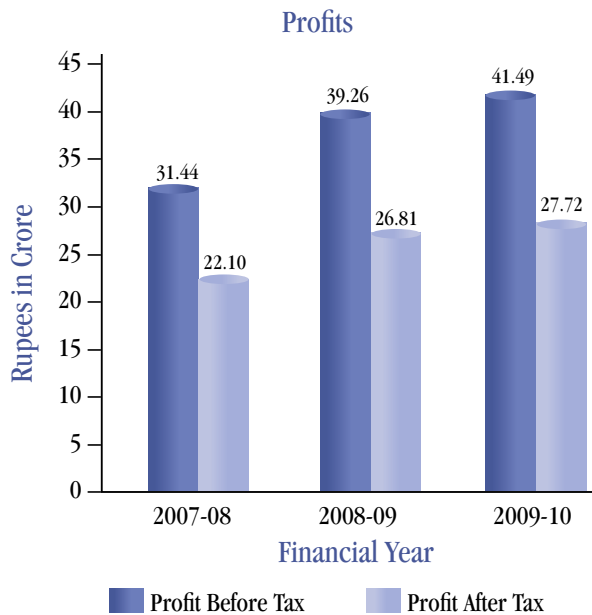
FINANCIAL RESULTS:

(Rs. Lakh)

Particulars	For the Year ended March 31, 2010	For the Year ended March 31, 2009
Profit Before Tax	41,48.60	39,26.31
Less: Provision for Tax	13,77.02	12,45.11
Profit After Tax	27,71.58	26,81.20
Add: Balance brought forward from the previous year	3,13.09	2,06.63
Amount available for appropriation	30,84.67	28,87.83
Appropriations proposed:		
1. Transfer to Special Reserve under Section 36(1)(viii) of the Income-tax Act, 1961	5,55.00	5,37.00
2. Transfer to General Reserve	6,50.00	11,00.00
3. Dividend		
– Interim Dividend	8,01.52	Nil
– Final Dividend	Nil	8,01.52
4. Dividend Tax	1,36.22	1,36.22
5. Surplus carried to Balance Sheet	9,41.93	3,13.09
Total	30,84.67	28,87.83

Despite the challenges posed by the volatility and uncertainty in the operational environment, and stiff interest-rate competition, the Company managed to turn out a reasonably good performance during FY10, helped by an upswing in the business during the second half of the year, after a sluggish first half.

The net profit for FY10 at Rs. 27.72 crore was 3.4% higher than in FY09 (Rs. 26.81 crore).



DIVIDEND

In February 2010, the Directors declared an interim dividend of Re. 1 per share (10%), involving a payout of Rs. 937.74 lakh, including the dividend tax. The Directors recommend that the interim dividend paid be confirmed as the final dividend for FY10.

MATERIAL CHANGES AFTER BALANCE SHEET DATE (31ST MARCH 2010)

There have been no material changes and commitments between the end of FY10 and the date of this report, affecting the financial position of the Company.

CORPORATE GOVERNANCE

The debt securities issued by the Company through private placement are listed on the National Stock Exchange of India Ltd. (NSE). Although the provisions relating to corporate governance are not mandatory for companies issuing such securities, the Company has voluntarily adopted them as brought out in the attached Report. The Board of Directors regularly reviews management's reports on compliance with the laws and regulations applicable to the Company.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMIC OVERVIEW

FY10 began with the continued impact of the economic downturn that had depressed GDP growth to 6.7 per cent in FY09. However, helped by the Government's stimulus package involving fiscal expansion, the economy showed signs of an upturn. GDP growth accelerated to about 7.4 per cent in FY10 and may reach a slightly higher level in FY11.

Inflation has, however, been a concern. The wholesale price index (WPI), which remained negative during June-September 2009, rose sharply to 9.9% in March 2010 as food and fuel prices shot up.

The Reserve Bank of India (RBI) initiated monetary measures to counter inflationary pressures and sustain the recovery process. SLR and CRR were hiked by 100 basis points each, between October 2009 and April 2010, while repo and reverse repo rates were raised by 50 basis points each during the same period. M3 growth decelerated from over 20% at the beginning of the year to 16.4% in February 2010 before increasing to 16.8% by March 2010, slightly above the RBI's indicative projection of 16.5%.

The steadily improving fundamentals of the economy have brightened its medium-term prospects. Improvements in infrastructure, both urban and rural, would impart a further momentum to the growth process.

INDUSTRY OVERVIEW

Backed by perceptible improvement in the economic environment, and stimulated by lower interest rates, the demand in the real estate sector is estimated to have grown by about 15 per cent after June 2009, but is now likely to experience a phase of consolidation. Real estate developers who had concentrated on prime locations in metropolitan cities are moving away to peripheries and to other cities, with projects for construction of row-houses, bungalows and villa-type apartments to meet the revived demand. Besides, builders are increasingly focusing

on housing affordable by middle and lower income groups, supported by Government subsidy for low-cost homes.

The past two quarters have seen a spurt in home sales along with some momentum in commercial leasing, but the recovery has been confined largely to Mumbai followed by New Delhi. Most of the recovery during October-December 2009 was in affordable, mid-market segments.

Many real-estate players have been conducting property exhibitions and home loan fairs in major cities, taking advantage of the ongoing momentum in the property market. During such events, institutional lenders offer attractive interest rates and other concessions.

The 10-city CRISIL Research report on the real estate sector in India, expects an increase in the demand for housing in the latter half of 2010, backed by lower home loan interest rates and better job security attributable to higher economic growth. Hence, capital values are likely to stabilise in the first half of 2010, appreciating in the second half of the year. Demand for commercial real estate is also likely to see an upswing this year. The report expects greater stability in lease rentals by mid-2010.

The National Housing Bank (NHB), which regulates housing finance companies (HFCs), is getting real-estate valuation standards developed by a professional body, to be administered by the Indian Banks Association. Assigning high priority to rural housing, NHB is planning to disburse about Rs. 2,000 crore this fiscal mainly through regional rural banks (RRBs) to finance such housing; some of the funds may also be made available to HFCs and commercial banks.

While many leading property developers are raising equity through Qualified Institutional Placements (QIPs) with institutional investors, some are planning to tap equity markets through initial public offers (IPOs).

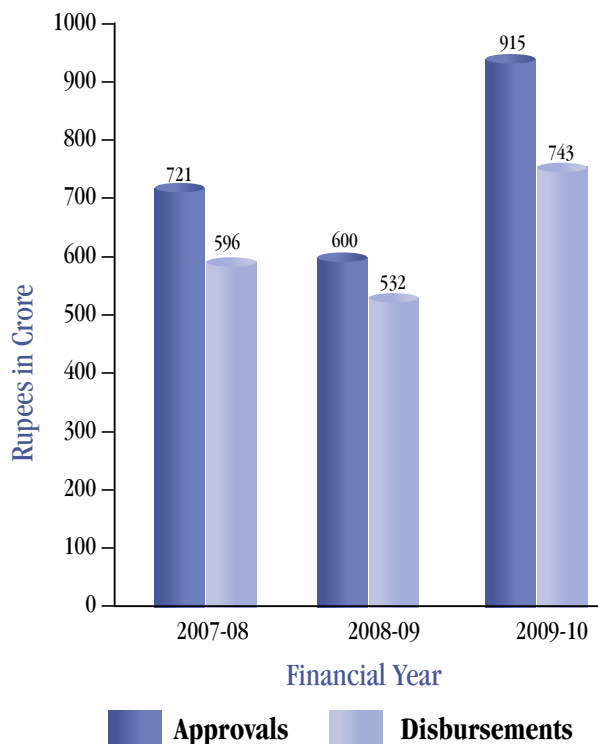
OPERATING AND FINANCIAL PERFORMANCE

The Company's loan approvals during the year totalled Rs. 914.80 crore, 52% higher than the Rs. 600.41 crore in FY09.

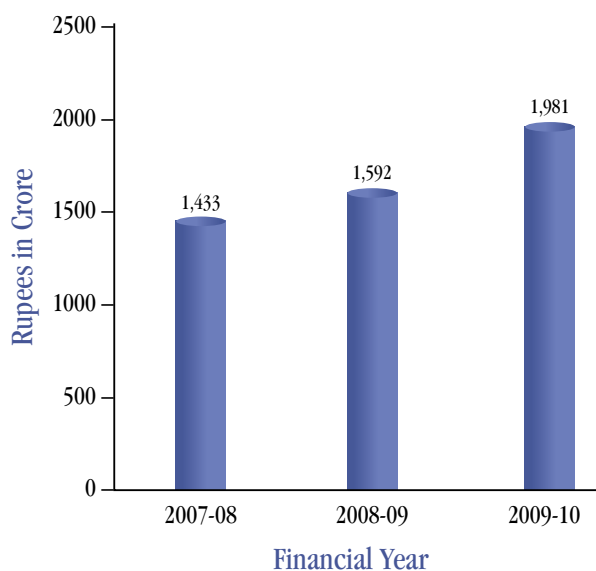
Loan disbursements of Rs. 742.72 crore during FY10 were 40% higher than the Rs. 531.95 crore in the previous year, reflecting the beneficial impact of economic upturn on the housing market.

The average size of home loans disbursed to individuals during the year was Rs. 10.93 lakh.

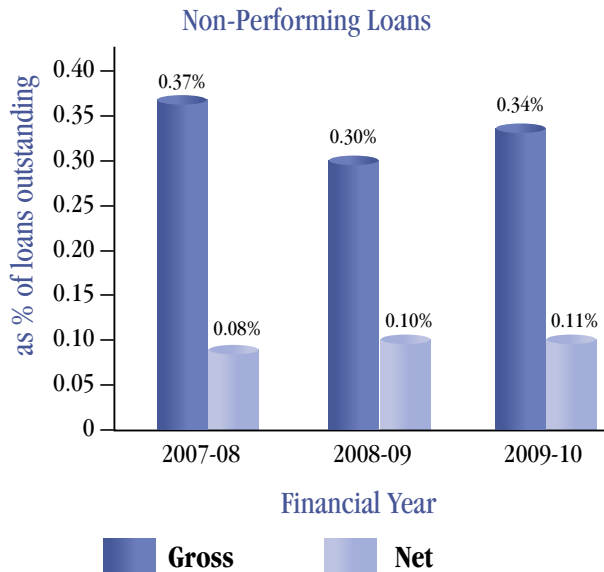
Approvals & Disbursements



Loan Outstanding (Net of Securitised Loan)



Gross non-performing loans (NPLs) (where equated monthly instalments [EMIs] continue to be in arrears for over 90 days) amounted to Rs. 6.71 crore as on 31st March 2010, constituting 0.34% of the loan portfolio as against 0.30% in the previous year. Net NPLs as on 31st March 2010 stood at 0.11% of the loan portfolio, as against 0.10% a year earlier.



Gross income during the year amounted to Rs. 235.90 crore, recording a growth of 11% over Rs. 212.81 crore in the previous year. Profit before tax was Rs. 41.49 crore, up by 6% over the previous year's level of Rs. 39.26 crore (including income of Rs. 2.18 crore from sale of part of the loan portfolio).

