

Board of Directors

S. Viji	Chairman
T.T. Srinivasaraghavan	
S. Ravindran	
John Christopher Woodhouse	
Anthony Colwyn-Thomas	
Alexandre Adam	
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
John Christopher Woodhouse	
Srinivas Acharya	

Asset Liability and Risk Management Committee

M. Ramaswamy	Chairman
Srinivas Acharya	
John Christopher Woodhouse	
Alexandre Adam	
G. Sundararajan	
S. Rajagopalan	
V. Swaminathan	Member - Secretary

Corporate Social Responsibility Committee

Srinivas Acharya	Chairman
S. Ravindran	
N. Ganga Ram	

Company Secretary

V. Swaminathan

Registered Office

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

Corporate Office

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

Senior Executives

G. Sundararajan
S. Rajagopalan
V. Janaki
V. Swaminathan
S. Raghavan
R. Srinivasan
B. Dattu Reddy
Nageswararao Sodisetty
V. Vijay Kulkarni

Chief Financial Officer
Head - Operations
Head - Information Systems
Company Secretary & Head – Compliance & Administration
Head - Central Process Control
Area Head – Tamil Nadu
Area Head – Andhra Pradesh
Area Head – Karnataka
Area Head – Rest of India

Statutory Auditors

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

Internal Auditors

Internal Audit Department
Sundaram Finance Limited
21, Patullos Road, Chennai – 600 002

Information Security Assurance Services

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

Bankers

State Bank of India
Canara Bank
Syndicate Bank
Oriental Bank of Commerce
UCO Bank
ICICI Bank
BNP Paribas

Bank of Maharashtra
HDFC Bank
Federal Bank
Axis Bank
IDBI Bank
IndusInd Bank

Debenture Trustee / Trustee for Public Deposits

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

Trustee for Securitisation

IL & FS Trust Company Limited
The IL & FS Financial Centre, Plot C-22, G Block
Bandra-Kurla Complex
Bandra (E), Mumbai – 400 051

Corporate Identity Number

U65922TN1999PLC042759

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HIGHLIGHTS

(₹ in crore)

	2013-14	2012-13	2011-12	2010-11	2009-10
OPERATIONAL HIGHLIGHTS:					
Approvals	2648	2847	2248	1447	904
Disbursements	2493	2572	1948	1207	739
Loans outstanding	6338	5523	3728	2641	1851
Loans under Management (including assets sold/securitised)	7112	5902	4226	2928	2083
FINANCIAL HIGHLIGHTS:					
Paid-up capital	101.25	92.65	80.15	80.15	80.15
Reserves and surplus	596.64	421.89	245.79	175.34	141.64
Networth	697.90	514.55	325.94	255.49	221.79
Total borrowings	6100.31	5357.92	3710.03	2538.56	1966.94
Fixed Deposits	673.20	553.81	531.98	526.73	485.93
Net interest income	241.08	187.26	132.44	77.54	41.20
Fees & Other Income (Net of Business Sourcing Cost)	82.10	69.26	51.20	29.76	26.29
Operating Income	323.18	256.52	183.64	107.30	67.49
Operating Cost	60.82	51.12	37.59	25.62	21.56
Operating Profit	262.36	205.40	146.05	81.68	45.93
Profit before tax	215.13	176.68	130.50	68.38	41.49
Profit after tax	150.74	126.55	93.73	47.68	27.72
Return on average networth (%)	24.87	30.11	32.24	19.98	13.04
Book value (₹)	68.92	55.54	40.67	31.88	27.67
Earnings per share (₹)	16.16	13.57	11.57	5.95	3.46
Capital Adequacy Ratio (%)	18.56	15.42	14.61	15.24	18.66
Cost-to-income ratio (%)	18.82	19.93	20.47	23.88	31.95
Gross non-performing loans (%)	1.53	0.77	0.31	0.29	0.34
Net non-performing loans (%)	0.46	0.23	0.06	0.09	0.11

DIRECTORS' REPORT

To the Members

The Directors have pleasure in presenting the Fifteenth Annual Report of the Company together with the audited accounts for the year ended 31st March 2014 (FY14). The summarised financial results are given hereunder:

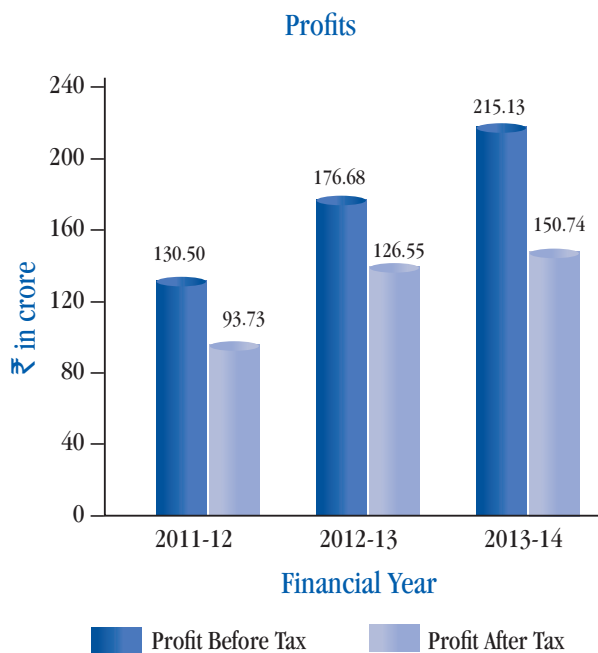
FINANCIAL RESULTS :

(₹ in lakhs)

	For the Year ended	
	March 31, 2014	March 31, 2013
Profit before Tax	21512.70	17667.78
Less: Provision for Tax	6439.03	5013.22
Profit after Tax	15073.67	12654.56
Add: Balance brought forward from the previous year	3665.53	1136.92
Amount available for appropriation	18739.20	13791.48
Appropriations proposed:		
1. Transfer to Special Reserve under Section 36 (1)(viii) of the Income-tax Act, 1961	2800.00	2200.00
2. Transfer to Additional Reserve under Section 29C of the National Housing Bank Act, 1987	215.00	332.00
3. Transfer to General Reserve	6200.00	3800.00
4. Dividend	4050.17	3242.83
5. Dividend Tax	688.33	551.12
6. Surplus carried to the Balance Sheet	4785.70	3665.53
Total	18739.20	13791.48

DIVIDEND

The Directors are pleased to recommend a dividend of 40% (₹ 4 per share) for the financial year 2013-14 (FY14) on the total paid-up capital of ₹ 101.25 crore as against 35% for the previous year on the total paid-up capital of ₹ 92.65 crore. The dividend, together with dividend tax of ₹ 6.88 crore, will absorb a sum of ₹ 47.38 crore.



CAPITAL INFUSION

During the year, there was a fresh equity infusion of ₹ 80 crore by issue of 86,02,150 equity shares at ₹ 93 per share (face value of ₹ 10 per share plus securities premium of ₹ 83 per share). Consequently, the paid-up equity share capital increased from ₹ 92.65 crore to ₹ 101.25 crore.

MATERIAL CHANGES AFTER BALANCE SHEET DATE (31ST MARCH 2014)

There have been no material changes and commitments between the end of FY14 and the date of this Report affecting the financial position of the Company.

CORPORATE GOVERNANCE

While the Company's equity shares are not listed on any stock exchange, its privately placed debt securities are listed on the National Stock Exchange of India Ltd. (NSE). Although the provisions relating to corporate governance are not mandatory for companies issuing debt securities alone, the Company has voluntarily adopted them as brought out in the attached Report. The Board of Directors regularly reviews the Management's reports on statutory and regulatory compliance.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDIAN ECONOMIC TRENDS

The Indian economy continued to move at a sluggish pace during the year. Some bright spots seemed to have led to a slight acceleration in the latter half of the year, while the environment was clouded by uncertainties associated with the impending national elections.

Improving export growth and signs of revival in some services, along with an expected pick-up in agriculture, may have contributed to a slightly higher growth in the second half of 2013-14 than in the first half, raising real GDP growth from 4.4 per cent in the first quarter to an estimated 4.9 per cent for the year as a whole.

Even though the global environment remains challenging, the risks of near-term macro instability seem to have diminished with the narrowing of both current account and fiscal deficits, movements in the rupee exchange rate, augmented foreign exchange reserves at around \$310bn, and more importantly, the setting in motion of disinflationary steps. However, strong economic recovery calls for removal of structural impediments, building business confidence, and policy support for investments.

Securities markets have, however, been buoyant in the closing months of the year, with considerable inflow from foreign institutional investors. The markets seem to be expecting the emergence of a more conducive business climate following the Parliamentary elections.

The Reserve Bank of India eased monetary policy by cutting 25 bps in policy rates in May 2013. However, in the same month, fears caused by a near-term tapering off of the stimulus by the Federal Reserve of the US caused capital outflows and exchange rate pressures. Added to these were an unsustainable current account deficit, and renewed inflationary pressures in the wake of sharp rupee depreciation and rising vegetable prices. The