The Company's net worth stood at Rs.221.79 crore as on 31st March 2010 while the capital adequacy ratio (CAR) was 18.66%, much higher than the minimum regulatory requirement of 12%.

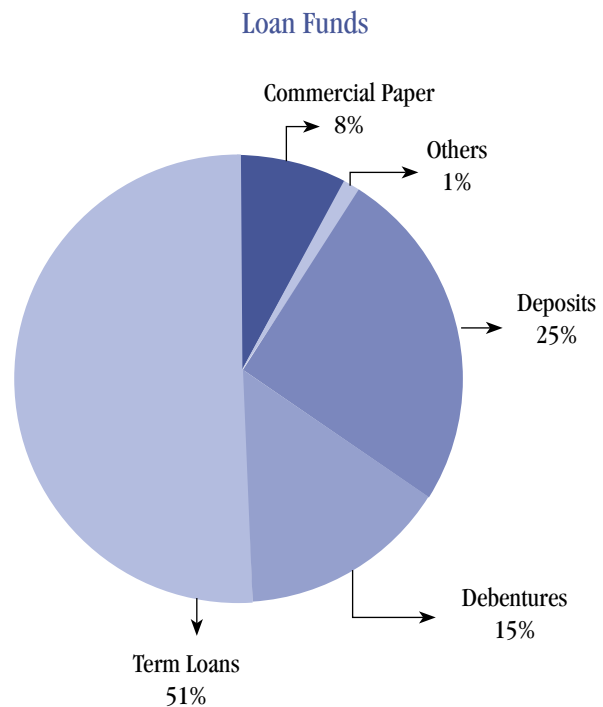
RESOURCE MOBILISATION

Credit Ratings

Nature of Borrowing	Rating		
	ICRA	CRISIL	CARE
Short Term Debt / Commercial Paper	A1+	P1+	—
Fixed Deposits	MAA+	FAA+	—
Non-Convertible debentures	LAA	—	AA+
Long-term Bank Loans	LAA	—	—
Subordinated Debt	LAA	AA	AA

For instruments, whose maturity is more than one year, ICRA has assigned a "stable" outlook, whereas CRISIL has assigned a "negative" outlook.

Total debt funds as on 31st March 2010 amounted to Rs. 1,977 crore, as against Rs. 1,732 crore a year earlier, an increase of 14%. Of the total borrowings, NHB refinance constituted 40%, term loans from banks and financial institutions 11%, deposits 25%, non-convertible debentures 15%, commercial paper 8%, and other short-term funds from banks 1%.



During the year, the Company availed itself of NHB refinance aggregating Rs. 300 crore and repaid Rs. 195.43 crore. The Company raised fresh term loans of Rs. 100 crore from banks.

The Company also issued commercial paper aggregating Rs. 150 crore during the year. The maximum amount of commercial paper outstanding at any time during the year was Rs. 179 crore.

During the year, the Company mobilised fresh deposits aggregating Rs. 166.47 crore. Of the deposits that matured during the year, 55% (Rs. 36.92 crore) were renewed. Deposits totalling Rs. 485.93 crore were outstanding at the year-end, 35% above the previous year's level.

The Company notifies the depositors at least two months ahead of maturity, and thereafter issues periodical reminders if the deposits are not claimed or renewed on or after maturity. As of 31st March 2010, deposits totalling Rs. 147.03 lakh from 252 depositors had matured but had not been claimed or renewed. The Company has been closely following up these cases to ensure repayment or renewal of the deposits.

INTERNAL AUDIT

The Company has put in place an effective Internal Audit system and has engaged the Internal Audit Department of Sundaram Finance Limited (SFIAD) as Internal Auditors. SFIAD periodically carries out internal audit of the Corporate Office, branches and other offices of the Company. It reviews all the internal control measures, reports areas requiring attention, and recommends improvements, where needed, to the Audit Committee of the Board.

The Audit Committee set up by the Board regularly reviews the audit findings as well as the adequacy and effectiveness of the internal control measures.

Information security assurance service is provided by Tejas Brainware Systems Ltd. (TBSL), whose recommendations have led to the introduction of a number of control measures in operational, accounting and security-related areas.

RISK MANAGEMENT

Successful mortgage lending calls for identification, measurement, mitigation, and management of the credit, operational, market (interest rate and liquidity), and reputation risks. The Company has sought to strike an appropriate balance between risk and returns through an efficient risk-management framework. Managing credit risk assumes considerable significance as the borrower profile changes over time, with the younger borrowers seemingly less averse to risk. The Company has been adopting suitable measures for risk mitigation, such as accessing the applicant's credit history from Credit Information Bureau India Ltd. (CIBIL), field investigation of the applicant's credentials, prudent loan/value ratio, thorough scrutiny of the legal documents, monitoring the end-use of property held as security, funding only approved properties, developing risk-based loan pricing, and cross-selling property insurance. The Company has employed qualified civil engineers to value properties and track property price movements.

ASSET LIABILITY RISK MANAGEMENT COMMITTEE (ALCO)

The Asset Liability Risk Management Committee (ALCO), functioning under the supervision of the Board of Directors, lays down policies and quantitative limits that involve assessment of various types of risks and shifts in assets and liabilities to manage such risks. Liquidity and interest-rate risks, within the limits laid down by the Board, are continually monitored by ALCO. Being dynamic, the risk management framework will continue to evolve in line with the emerging risk perceptions. The Company has also implemented NHB's Asset Liability Management Guidelines and reports to NHB.

HUMAN RESOURCES

Human resources play a crucial role in enhancing organisational performance. 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. In-house, on-the-job coaching and training programmes on credit, legal, technical and other appraisals and various other functional areas were conducted during the year to upgrade the skills of employees and achieve functional effectiveness. In addition, executives were seconded to various external training programmes and seminars on risk management, regulatory know-your-customer guidelines, anti-money laundering and the Fair Practices Code. These training programmes enabled staff to sharpen their knowledge in the areas of their responsibility.

STATUTORY AND REGULATORY COMPLIANCE

The Company has complied with the applicable statutory provisions, including those of the Companies Act, 1956, and the Income-tax Act, 1961. Further, the Company has complied with NHB's Housing Finance Companies Directions, 2001, on accounting standards, prudential norms, asset classification, income recognition, loss provisioning, capital adequacy, credit concentration, and credit rating.

DIRECTORS

Mr. Nitin Palany, who had been the Managing Director of the Company since its inception, completed his extended term of office on 31st March 2010. The Board acknowledges his competent leadership of the Company and his valuable contribution to its commendable progress during the last ten years.

Mr. Srinivas Acharya has been appointed as the Managing Director of the Company with effect from 1st April 2010.

Mr. Frederic Bernard Robert Amoudru and Mr. Bernard Michel resigned from the Board during the year. The Board places on record its appreciation of the contribution made by Mr. Amoudru and Mr. Michel to the deliberations at the Board meetings during their tenure.

Mr. Acharya retires by rotation and, being eligible, offers himself for re-appointment. The Board commends his re-appointment.

AUDITORS

The Company's statutory auditors, M/s. Brahmayya & Co., Chartered Accountants, Chennai, retire at the Eleventh Annual General Meeting and are eligible for re-appointment. A certificate under Section 224(1B) of the Companies Act, 1956, has been received from them.

INFORMATION UNDER SECTION 217(1)(E) OF THE COMPANIES ACT, 1956

Since the Company does not own any manufacturing facility, the requirement of disclosure of particulars relating to conservation of energy and technology absorption in terms of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is not applicable.

During the year, the Company did not have any foreign currency earnings. The Company incurred expenditure of Rs. 0.46 lakh in foreign exchange, including Rs 0.28 lakh as travelling expenses.

PERSONNEL

During the year, no employee of the Company was in receipt of remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies (Amendment) Act, 2000, the Board of Directors confirms:

- that in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

- that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities; and
- that the Directors had prepared the Annual Accounts on a 'going concern' basis.

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 statement. Important factors that could influence the Company's operations include global and domestic supply and demand conditions affecting revenue realizations, availability of skilled work force, changes in Government regulations, tax laws, economic developments and other related factors.

ACKNOWLEDGEMENT

The Directors extend their sincere thanks to the Company's shareholders, depositors, investors, borrowers and bankers for their support and co-operation during the year. The Directors also thank NHB for its guidance and financial assistance and look forward to its continued support.

The Directors record their appreciation of the dedication and commitment of the employees of the Company at all levels and look forward to their continued contribution and co-operation in meeting the current challenges and making further progress.

For and on behalf of the Board of Directors

Chennai
28th April 2010

S. Viji
Chairman

HIGHLIGHTS

	2009-10	2008-09	2007-08	2006-07	2005-06
OPERATIONAL HIGHLIGHTS:	(Rs. in Crore)				
Approvals	915	600	721	556	487
Disbursements	743	532	596	477	435
Loans outstanding	1981	1592	1433	1169	999
Financial highlights					
Paid-up capital	80.15	80.15	80.15	70.00	70.00
Reserves and surplus	141.64	123.30	105.86	43.92	29.50
Networth	221.79	203.45	186.01	113.92	99.50
Total borrowings	1977.40	1732.27	1366.19	1144.53	947.38
Deposits	485.93	358.80	165.49	46.32	36.06
Net interest income	41.20	45.38	37.97	20.55	16.05
Other Income	30.25	21.78	17.12	16.82	10.24
Operating Income	71.45	67.16	55.09	37.37	26.29
Operating Cost	25.27	24.54	20.41	16.26	14.10
Operating Profit	46.18	42.62	34.68	21.11	12.19
Profit before tax	41.49	39.26	31.44	18.31	7.72
Profit after tax	27.72	26.81	22.10	14.60	5.86
Return on average networth (%)	13.04%	13.77%	14.74%	13.68%	6.07%
Book value (Rs.)	27.67	25.38	23.21	16.27	14.21
Earnings per share (Rs.)	3.46	3.35	2.97	2.09	0.84
Capital Adequacy Ratio (%)	18.66%	14.36%	18.64%	14.91%	17.43%
Cost-to-income ratio (%)	35.37%	36.54%	37.05%	43.51%	53.63%
Gross non performing loans	6.71	4.83	5.24	7.09	9.72
Gross non performing loans (%)	0.34%	0.30%	0.37%	0.61%	0.97%

Auditors' Report

To the Members of Sundaram BNP Paribas Home Finance Limited

1. We have audited the attached Balance Sheet of Sundaram BNP Paribas Home Finance Limited as at 31st March 2010, the Profit and Loss Account and the Cash Flow Statement of the company for the year ended on that date, annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, (the Act) and based on the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) in our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - iii) the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - iv) in our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable.
 - v) on the basis of written representations received from the directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
 - vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2010;
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For BRAHMAYYA & CO.,
Chartered Accountants
Registration No. 000511S

P. BABU
Partner

Place : Chennai
Date : 28th April, 2010

Membership No.203358

Annexure to the Auditors' Report Referred to in Paragraph 3 of our Report of Even Date

1. a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
b) Fixed assets have been physically verified by the management during the year, in accordance with an annual plan of verification which in our opinion is reasonable having regard to the size of the company and the nature of fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets have not been disposed off by the company during the year.
2. In our opinion and according to the information and explanations given to us, the company has neither granted nor taken any loans secured or unsecured to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, clauses (iii)b, (iii)c, (iii)d, (iii)f and (iii)g of paragraph 4 of the Order are not applicable to the company for the year.
3. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, no major weaknesses have been noticed in the internal controls and therefore the reporting of the same does not arise.
4. a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered in the register maintained under Section 301 of the Act have been so entered.
b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Act and exceeding the value of rupees five lakhs in respect of any party during the year, prima facie, have been made at prices which are reasonable having regard to the nature of the services and prevailing market prices at the relevant time.
5. In our opinion and according to the information and explanations given to us, the company has complied with the directions issued by the National Housing Bank and the provisions of Section 58A, Section 58AA or any other relevant provisions of the Act and the rules framed thereunder with regard to the deposits accepted from the public.
6. The company has an internal audit system, which in our opinion, is commensurate with the size and the nature of its business.
7. The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act.
8. According to the records of the company and the information and explanations given to us, undisputed statutory dues, including Provident Fund, Employees State Insurance, Income tax, Wealth tax and Service tax and other material statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, there are no arrears of statutory dues which are outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.
9. According to the records of the company and the information and explanations given to us, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Excise duty and Cess which have not been deposited on account of any dispute.
10. The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the current and immediately preceding financial years.
11. Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

12. According to the information and explanations given to us, the company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the company.
14. Based on our examination of the records and the information and explanations given to us, the company has not dealt / traded in shares and debentures during the year. As informed and explained to us, proper records have been maintained of the transactions and contracts relating to investment in securities and timely entries have been made therein. The securities have been held by the company in its own name.
15. In our opinion and according to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
16. To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the company, prima facie, were applied by the company during the year for the purposes for which the loans were obtained, other than temporary deployment, pending application.
17. According to the cash flow statement and other records examined by us and the information and explanations given to us, on an overall examination of the balance sheet of the company, funds raised on short term basis, prima facie, have not been used during the year for long term investment.
18. According to the information and explanations given to us, the company is required to create a pari passu charge over an immovable property in respect of secured debentures issued during the year. We have been informed that the charge will be created with in the permitted time.
19. The company has not raised monies by public issue during the year.
20. To the best of our knowledge and belief and according to the information and explanations given to us, during the year no fraud by the company and no material frauds on the company were noticed or reported during the course of our audit.
21. In our opinion and according to the information and explanations given to us, the nature of the company's business/ activities during the year has been such that clauses ii and xviii of paragraph 4 of the Companies (Auditors' Report) Order, 2003 are not applicable to the company for the year.

For BRAHMAYYA & CO.,
 Chartered Accountants
 Registration No. 000511S

P. BABU
 Partner

Place : Chennai
 Date : 28th April, 2010

Membership No.203358

Balance Sheet as at 31st March 2010

	Schedule	31.03.2010		31.03.2009	
		Rs. Lakh		Rs. Lakh	
I SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Capital	1	80,15.23		80,15.23	
b) Reserves and Surplus	2	141,63.70	221,78.93	123,29.86	203,45.09
2. Loan Funds					
a) Secured Loans	3	1191,46.58		1144,47.64	
b) Unsecured Loans	4	785,93.20	1977,39.78	587,79.93	1732,27.57
Total			2199,18.71		1935,72.66
II APPLICATION OF FUNDS					
1. Loans	5		1981,28.68		1591,88.96
2. Fixed Assets :	6				
Gross Block		6,81.93		7,04.85	
Less : Depreciation		4,05.13		4,11.70	
Net Block			2,76.80		2,93.15
3. Investments	7		118,49.12		186,52.33
4. Deferred Tax Asset (Net)	8		2,83.37		2,35.14
5. Current Assets, Loans and Advances					
a) Current Assets	9	137,44.32		151,33.19	
b) Loans and Advances	10	29,33.04		69,10.89	
	(A)	166,77.36		220,44.08	
Less : Current Liabilities and Provisions					
a) Current Liabilities	11	64,65.53		52,93.88	
b) Provisions	12	8,31.09		15,47.12	
	(B)	72,96.62		68,41.00	
Net Current Assets	(A - B)		93,80.74		152,03.08
Total			2199,18.71		1935,72.66
Notes to the Accounts	20				

Schedules 1 to 20 annexed hereto form part of the Balance Sheet and Profit and Loss Account.

As per our report of even date attached

For Brahmayya & Co.
Chartered Accountants

P. Babu
Partner

Membership No.203358

Chennai
28th April 2010

S. Viji
Chairman

Srinivas Acharya
Managing Director

G.Sundararajan
VP & Head - Finance & Accounts

V.Swaminathan
Company Secretary

Directors

T.T. Srinivasaraghavan

John Woodhouse

N. Gangaram

M.S.Parthasarathy

SUNDARAM BNP PARIBAS HOME FINANCE LIMITED

Profit and Loss Account for the year ended 31st March 2010

	Schedule	2009-2010 Rs. Lakh	2008-2009 Rs. Lakh
INCOME			
Income from Operations	14	226,81.14	205,75.98
Loan Processing and Other Fees		8,34.02	6,28.03
Other Income	15	74.81	76.65
Total	(A)	235,89.97	212,80.66
EXPENDITURE			
Financial Expenses	16	164,44.90	145,64.63
Establishment Expenses	17	8,96.93	8,28.17
Administrative and Other Expenses	18	16,30.22	16,25.76
Provisions and Write-offs	19	3,68.41	2,74.83
Miscellaneous Expenditure Written off	13	-	3.96
Total	(B)	193,40.46	172,97.35
Profit Before Depreciation and Tax	(A - B)	42,49.51	39,83.31
Less : Depreciation		1,00.91	57.00
Profit Before Tax		41,48.60	39,26.31
Less : Provision for Taxation			
Current		14,25.00	12,20.00
Deferred Tax		(48.23)	9.61
Wealth Tax		0.25	0.50
Fringe Benefit Tax		-	15.00
Profit After Tax		27,71.58	26,81.20
Balance brought forward from the previous year		3,13.09	2,06.63
Amount available for Appropriation		30,84.67	28,87.83
APPROPRIATIONS :			
Dividend			
- Interim		8,01.52	-
- Final Proposed		-	8,01.52
- Dividend Distribution Tax		1,36.22	1,36.22
Special Reserve		5,55.00	5,37.00
General Reserve		6,50.00	11,00.00
Surplus - Balance carried to Balance Sheet		9,41.93	3,13.09
		30,84.67	28,87.83
Notes to the Accounts	20		
Earnings per Equity Share (Refer note 4.6 of Schedule 20)			
Number of Equity Shares (Face Value of Rs. 10/- per share)		8,01,52,288	8,01,52,288
Weighted Average Number of Shares (Face Value of Rs. 10/- per share)		8,01,52,288	8,01,52,288
Basic and Diluted Earnings per Share in Rupees		3.46	3.35

Schedules 1 to 20 annexed hereto form part of the Balance Sheet and Profit and Loss Account.

As per our report of even date attached	S. Viji Chairman	Directors
For Brahmayya & Co. Chartered Accountants	Srinivas Acharya Managing Director	T.T. Srinivasaraghavan
P. Babu Partner	G.Sundararajan VP & Head - Finance & Accounts	John Woodhouse
Membership No.203358	V.Swaminathan Company Secretary	N. Gangaram
Chennai 28th April 2010		M.S.Parthasarathy

Schedules forming part of the Accounts

	31.03.2010		31.03.2009	
	Rs. Lakh		Rs. Lakh	
Schedule 1				
Capital				
Authorised:				
10,00,00,000 Equity Shares of Rs. 10/- each		<u>100,00.00</u>		<u>100,00.00</u>
Issued :				
8,51,52,288 Equity Shares of Rs. 10/- each		<u>85,15.23</u>		<u>85,15.23</u>
Subscribed and Fully Paid - up :				
8,01,52,288 Equity Shares of Rs. 10/- each		80,15.23		80,15.23
[Of the above 4,01,56,296 equity shares are held by Sundaram Finance Limited (the Holding Company) and its nominees]		<u>80,15.23</u>		<u>80,15.23</u>
Schedule 2				
Reserves and Surplus				
Special Reserve				
Per last Balance Sheet	23,32.00		17,95.00	
Add : Transfer from Profit and Loss Account	<u>5,55.00</u>	28,87.00	<u>5,37.00</u>	23,32.00
Securities Premium Account				
As Per last Balance Sheet		45,84.77		45,84.77
General Reserve				
Per last Balance Sheet	51,00.00		40,00.00	
Add : Transfer from Profit and Loss Account	<u>6,50.00</u>	57,50.00	<u>11,00.00</u>	51,00.00
Surplus - Balance in Profit and Loss Account		9,41.93		3,13.09
		<u>141,63.70</u>		<u>123,29.86</u>

Schedules forming part of the Accounts

	31.03.2010		31.03.2009	
	Rs. Lakh		Rs. Lakh	
Schedule 3				
Secured Loans				
Non-Convertible Debentures		155,00.00		100,00.00
From Scheduled Banks:				
Ruppee Term Loans		222,88.22		354,22.61
Overdraft facilities with Scheduled Banks		27,09.71		—
From Others :				
Term Loans :				
National Housing Bank (NHB)		784,40.32		679,83.36
International Finance Corporation, Washington		2,08.33	786,48.65	10,41.67
				690,25.03
				<u>1144,47.64</u>
		<u>1191,46.58</u>		
Schedule 4				
Unsecured Loans				
Fixed Deposits				
From Public		474,96.91		341,91.94
From Companies		10,01.40		15,96.10
From Directors		94.89	485,93.20	91.89
				358,79.93
Subordinated Non-Convertible Debentures		150,00.00		50,00.00
Commercial Paper		150,00.00		179,00.00
				<u>587,79.93</u>
		<u>785,93.20</u>		
Schedule 5				
Loans				
Housing Loans				
Individuals		1397,35.61		1181,85.10
Others		—	1397,35.61	32.28
				<u>1182,17.38</u>
Non-Housing Loans				
Individuals		485,08.28		328,05.59
Others		98,84.79	583,93.07	81,65.99
				409,71.58
				<u>1591,88.96</u>
		<u>1981,28.68</u>		

Schedule : 6

Schedules forming part of the Accounts

Fixed Assets	Rs. Lakh									
	Gross Block at Cost					Depreciation			Net Block	
	As at 01.04.2009	Additions	Deductions	As at 31.03.2010	Up to 01.04.2009	For The Year	Deductions	Up to 31.03.2010	31.03.2010	31.03.2009
Tangible Assets										
Land	1.92 (1.92)	- (-)	- (-)	1.92 (1.92)	- (-)	- (-)	- (-)	- (-)	1.92 (1.92)	1.92 (1.92)
Plant and Machinery	47.96 (46.92)	2.05 (3.11)	1.54 (2.07)	48.47 (47.96)	30.12 (28.33)	2.85 (3.25)	1.24 (1.46)	31.73 (30.12)	16.74 (17.84)	17.84 (18.59)
Vehicles	85.53 (76.64)	22.14 (34.25)	10.88 (25.36)	96.79 (85.53)	44.87 (44.00)	14.36 (15.16)	7.71 (14.29)	51.52 (44.87)	45.27 (40.66)	40.66 (32.64)
Furniture and Fixtures	1,37.28 (1,42.98)	3.30 (7.46)	21.05 (13.16)	1,19.53 (1,37.28)	1,03.95 (1,05.42)	6.59 (8.56)	17.56 (10.03)	92.98 (1,03.95)	26.55 (33.33)	33.33 (37.56)
Computers – Hardware	1,84.89 (1,73.32)	25.79 (17.61)	43.85 (6.04)	1,66.83 (1,84.89)	1,50.35 (1,38.51)	21.81 (17.52)	41.97 (5.68)	1,30.19 (1,50.35)	36.64 (34.54)	34.54 (34.81)
Office Equipment	61.71 (62.15)	2.16 (0.95)	7.36 (1.39)	56.51 (61.71)	34.23 (30.89)	4.07 (4.43)	4.90 (1.09)	33.40 (34.23)	23.11 (27.48)	27.48 (31.26)
Intangible Assets										
Computer Software	1,85.56 (40.10)	40.42 (1,45.46)	34.10 (-)	1,91.88 (1,85.56)	48.18 (40.10)	51.23 (8.08)	34.10 (-)	65.31 (48.18)	1,26.57 (1,37.38)	1,37.38 (-)
Total	7,04.85	95.86	1,18.78	6,81.93	4,11.70	1,00.91	1,07.48	4,05.13	2,76.80	2,93.15
Previous year	(5,44.03)	(2,08.84)	(48.02)	(7,04.85)	(3,87.25)	(57.00)	(32.55)	(4,11.70)	(2,93.15)	(1,56.78)

Figures in brackets pertain to 31st March 2009

Schedules forming part of the Accounts

	Face Value Rs. Lakh	31.03.2010 Rs. Lakh	31.03.2009 Rs. Lakh
Schedule 7			
Investments (At Cost)			
I Long Term			
In Government / Trust Securities			
Non Trade			
A Quoted :			
Government Securities			
Central Government Loans (Face Value of Rs. 9,00.00 Lakh purchased during the year)	29,01.27	29,77.29	20,63.10
B Unquoted			
In Trust Securities			
(i) In Mortgage Backed Securities (on Securitisation) in			
SHFL Housing Finance Trust August 2004			
Investment in Senior Pass Through Certificate (PTC) (A2) Securities		2,15.49	2,51.22
Investment in Subordinate Tranche Securities		2,48.72	2,82.21
II Current			
Un-Quoted			
In Trust Securities			
Investments in Mutual Funds - As per Annexure: 1		84,07.62	160,55.80
Grand Total		118,49.12	186,52.33
		Cost	Market Value
		Rs. lakh	Rs. lakh
Aggregate of Quoted Investments		29,77.29	30,05.01
Aggregate of Unquoted Investments		88,71.83	
Total		118,49.12	

Schedules forming part of the Accounts

Current Investments

Annexure : I

Investment in Mutual Funds

Rs. Lakh

Particulars	Face Value	Opening as on 01.04.2009		Purchases during the year		Redeemed during the year		Closing as on 31.03.2010	
		Units in Lakh	Value	Units in Lakh	Value	Units in Lakh	Value	Units in Lakh	Value
DWS Ultra Short Term Fund – Institutional Growth	10	1,94.06	20,00.39	–	–	1,94.06	20,00.39	–	–
DSPBR Money Manager Fund – IP – Growth	1000	1.63	20,10.32	0.23	2,90.00	1.86	23,00.32	–	–
Sundaram BNP Paribas Ultra Short Term – Super Institutional Plan – Growth Option	10	1,69.37	19,93.38	8,42.75	101,11.28	10,12.12	121,04.66	–	–
SBI Magnum Insta Cash Fund Liquid Floater Plan – Growth	10	1,51.21	23,00.00	–	–	1,51.21	23,00.00	–	–
Templeton India Ultra Short Bond Fund – SIP – Growth	10	1,12.81	12,43.38	7,14.83	82,56.86	8,27.64	95,00.24	–	–
Templeton India Floating Rate Income Fund – Short Term Plan – Retail Option – Growth	10	18.75	2,95.00	–	–	18.75	2,95.00	–	–
Templeton India Floating Rate Income Fund – Short Term Plan – Institutional Option – Growth	10	38.03	5,00.00	3,06.22	40,90.00	3,44.25	45,90.00	–	–
Tata Floating Rate Short Term Institutional Plan – Growth	10	1,47.25	20,25.83	3,32.28	46,70.30	4,79.53	66,96.13	–	–
Religare Short Term Plan – Institutional – Growth	10	16.92	2,01.13	3,33.98	40,57.88	3,50.90	42,59.01	–	–
Religare Ultra Short Term Fund – Institutional – Growth	10	1,17.68	14,16.37	–	–	1,17.68	14,16.37	–	–
Birla Sunlife Cash Plus – Institutional Premium – Growth Option	10	–	–	4,39.48	64,46.00	2,49.31	36,45.53	1,90.17	28,00.46
JP Morgan India Liquid Fund – Super Institutional – Growth Plan	10	–	–	12,51.42	145,68.13	10,15.94	117,67.59	2,35.48	28,00.54
Fortis Overnight Fund – Institutional Plus – Growth	10	–	–	8,74.23	93,06.62	5,93.86	65,00.00	2,80.37	28,06.62
Canara Robeco Liquid Fund – Super Institutional Growth	10	1,93.52	20,70.00	1,85.42	20,00.00	3,78.94	40,70.00	–	–
Total		11,61.23	160,55.80	52,80.84	637,97.07	57,36.05	714,45.24	7,06.02	84,07.62

Schedules forming part of the Accounts

Units of Mutual Funds Purchased and Redeemed during the year

Particulars	Face Value	Units	Amount
	Rs.	Rs. Lakh	Rs. Lakh
Birla Sunlife Cash Manager - IP - Growth	10	3,67.81	54,76.00
Birla Sun Life Saving Fund- Institutional - Growth	10	2,85.44	49,70.25
DSP BR Floating Rate Fund - Institutional Plan - Growth	1000	0.39	5,00.07
DSP BR Cash Manager Fund - Institutional Plan - Growth	1000	0.44	5,00.00
DSP BR Strategic Bond Fund - Institutional Plan - Growth	1000	2.73	28,19.59
Reliance Floating Rate Fund - Growth Plan - Growth Option	10	1,72.45	24,25.00
Reliance Medium Term Fund - Retail Plan - Growth Plan - Growth Option	10	53.45	10,08.07
Reliance Liquidity Fund - Growth Plan	10	83.53	11,10.00
Reliance Money Manager Fund - Institutional Option - Growth Plan	1000	4.00	49,18.93
Reliance Liquid Fund Treasury - Institutional Option - Growth Plan	10	1,26.27	28,00.00
Sundaram BNP Paribas Money Fund - Super Institutional Plan - Growth Option	10	8,13.73	154,08.30
Sundaram BNP Paribas Flexible Fund - ST Retail - Growth Option	10	3,47.02	48,21.57
Sundaram BNP Paribas Flexible Fund - ST Institutional - Growth Option	10	6,69.58	95,66.42
Templeton India Treasury Management Account - Super Institutional Plan - Growth	1000	8.68	115,99.99
Templeton India Treasury Management Account - Regular Plan - Growth	1000	0.03	70.00
Templeton Floating Rate Income Fund - Long Term Plan -Super Institutional Option - Growth	10	7,35.90	90,61.29
Templeton Floating Rate Income Fund - Long Term Plan -Retail Option - Growth	10	4.24	70.01
Tata Liquid Super high Investment Fund - Growth	1000	2.73	44,60.00
Tata Floater Fund - Growth	10	3,39.14	44,60.74
Kotak Liquid (Institutional Premium) - Growth	10	13,25.12	243,23.42
Kotak Flexi Debt Scheme Institutional - Growth	10	20,86.82	231,80.89
Uti Liquid Cash Plan - Institutional Growth	1000	7.54	110,25.00
Uti Floating Rate fund - Short term Plan - Growth	1000	7.62	110,26.54
Religare Liquid Fund - Institutional - Growth	10	2,02.81	24,85.00
Religare Liquid Fund - Super Institutional - Growth	10	11.40	1,40.00
Canara Robeco Floating Rate- Short Term - Growth	10	2,98.40	40,86.13
LIC MF Liquid Fund - Growth Plan	10	7,57.51	125,00.00
LIC MF Saving Plus Fund - Growth Plan	10	6,40.64	91,01.14
LIC MF Floating Rate Fund -Short Term - Growth Plan	10	3,33.60	50,00.33
JP Morgan India Treasury Fund - SIP - Growth	10	12,73.33	149,16.14
Fortis Money Plus Fund - Institutional - Growth	10	5,33.44	73,00.58
Total			2111,31.40

Schedules forming part of the Accounts

	31.03.2010		31.03.2009	
	Rs. Lakh		Rs. Lakh	
Schedule 8				
Deferred Tax Asset (Net)				
Provision Against Non-Performing Loans		1,50.97		1,09.79
Provision Against Standard Non-Housing Loans		79.20		55.82
Others - Investments and Employee benefits		61.52		72.69
		<u>2,91.69</u>		<u>2,38.30</u>
Less : Deferred Tax Liability - Depreciation		8.32		3.16
		<u>2,83.37</u>		<u>2,35.14</u>
Schedule 9				
Current Assets				
Interest Accrued on Investments		85.01		55.49
Cash and Bank Balances				
Cash on Hand	62.85		42.84	
Balances with Scheduled Banks in				
Current Accounts	5,05.13		17,44.84	
Deposit Accounts	130,91.33	136,59.31	132,90.02	150,77.70
		<u>137,44.32</u>		<u>151,33.19</u>
Schedule 10				
Loans and Advances				
Secured, Considered Good :				
Instalments due from Borrowers	3,13.14		3,63.00	
Loan Against Deposits	<u>1,07.91</u>	4,21.05	<u>99.38</u>	4,62.38
Unsecured, Considered Good :				
Advances and Deposits recoverable in cash or in kind or for value to be received		15,86.06		57,79.95
Advance Income - Tax and Tax Deducted at Source - (Net of provision for taxation)		9,07.19		6,45.95
Advance Tax - Fringe Benefit Tax - (Net of provision for FBT)		10.05		10.05
Income Receivable		8.69		12.56
		<u>29,33.04</u>		<u>69,10.89</u>

Schedules forming part of the Accounts

	31.03.2010 Rs. Lakh	31.03.2009 Rs. Lakh
Schedule 11		
Current Liabilities		
Sundry Creditors		
For expenses	3,44.56	3,39.50
For others	11,32.35	11,72.40
Interest accrued but not due	49,88.62	37,81.98
	<u>64,65.53</u>	<u>52,93.88</u>
i) There are no amounts due and outstanding to be credited to Investor Education and Protection Fund		
ii) There are no outstanding dues to micro and small enterprises for more than 45 days		
Schedule 12		
Provisions		
Provision Against Non Performing Loans	4,44.15	3,23.00
Provision Against Standard Non Housing Loans	2,33.03	1,64.22
Provision Against Investments	1,53.91	1,22.16
Dividend	—	8,01.52
Dividend Distribution Tax and Surcharge	—	1,36.22
	<u>8,31.09</u>	<u>15,47.12</u>
Schedule 13		
Miscellaneous Expenditure Written off (to the extent not written off or adjusted)		
Discount on issue of debentures	—	3.96
Less : Written off during the year	—	3.96
	<u>—</u>	<u>—</u>

Schedules forming part of the Accounts

	2009-10 Rs. Lakh	2008-09 Rs. Lakh
Schedule 14		
Income from Operations		
Interest on Loans (Tax Deducted at Source Rs.1,01.21 Lakh)	205,64.88	191,02.87
Other Operating Income (Tax Deducted at Source Rs. 66.73 Lakh)	21,16.26	14,73.11
	226,81.14	205,75.98
Schedule 15		
Other Income		
Interest Receipts (Tax Deducted at Source Rs. 0.59 Lakh)	49.92	51.03
Profit on sale of Fixed Assets	2.28	1.20
Miscellaneous Income	22.61	24.42
	74.81	76.65
Schedule 16		
Financial Expenses		
Interest – Fixed Loans	88,38.70	85,40.20
– Fixed Deposits	46,35.47	27,61.83
– Debentures	17,72.81	13,05.19
– Others	10.14	30.98
Other Financial Expenses	11,87.78	19,26.43
	164,44.90	145,64.63
Schedule 17		
Establishment Expenses		
Salaries, Allowances, Commission and Bonus	7,93.53	7,39.86
Company's Contribution to Provident Fund, Gratuity, Superannuation and Employees' State Insurance Schemes	59.51	54.02
Staff Welfare Expenses	41.39	25.04
Training Expenses	2.50	9.25
	8,96.93	8,28.17

Schedules forming part of the Accounts

	2009-10 Rs. Lakh	2008-09 Rs. Lakh
Schedule 18		
Administrative and Other Expenses		
Rent	1,06.04	1,50.20
Rates and Taxes	3.16	5.59
Communication Expenses	68.20	68.98
Electricity	27.70	26.95
Travelling and Conveyance	83.53	94.03
Advertisement and Publicity	2,11.10	1,52.43
Directors' Sitting Fees	3.50	2.90
Insurance	87.94	91.49
Repairs and Maintenance		
Buildings	1.69	12.14
Others	47.98	51.07
Printing and Stationery	31.27	39.36
Database and Networking Expenses	82.67	1,08.60
Professional and Consultancy Fees	95.24	88.51
Business Sourcing Cost	3,96.53	4,67.25
Direct Sales Expenses	1,44.38	-
Software charges	1,04.07	1,13.94
Donations	5.00	-
Miscellaneous Expenses (Net)	1,30.22	1,52.32
	16,30.22	16,25.76
Schedule 19		
Provisions and Write-offs		
Bad Debts	1,40.49	2,24.13
Loss on Sale of Investments	-	47.18
Loss on Fixed Assets Sold / Written off	6.21	4.60
Provision Against Standard Non-Housing Loans	68.81	24.22
Provision Against Investments	31.75	1,14.38
Provision Against Non-Performing Loans (Net)	1,21.15	-
	3,68.41	4,14.51
Less: Reversal of Provision against Non-Performing Loans (Net)	-	92.50
Reversal of Provision against Investments	-	47.18
	3,68.41	2,74.83

Schedule – 20

Notes to the Accounts

1. Significant Accounting Policies

- 1.1 The financial statements are prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the relevant provisions of the Companies Act, 1956. Besides, the Company follows the directions prescribed by the National Housing Bank (NHB) for Housing Finance Companies.

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

- 1.2 Income Recognition:

Interest on loans disbursed is recognized as income on accrual basis. Loans granted are repayable in Equated Monthly Instalments (EMIs), comprising principal and interest. The EMIs commence upon disbursement of the entire loan sanctioned. Pre-EMI Interest is payable monthly where the loan is partly disbursed.

- 1.3 Fixed Assets and Depreciation / Amortisation:

Fixed Assets are carried at historical cost less accumulated depreciation.

Depreciation on assets is provided on the written-down value method at rates prescribed in Schedule XIV to the Companies Act, 1956. Assets costing Rs. 5,000/- or less are written down in the period of acquisition to Re.1.

- 1.4 Valuation of investments :

Long-term investments are stated at cost and provision for diminution in value, other than temporary, is considered wherever necessary.

Current investments are valued at lower of cost and market value or net asset value.

- 1.5 Foreign Currency Transactions:

Transactions in foreign currencies are accounted for at the prevailing rates of exchange on the dates of the transactions. Monetary items denominated in foreign currencies are restated at the prevailing rates of exchange at the Balance Sheet date. Gain or loss arising out of the fluctuations in the exchange rate is accounted for in the Profit and Loss Account.

Exchange differences on forward exchange contracts entered into for hedging foreign exchange fluctuation risk in respect of assets/liabilities are recognized in the Profit and Loss Account in the reporting period in which the exchange rate changes. Premium on forward contracts is recognized as an expense over the tenure of the contract.

Interest accrued on secured/unsecured foreign currency loans covered by forward contracts is provided at the forward exchange contract rate and on loans not so covered, at the exchange rates prevailing at the year end.

- 1.6 Employee Benefits:

- A) Short-term Employee Benefits:

Short Term Employee Benefits for services rendered by employees are recognized during the period when the services are rendered.

- B) Post employment benefits:

Defined Contribution Plan

i) Provident Fund

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

ii) Superannuation

The Company makes fixed contributions as a percentage of salary to the Superannuation Fund, which is administered by trustees and managed by the Life Insurance Corporation of India (LIC). The above contributions are charged to the Profit and Loss Account.

Defined Benefit Plan

i) Gratuity

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

ii) Leave Encashment

The Company contributes to a staff leave encashment scheme based on an actuarial valuation. The scheme is managed by SBI Life Insurance Company.

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

1.7 Taxation :

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

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

1.8 Intangible Assets :

Items of computer software acquired/developed are recorded as intangible assets and their cost is amortised over their expected useful life.

1.9 Impairment of Assets :

The carrying amounts of assets are reviewed 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 net selling price of assets and their value in use.

1.10 Provisions :

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

1.11 Miscellaneous Expenditure :

Discount on issue of debentures is amortised over their tenure.

2. Balance Sheet

2.1 Reserves and Surplus:

Special Reserve:

The appropriation of profit of Rs. 5,55.00 Lakh (31.03.2009 – Rs. 5,37.00 Lakh) to the Special Reserve, is in accordance with the provisions of Section 36(1) (viii) of the Income-tax Act, 1961 and Section 29C of the National Housing Bank Act, 1987.

2.2 Secured Loans:

2.2.1 Non-Convertible Debentures:

Details of privately placed secured redeemable Non-Convertible Debentures:

Date of Allotment	Face Value (Rs. Lakh)		Date of Redemption
	31.03.2010	31.03.2009	
22nd August 2008	15,00.00	15,00.00	13th April 2010
15th September 2008	–	45,00.00	Redeemed during the year
29th September 2008	40,00.00	40,00.00	29th September 2011
26th March 2010	50,00.00*	–	26th March 2012
31st March 2010	50,00.00*	–	29th March 2013
Total	155,00.00	100,00.00	

The Non-Convertible Debentures of Rs. 155,00.00 Lakh are secured by a first mortgage over a specific immovable property belonging to the Company and a negative lien on its assets.

* A pari-passu charge on an immovable property is to be created.

2.2.2 From Scheduled Banks:

a) Rupee Term Loans

Term Loans of Rs. 222,88.22 Lakh (31.03.2009 - Rs. 354,22.61 Lakh) are secured by a negative lien on properties mortgaged by the borrowers to the Company.

b) Overdraft Facilities

Rs. 27,09.71 Lakh availed as overdraft facilities (31.03.2009 – Re. Nil) are secured by a negative lien on properties mortgaged by the borrowers to the Company.

2.2.3 From Others:

National Housing Bank:

Rupee Term Loans of Rs. 784,40.32 Lakh (31.03.2009 - Rs. 679,83.36 Lakh) by way of refinance are secured by a negative lien on the assets of the Company.

International Finance Corporation, Washington:

Rupee Term Loan of Rs. 2,08.33 Lakh (31.03.2009 - Rs. 10,41.67 Lakh) is secured by a negative lien on the assets of the Company.

2.3 Unsecured Loans:

Subordinated Non-Convertible Debentures:

The debentures are subordinated to the existing and future unsecured loan funds of the Company and qualify as Tier II Capital under the Housing Finance Companies (NHB) Directions, 2001, issued by NHB.

2.4 Commercial Paper:

Maximum amount of Commercial Paper outstanding at any time during the year was Rs. 179,00.00 Lakh (31.03.2009 – Rs. 229,00.00 Lakh). Outstanding as on 31st March 2010 was Rs. 150,00.00 Lakh (31.03.2009 – Rs. 179,00.00 Lakh).

2.5 Loans:

- a) Loans granted by the Company are generally secured by mortgage of properties.
- b) Loans secured by mortgage of properties included as on 31st March 2010, Rs. 40.83 Lakh (31.03.2009 – Rs. 65.83 Lakh) due from the Managing Director of the Company. Maximum amount outstanding in respect of the loan at any time during the year Rs. 65.83 Lakh (31.03.2009 - Rs. 66.87 Lakh).

2.6 Investments:

In accordance with the Housing Finance Companies (NHB) Directions, 2001, the Company created a floating charge on 4th July 2007 on the statutory liquid assets comprising investments in:

- Government Securities
- Bonds issued by National Housing Bank
- Bank deposits

in favour of trustees representing the public deposit holders of the Company. The above bonds have been redeemed.

2.7 Loans and Advances:

- a) Advances and deposits recoverable in cash or in kind or for value to be received include a deposit of Rs. 69.00 Lakh (31.03.2009 – Rs. 88.00 Lakh) offered as collateral for the securitisation of assets.
- b) Advance Income Tax and Tax Deducted at Source is net of Provision for Taxation of Rs. 46,57.79 Lakh (31.03.2009 – Rs. 32,32.54 Lakh) and includes Rs. 55.29 Lakh towards income tax paid under dispute.
Advance Fringe Benefit Tax is net of provision for tax of Rs. 54.84 Lakh (31.03.2009 - Rs. 54.84 Lakh).

2.8 Current Liabilities:

- a) Sundry Creditors for expenses includes Rs. 30.80 Lakh (31.03.2009 - Rs. 29.00 Lakh) payable to Directors.
- b) Interest accrued but not due includes interest of Rs. 13.21 Lakh (31.03.2009 – Rs. 5.45 Lakh) on deposits from Directors.

3. Profit and Loss Account
3.1 Income from Operations :

- a) Other Operating Income includes nil revenue (Previous year: Rs. 2,18.50 Lakh) from nil sale of loans during the year (Previous year: Rs. 88,30.05 Lakh).
- b) Other Operating Income includes:

		Rs. Lakh	
S.No	Particulars	Apr 09 – Mar 10	Apr 08 – Mar 09
i)	Interest earned on Government Securities / Deposits	6,18.86	3,07.92
ii)	Profit on sale of investments		
	– Long-term	–	81.68
	– Current	10,05.63	4,39.99

3.2 Other Income:

Interest Receipts includes Rs. 35.54 Lakh from investment in Mortgaged Backed Securities in “SHFL Housing Finance Trust – August 2004.” (Previous year – Rs. 39.23 Lakh).

3.3 Financial Expenses :

Interest – Fixed Deposits includes interest of Rs. 11.04 Lakh paid / accrued on Deposits accepted from Directors (Previous year – Rs. 10.21 Lakh).

3.4 Establishment Charges includes Remuneration to Directors:		Rs. Lakh	
Particulars	2009-10	2008-09	
Salary	19.20	18.00	
Commission – Managing Director	28.80	27.00	
– Non-Wholetime Directors	2.00	2.00	
Contribution to Provident Fund, Superannuation Fund and Gratuity	3.78	5.93	
Other Allowances and Perquisites	22.08	20.02	
Total	75.86	72.95	

Computation of Net Profit for calculation of Commission to Directors

	Rs. Lakh	
Net Profit	27,71.58	
Add: Directors' Remuneration	75.86	
Directors' Sitting fees	3.50	
Depreciation as per Books	1,00.91	
Provision Against Investments	31.75	
Provision for Non-Performing Loans (Net)	1,21.15	
Provision Against Standard Non Housing Loans	68.81	
Provision for Taxation (including Wealth Tax)	13,77.02	
		<u>17,79.00</u>
		45,50.58
Less: Depreciation as per Section 350 of the Companies Act, 1956	1,00.91	
Profit on Sale of Investments	10,05.63	
		<u>11,06.54</u>
Net Profit as per Section 198 of the Companies Act, 1956	<u>34,44.04</u>	
1% thereof	34.44	
Subject to a ceiling of 150% of the annual salary	28.80	
Commission to Non-Wholetime Directors	2.00	
		<u>30.80</u>

3.5 Employee Benefits:

i) Defined Contribution Plans:

During the year, the Company has recognized the following amounts in the Profit and Loss Account which are included in Establishment Expenses in Schedule 17:

	Rs. Lakh	
Contribution to	2009-10	2008-09
Superannuation Fund	3.90	5.35
Provident Fund	32.55	30.17
Employees State Insurance Scheme	0.41	0.59

ii) Defined Benefit Plan: Gratuity:

A. Reconciliation of opening and closing balances of present value of the defined benefit obligation		Rs. Lakh	
	2009-10	2008-09	
Present value of obligations as at the beginning of the year	43.74	36.64	
Interest cost	3.50	2.51	
Current service cost	10.37	7.37	
Benefits paid	2.26	10.54	
Actuarial loss on obligation	0.82	7.78	
Present value of obligations as at the end of the year	54.53	43.74	
B. Reconciliation of opening and closing balances of fair value of Plan Assets.			
Fund Maintained by LIC		Rs. Lakh	
	2009-10	2008-09	
Fair value of plan assets as at beginning of the year	45.92	21.30	
Expected return on plan assets	4.18	2.58	
Contributions	9.62	32.44	
Benefits paid	2.26	10.54	
Actuarial gain on plan assets	-	0.14	
Fair value of plan assets as at the end of the year	57.45	45.92	
C. Reconciliation of present value of defined benefit obligation and fair value of plan assets to the assets and liabilities.		Rs. Lakh	
	2009-10	2008-09	
Present value of obligations as at the end of the year	54.53	43.74	
Fair value of plan assets as at the end of the year	57.46	45.92	
Net (asset)/liability recognised in the Balance Sheet	(2.92)	(2.18)	
D. Expenses recognised in the Profit and Loss Account		Rs. Lakh	
	2009-10	2008-09	
Current Service cost	10.37	7.37	
Interest Cost	3.50	2.51	
Expected return on plan assets	4.18	2.58	
Net Actuarial (gain) / loss recognized in the year	(0.82)	7.64	
Expenses to be recognized in the Profit and Loss Account	8.87	14.93	
E. Details showing fair value of plan assets		Rs. Lakh	
	2009-10	2008-09	
Fair value of plan assets as at the beginning of the year	45.92	21.30	
Actual return on plan assets	4.18	2.72	
Contributions	9.62	32.44	
Benefit Paid	2.26	10.54	
Fair value of plan assets as at the end of the year	57.46	45.92	

F. Actuarial Gain / Loss recognized	Rs. Lakh	
	2009-10	2008-09
Actuarial loss on obligation	–	7.78
Actuarial gain on plan assets	(0.82)	0.14
Total (gain) / loss for the year	(0.82)	7.64
Actuarial (gain) / loss recognized in the year	(0.82)	7.64

G. Actuarial assumption	31-03-2010		31-03-2009	
Discount Rate	8.00%		8.00%	
Rate of Increase in Compensation levels	8.00%		8.00%	
Expected return on plan assets	8.00%		8.00%	

iii) The present value of obligation towards compensated absences, as per actuarial certificate, as on 31st March 2010 was Rs. 55.47 Lakh (31.03.2009 - Rs. 91.72 Lakh) and it is recognized in the books of account.

3.6 Administrative and Other Expenses (Schedule-18) includes remuneration to Auditors towards:	Rs. Lakh	
	2009 – 10	2008 – 09
Statutory Audit	6.25	5.00
Tax Audit	2.00	1.50
Certification	3.95	3.87
Travelling Expenses	0.26	0.28
Service Tax	1.26	1.07

3.7 Provisions and Write-offs :

3.7.1 Provision against investments of Rs. 31.75 Lakh (previous year – Rs. 1,14.38 Lakh) represents excess of cost over face value of investments in Government Securities.

3.7.2 The provision of Rs. 68.81 Lakh (previous year – Rs. 24.22 Lakh) towards standard non-housing loans has been created in terms of the National Housing Bank Directions, 2001.

3.7.3 There was no loss on sale of long-term investments. (Previous year – Rs. 47.18 Lakh)

4. General

4.1 The main business of the Company is to provide long-term financing for residential purposes in India. Accordingly, there is no separate reportable segment as per Accounting Standard – AS – 17 – ‘Segment Reporting’.

4.2 The Company had no liability to any small-scale industrial undertaking as on 31st March 2010 (31.03.2009 – Nil).

4.3 Securitisation:

The Company securitised assets in the year 2004 - 05 to the extent of Rs. 51,69.18 Lakh and details of such assets as on 31st March 2010 are as follows:

Pass Through Certificates subscribed by the Company	: Rs. 4,64.21 Lakh
Bank deposits held as collateral	: Rs. 69.00 Lakh

4.4 Non-Performing Loans and Provisions:

In line with the National Housing Bank Directions, 2001, the Company has identified Non-Performing Loans amounting to Rs. 6,71.20 Lakh as on 31.03.2010 (31.03.2009 - Rs. 4,83.06 Lakh). The provisions relating to housing and non-housing loans made in the books of account are as follows:

Non Performing Loans

Rs. Lakh

Particulars	Sub Standard	Doubtful	Loss	Total
Housing Loans				
Outstanding	3,19.88	1,43.04	3.65	4,66.57
	(2,51.61)	(1,32.52)	(43.79)	(4,27.92)
Provisions	2,10.44	94.65	3.65	3,08.74
	(1,45.47)	(1,22.05)	(43.79)	(3,11.31)
Non-Housing Loans				
Outstanding	2,03.59	1.04	-	2,04.63
	(48.28)	(6.86)	-	(55.14)
Provisions	1,34.72	0.69	-	1,35.41
	(4.83)	(6.86)	-	(11.69)
Total				
Loans Outstanding	5,23.47	1,44.08	3.65	6,71.20
	(2,99.89)	(1,39.38)	(43.79)	(4,83.06)
Provisions	3,45.16	95.34	3.65	4,44.15
	(1,50.30)	(1,28.91)	(43.79)	(3,23.00)

Figures in brackets pertain to previous year.

4.5 In accordance with Accounting Standard - AS- 18 'Related Parties Disclosures,' the details of Related Parties Transactions are given below:

Details of Related Parties:

Joint Venture Promoters

Sundaram Finance Limited – (50.10% of the Paid-up share capital)

BNP Paribas Personal Finance – (49.90% of the Paid-up share capital)

Fellow Subsidiaries

Sundaram BNP Paribas Asset Management Company Ltd.

Sundaram BNP Paribas Trustee Company Ltd.

Sundaram Finance Distribution Ltd.

LGF Services Ltd.

Sundaram Infotech Solutions Ltd.

Sundaram Business Services Ltd.

Infreight Logistics Solutions Ltd.

Professional Management Consultants Ltd.

Sundaram BNP Paribas Fund Services Ltd.

Associates

Sundaram BNP Paribas Mutual Fund

Key Management Personnel

Mr. Nitin Palany – Managing Director (upto 31st March 2010).

Details of Related Parties Transactions for the year ended 31.03.2010

Rs. Lakh

	Joint Venture Promoters	Fellow Subsidiaries / Associates	Key Management Personnel	Total 2009-2010	Previous Year 2008 - 2009
Income					
Interest on Housing Loan	-	-	1.05	1.05	1.32
Rent Charges					
Sundaram Finance Ltd	5.17	-	-	5.17	4.71
Sundaram BNP Paribas Asset Management Company Ltd	-	0.99	-	0.99	1.14
Total	5.17	0.99	1.05	7.21	7.17
Expenses					
Rent and Office Maintenance					
Sundaram Finance Ltd	52.36	-	-	52.36	65.96
Brokerage, Commission, Deposit and Payroll Processing Charges and deposit rate change printing expenses					
Sundaram Finance Ltd	4,40.98	-	-	4,40.98	5,15.19
Sundaram Business Services Ltd	-	34.77	-	34.77	14.88
Intranet Maintenance charges					
Sundaram Finance Ltd	9.82	-	-	9.82	18.86
Internal Audit fees					
Sundaram Finance Ltd	5.24	-	-	5.24	4.49
Connectivity and Other Charges					
Sundaram Finance Ltd	1,14.40	-	-	1,14.40	78.16
Remuneration	-	-	73.86	73.86	70.95
Interest on Fixed Deposits	-	-	0.01	0.01	0.01
Total	6,22.80	34.77	73.87	7,31.44	7,68.50
Assets					
Sale of Assets					
Sundaram Finance Limited	-	-	-	-	3.70
Purchase of Asset					
Sundaram Finance Limited	35.62	-	-	35.62	76.19
Investment in Trust Securities					
Sundaram BNP Paribas Mutual fund	-	399,07.57	-	399,07.57	318,56.01
Disinvestments in Trust Securities					
Sundaram BNP Paribas Mutual fund	-	421,06.50	-	421,06.50	302,62.85
Investment in Trust Securities - at the end of the year					
Sundaram BNP Paribas Mutual fund	-	-	-	-	19,93.38
Housing Loan - at the end of the year	-	-	40.83	40.83	65.83
Other Assets					
Sundaram Finance Ltd	35.22	-	-	35.22	-
Total	70.84	820,14.07	40.83	821,25.74	642,57.96

SUNDARAM BNP PARIBAS HOME FINANCE LIMITED

Details of Related Parties Transactions for the year ended 31.03.2010

Rs. in Lakh

	Joint Venture Promoters	Fellow Subsidiaries / Associates	Key Management Personnel	Total 2009-2010	Previous Year 2008 - 2009
Liabilities					
Other Liabilities					
Sundaram Finance Ltd	56.39	-	-	56.39	4,52.91
Sundaram Business Services Limited	-	0.23	-	0.23	2.73
BNP Paribas Personal Finance	-	-	-	-	3,99.96
Commission Payable	-	-	28.80	28.80	27.00
Total	56.39	0.23	28.80	85.42	8,82.60

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

4.6	Earnings per Share (Basic and diluted)	Apr 2009- Mar 2010	Apr 2008- Mar 2009
A.	Profit for the period after taxation (Rs. Lakh)	27,71.58	26,81.20
B. i)	Actual number of equity shares	8,01,52,288	8,01,52,288
ii)	Weighted Average number of equity shares of Face value of Rs. 10/- outstanding at the end of the period (in numbers)	8,01,52,288	8,01,52,288
C.	Basic and diluted earnings per share (A/B) (in Rs.)	3.46	3.35

4.7 Expenditure in Foreign Currency (on payment basis)

On account of Interest and Travel - Rs. 0.28 Lakh (31.03.2009 – Rs. 70.47 Lakh) and Rs. 0.18 lakh towards others.

4.8 Estimated amount of contracts remaining to be executed on capital account – Rs. 1.77 Lakh. (31.03.2009– Rs. 39.25 Lakh)

4.9 Previous year figures have been regrouped / reclassified wherever necessary to conform to the current year classification.

As per our report of even date attached

 For Brahmayya & Co.
 Chartered Accountants

P. Babu
 Partner

Membership No.203358

 Chennai
 28th April 2010

S. Viji
 Chairman

Srinivas Acharya
 Managing Director

G.Sundararajan
 VP & Head - Finance & Accounts

V.Swaminathan
 Company Secretary

Directors

T.T. Srinivasaraghavan
John Woodhouse
N. Gangaram
M.S.Parthasarathy

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Information as required under Part IV of Schedule VI of the Companies Act,1956

I Registration Details

Registration No.	1	8	-	4	2	7	5	9	State Code	1	8
Balance Sheet Date	3	1	0	3	2	0	1	0			
	Date	Month	Year								

II Capital Raised during the Year (Amount in Rs. Thousands)

Public Issue									N	I	L	Rights Issue									N	I	L
Bonus Issue									N	I	L	Private Placement									N	I	L

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	2	1	9	9	1	8	7	1	Total Assets	2	1	9	9	1	8	7	1
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Sources of Funds

Paid up Capital			8	0	1	5	2	3	Reserves & Surplus		1	4	1	6	3	7	0
Secured Loans	1	1	9	1	4	6	5	8	Unsecured Loans		7	8	5	9	3	2	0

Application of Funds

Net Fixed Assets				2	7	6	8	0	Investments		1	1	8	4	9	1	2	
Loans	1	9	8	1	2	8	6	8	Net Current Assets			9	3	8	0	7	4	
Deferred Tax Asset				2	8	3	3	7	Misc. Expenditure							N	I	L
									Accumulated Losses							N	I	L

IV Performance of Company (Amount in Rs. Thousands)

Turnover		2	3	5	8	9	9	7	Total Expenditure		1	9	4	4	1	3	7				
Profit / (Loss)									Profit/(Loss)												
Before Tax (+)	+		4	1	4	8	6	0	After Tax (+)	+		2	7	7	1	5	8				
Earnings Per Share in Rs.					3	.	4	6	Dividend Rate %	1	0										

V Generic Names of Three Principal Products / Services of Company (As per monetary terms)

Item Code No. (ITC Code)	N	I	L																		
Product/Service Description	H	O	U	S	I	N	G	F	I	N	A	N	C	E							

Cash Flow Statement

Particulars	For the Year ended		For the Year ended		
	31.03.2010		31.03.2009		
	Rs. Lakh		Rs. Lakh		
A) Cash Flow From Operating Activities					
Net Profit as per profit and loss account		27,71.58		26,81.20	
Adjustments					
Provision for tax (including Wealth tax & FBT)		14,25.25		12,35.50	
Deferred Tax		(48.23)		9.61	
Dividend Income		–		(1,20.15)	
Profit on Sale of Assets		(2.28)		(1.20)	
Profit on Sale of Investments		(10,05.64)		(5,21.07)	
Loss on Sale of Investments		–		47.18	
Loss on Fixed Assets sold/ written off		6.21		4.60	
Provision against Non Performing Loans		1,21.15		(92.50)	
Provision against Standard Non Housing Loans		68.81		24.22	
Provision against SLR Investments (Net)		31.75		67.20	
Miscellaneous Exp Written Off		–		3.96	
Depreciation		1,00.91		57.00	
Financial Expenses		164,44.90	171,42.83	145,64.63	152,78.98
Operating Profit before Working Capital Changes		199,14.41		179,60.18	
Adjustments for:					
(Increase) Decrease Trade and other receivables		43,81.16		(71,51.91)	
(Increase) Decrease Excess Interest Spread Asset Account		(265.06)		99.86	
Increase (Decrease) Trade payables and other liabilities		11,71.65	52,87.75	15,16.57	(55,35.48)
Loans Disbursed for the year		(742,71.56)		(537,49.00)	
Loan Repayments for the year		122,09.84		100,50.32	
Loans Prepayments for the year		231,22.00		189,31.00	
Sale of Loans		–		88,30.00	
Loans Disbursed (Net)		(38,939.72)		(159,37.68)	
Cash Generated From Operations		(137,37.56)		(35,12.98)	
Financial Expenses		(164,44.90)		(145,64.63)	
Advance Tax Paid		(14,78.00)	(179,22.90)	(13,17.50)	(158,82.13)
Net Cash from Operating Activity (A)		(316,60.46)		(193,95.11)	

Cash Flow Statement

Particulars	For the Year ended	For the Year ended
	31.03.2010	31.03.2009
	Rs. Lakh	Rs. Lakh
B) Cash Flow From Investing Activities		
Dividend Received	-	1,20.15
Sale of Fixed Assets	7.37	12.07
Purchase of Fixed Asset	(95.86)	(2,08.84)
Purchase of Investment	(2758,43.92)	(1432,15.89)
Sale of Investments	2836,52.77	1323,53.15
Net Cash from Investing Activity (B)	77,20.36	(109,39.36)
C) Cash Flow From Financing Activities		
Increase (Decrease) in Long Term Borrowings (Net)	146,98.94	63,77.79
Increase (Decrease) in Fixed Deposits (Net)	127,13.27	193,30.78
Increase (Decrease) in Commercial Paper	(29,00.00)	109,00.00
Dividend Paid (Including Corporate Dividend Tax)	(18,75.48)	
Net Cash From Financing Activity (C)	226,36.73	366,08.57
Net Increase/(decrease) in cash and Cash Equivalent (A+B+C)	(13,03.37)	62,74.10
Cash and cash Equivalent at the beginning of the period	117,87.68	55,13.58
Cash and cash equivalent at the end of the period	104,84.31	117,87.68
Notes to the Cash Flow Statement		
1) Cash and Cash Equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts.		
Cash on hand	62.85	42.84
Balances with banks - current account	5,05.13	17,44.84
Balances with banks - Short term deposits	-	100,00.00
Certificate of Deposits	99,16.33	-
Cash and Cash equivalents	104,84.31	117,87.68

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

As per our report of even date attached

For Brahmaya & Co.
Chartered Accountants

P. Babu
Partner

Membership No.203358

Chennai
28th April 2010

S. Viji
Chairman

Srinivas Acharya
Managing Director

G. Sundararajan
VP & Head - Finance & Accounts

V. Swaminathan
Company Secretary

Directors

T.T. Srinivasaraghavan

John Woodhouse

N. Gangaram

M.S. Parthasarathy

Report on Corporate Governance

Right from its establishment in 1999 as a subsidiary of Sundaram Finance Ltd. (SF), the Company has adopted the SF Group's corporate core values stressing ethical business practices with transparency and accountability, dedicated customer service, and efficient and prudent financial policies. These values have been reinforced by the entry in 2007, as a joint shareholder, of the leading European banking group, BNP Paribas, with its strong stress on responsiveness, creativity, commitment, and ambition.

Though not obligatory, the Company has voluntarily adopted the Corporate Governance Code. While striving to enhance shareholder value, the Company has followed sound corporate-governance and financial-disclosure policies and practices.

The Directors present below a detailed review of the Company's policies and practices on corporate governance:

BOARD OF DIRECTORS

Size and Composition

SF holds 50.10% of the paid-up share capital of this Company and BNP Paribas Personal Finance, earlier known as Union de Credit pour le Batiment S A (UCB), the remaining 49.90%.

As on 31st March 2010, the Board consisted of seven Directors with Mr. S. Viji as the non-executive Chairman and Mr. Nitin Palany as the Managing Director of the Company. On the expiry of the term of Mr. Nitin Palany on 31st March 2010, Mr. Srinivas Acharya, Director, has been appointed as Managing Director for a period of 5 years with effect from 1st April 2010. Currently, the Board thus has six Directors. Mr. T. T. Srinivasaraghavan, Mr. John Christopher Woodhouse, Mr. N. Ganga Ram and Mr. M.S. Parthasarathy are the non-executive Directors, besides Mr. S. Viji. Mr. N. Ganga Ram and Mr. M.S. Parthasarathy are independent members of the Board.

Mr. Frederic Bernard Robert Amoudru and Mr. Bernard Michel resigned from the Board during the year.

The Managing Director is appointed by the shareholders for up to five years at a time, and may be re-appointed, if eligible.

No Director is related to any other Director.

Directors' Term

The Articles of Association require that at least two-thirds of the Directors retire by rotation. One-third of such Directors are required to retire every year and, if eligible, may be re-appointed.

Membership of other Boards

No Director 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 2010 are given below:

Director	Directorships*		Committees of companies* in which Chairman/Member	
	Chairman	Director	Chairman	Member
1. Mr. S. Viji	1	6	-	4
2. Mr. T.T. Srinivasaraghavan	1	6	2	2
3. Mr. Srinivas Acharya #	-	8	2	4
4. Mr. Frederic Bernard Robert Amoudru	-	-	-	-
5. Mr. Bernard Michel	-	-	-	-
6. Mr. John Christopher Woodhouse	-	-	-	-
7. Mr. N. Ganga Ram	-	2	2	1
8. Mr. M.S. Parthasarathy	-	1	-	1
9. Mr. Nitin Palany **	-	-	-	-

* Other than Sundaram BNP Paribas Home Finance Limited. Foreign companies, Private companies and companies under Section 25 of the Companies Act, 1956 are excluded for the above purpose.

Appointed as Managing Director with effect from 1st April 2010.

** The term of office of Mr. Nitin Palany as Managing Director expired on 31st March 2010.

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:

- Strategy and business plans;
- Operational and financial policies;
- Annual Operating and expenditure budgets;
- Compliance with statutory requirements;
- Adoption of Quarterly/Half-Yearly/Annual results and
- Minutes of the Meetings of the Board/Committees.

The Board meets at regular intervals, and as and when necessary, and takes decisions after careful consideration of the issues involved. The Directors are informed of the main items on the agenda for every Board meeting along with the notice. Detailed agenda notes are sent to each Director in advance of the meeting.

The Company has a formal system for follow-up and review, to ensure that appropriate action is taken to implement the Board's decisions and directions. The action taken is reported to the Board regularly.

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

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

BOARD MEETINGS

Board meetings are normally held at the Company's Registered Office in Chennai. The Board meets at least once a quarter, and more frequently as necessary.

During the year ended 31st March 2010 (FY10), the Board met 12 times as noted below:

2009 - 2010		
28 April 2009	28 October 2009	9 February 2010
29 May 2009	4 December 2009	23 February 2010
23 July 2009	30 December 2009	5 March 2010
11 September 2009	28 January 2010	19 March 2010

The meetings were attended by Directors as shown below:

Director	No. of Meetings	
	Held	Attended
1. Mr. S. Viji	12	11
2. Mr. T.T. Srinivasaraghavan	12	12
3. Mr. Srinivas Acharya	12	12
4. Mr. Frederic Bernard Robert Amoudru	12	-
5. Mr. Bernard Michel	12	2
6. Mr. John Christopher Woodhouse	12	6
7. Mr. N. Ganga Ram	12	10
8. Mr. M.S. Parthasarathy	12	12
9. Mr. Nitin Palany	12	10

BOARD COMMITTEES

As noted above, the Board has constituted three Committees:

Executive Committee

As on 31st March 2010, the Executive Committee consisted of four members with Mr. T. T. Srinivasaraghavan as Chairman and Mr. Nitin Palany, Managing Director and Mr. John Christopher Woodhouse and Mr. Srinivas Acharya as members. On the expiry of his term as Managing Director on 31st March 2010, Mr. Nitin Palany has ceased to be a member of the Committee.

The Committee approves loans, borrowings, and investments within limits specified by the Board. Besides, the Committee reviews the conduct of business and operations, considers new products and parameters and suggests business reorientation.

The Executive Committee met 73 times during the year.

Audit Committee

The Audit Committee consists of four non-executive Directors, who are qualified and experienced in the fields of finance and accounting. Any two members form the quorum for meetings. The Company Secretary is also the Secretary to the Committee.

As of 31st March 2010, the Committee consisted of Mr. M.S. Parthasarathy as Chairman and Mr. N. Ganga Ram, Mr. Srinivas Acharya and Mr. John Christopher Woodhouse as members.

The Chairman of the Committee remains present at the annual general meeting of the Company and provides clarification on matters relating to audit.

The external and the internal auditors of the Company as well as the Managing Director and the senior executives of the Company are invited to the meetings of the Committee.

The Audit Committee:

- oversees the Company's financial reporting and disclosure to ensure that the financial statements are correct and credible;
- reviews the annual, half-yearly, and quarterly financial statements and recommends them to the Board for being taken on record;
- reviews the effectiveness and adequacy of the Company's internal control systems, and its compliance with the applicable statutory requirements and regulatory directives or guidelines;
- recommends the appointment of external auditors for Board clearance and shareholder approval;
- reviews the audit scope and plans (statutory, internal, and systems), and discusses the main audit findings and comments with the management and auditors to focus on any significant area of concern and to ensure expeditious rectification of shortcomings noticed; and
- recommends the fees payable to auditors for audit and for any other services rendered to the Company.

The Audit Committee met seven times during the year under review, as follows:

Member	No. of Meetings	
	Held	Attended
1. Mr. M.S. Parthasarathy	7	7
2. Mr. N. Ganga Ram	7	6
3. Mr. Srinivas Acharya	7	6
4. Mr. Bernard Michel	7	-
5. Mr. John Christopher Woodhouse	7	3

Asset Liability Risk Management Committee (ALCO)

As of 31st March 2010, ALCO comprised six members, viz, Mr. Nitin Palany - Managing Director, Mr. John Christopher Woodhouse, Director, Mr. M. Ramaswamy, Senior Vice-President & Head (Treasury) - nominee from SFL, Mr. G. Sundararajan, Vice-President & Head (Finance & Accounts), Mr. S. Rajagopalan, General Manager & Head (Operations) and Mr. V. Swaminathan, Company 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 four times during the year.

REMUNERATION OF DIRECTORS

Independent Directors were paid remuneration by way of sitting fees for attending Board and Committee meetings during FY10 as noted below:

Director	Sitting Fees Paid
1. Mr. N. Ganga Ram	Rs. 1,60,000
2. Mr. M.S. Parthasarathy	Rs. 1,90,000

Besides the sitting fees, the Independent Directors were paid during FY10 a commission of Rs. 1 lakh each for FY09, duly approved by the shareholders at the Annual General Meeting held on 23rd July 2009 and by the Central Government (Ministry of Corporate Affairs), vide its letter SRN No.A66212374-CL-VII dated 24th February 2010.

The Managing Director is appointed under a contract with the Company with the approval of the shareholders. His remuneration package comprises salary, allowances, and perquisites within the limits prescribed in Schedule XIII to the Companies Act, 1956.

The details of managerial remuneration paid are disclosed in the Notes to the Accounts forming part of the Annual Accounts.

DIRECTORS' DEPOSITS WITH THE COMPANY

As on 31st March 2010, Directors held deposits aggregating Rs. 94.89 lakh with the Company. The interest paid on deposits of Directors during the year amounted to Rs. 11.03 lakh.

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.

Distribution of Shareholding as on 31st March 2010

No. of Equity Shares Held by each	No. of Shareholders	Total No. of Shares	% to Capital
1	5*	5	Negligible
1,00,001 and above	2	8,01,52,283	100%
Total	7	8,01,52,288	100%

* Nominees of SF

Of the 8.02 crore equity shares, 4.00 crore shares have been dematerialised, and the remaining shares are in physical form.

SHARE PRICE PERFORMANCE

Not applicable since the Company's shares are not listed.

SHARE TRANSFER AND INVESTOR GRIEVANCES COMMITTEE

As the shares of the Company are not listed, it is not required to constitute a Share Transfer and Investor Grievances Committee.

LISTED DEBENTURES

The Company has so far issued, through private placement, thirteen series of secured/unsecured non-convertible debentures (NCDs) aggregating Rs. 550 crore. The NCDs have been listed with the National Stock Exchange of India Ltd. (NSE) for trading in compulsory dematerialised form. The Company has duly paid the NSE listing fees for FY10 for the purpose of trading.

During the year, the Company issued subordinated, unsecured redeemable NCDs aggregating Rs. 100 crore, and secured, redeemable NCDs aggregating Rs. 100 crore. During FY10, NCDs aggregating Rs. 45 crore were redeemed. After taking into account, redemptions made in the earlier years, NCDs of Rs. 305 crore were outstanding as on 31st March 2010.

COMMERCIAL PAPER

During FY10, the Company privately placed commercial paper aggregating Rs. 150 crore with mutual funds and banks.

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 - 28460390
Fax : 044 - 28460129
Email : Cameo@Cameoindia.com
Contact Person : Mr. R.D. Ramaswamy, Director

ANNUAL GENERAL MEETINGS

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

For Financial Year	Date of meeting	Time	Venue
2008-09	23 July 2009	10.30 am	Registered Office
2007-08	24 July 2008	2.00 pm	Registered Office
2006-07	25 July 2007	2.30 pm	Registered Office

No resolutions were passed during the year ended 31st March 2010 through Postal Ballot. None of the resolutions being placed at the ensuing Annual General Meeting is covered by the Postal Ballot Rules.

DISCLOSURE

The Company has complied with the requirements of SEBI and NSE on the matters relating to the capital markets as applicable from time to time. There has been no instance of non-compliance by the Company or penalty or strictures imposed on the Company by SEBI or NSE or any statutory authority, on any matter related to capital markets, during the last three years.

MEANS OF COMMUNICATION

In accordance with the provisions of the Listing Agreement with NSE, unaudited half-yearly financial results of the Company in respect of FY10 were forwarded to NSE in the prescribed form. Further, the results were published in newspapers as required by the said Agreement and displayed on the Company's website www.sundarambnp-paribashome.com

CORPORATE IDENTITY NUMBER

The Corporate Identity Number (CIN), allotted by the Ministry of Corporate Affairs, Government of India, to the Company is U65922TN1999PLC042759. With the MCA 21 initiative of the Ministry of Corporate Affairs going live, the Company's Master Data information and details of the compliance filings made by the Company with the Ministry may be viewed by members and other stakeholders at www.mca.gov.in using the CIN.

Address for correspondence and any assistance or clarification:

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

Mr V. Swaminathan,
 Compliance Officer
 Sundaram BNP Paribas Home Finance Ltd.
 First Floor, Sundaram Towers
 46, Whites Road,
 Chennai 600 01
 Phone : 044-28582234
 e-mail : swaminathan@sundarambnpphome.in

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This report forms part of the Directors' Report.

GENERAL SHAREHOLDER INFORMATION

Eleventh Annual General Meeting

Date	Time	Venue
15th July 2010	3.00 pm	No.21, Patullos Road, Chennai 600 002.

FINANCIAL CALENDAR

The Company's Board is scheduled to consider the audited annual results as under:

- Financial Year – 1st April 2009 to 31st March 2010: 28th April 2010.
- Unaudited results for the half-year ending 30th September 2010: End of October 2010.



SUNDARAM BNP PARIBAS
— HOME FINANCE —

Registered Office : 21, Patullos Road, Chennai - 600 002. Phone : (044) 2852 1181

Corporate Office : 46, Whites Road, Chennai - 600 014. Phone : (044) 2851 5267, 2851 5269

Andhra Pradesh

Anantapur: 08554 274070, Guntur : 0863 325 1002, Hyderabad :040 2780 6002,
Kakinada : 0884 320 6953, Nellore: 0861 232 8481, Ongole : 08592 221276
Rajahmundry : 0883 325 6600, Vijayawada : 0866 329 8753,
Visakhapatnam : 0891 325 5704, Warrangal : 0870 244 1244,

Karnataka

Bangalore : 080 2356 7911, Hubli: 0836 235 8613,
Mangalore : 0824 245 1517, Mysore : 0821 242 5007

Kerala

Calicut : 0495 324 1497, Cochin : 0484 235 0341, Kollam: 0474 274 2233
Kannur : 0497 276 1917, Kottayam : 0481 326 0025, Manjeri: 0483 2766863,
Trichur : 0487 232 4077, Trivandrum : 0471 232 6086, Palakkad : 0491 2505610

Puducherry

0413 320 0235

Tamil Nadu

Chennai : 044 2815 5151 / 3298 2611, Coimbatore : 0422 224 6655,
Dharmapuri : 04342 266519, Dindugal : 0451 242 2001, Erode : 0424 329 8868,
Hosur : 04344 243318, Kancheepuram : 272 33660, Karaikudi : 04565 233202, Kumbakonam : 0435 243 3216
Madurai : 0452 438 0202, Namakkal : 04286 325711, Pollachi: 04259 222011, Salem : 0427 325 3396,
Tanjore : 04362 233216, Tirunelveli : 0462 250 0274, Tirupur : 0421 224 4450,
Trichy : 0431 329 7410, Tuticorin : 0461 232 8827, Vellore : 0416 320 0800,
Villupuram : 04146 324989



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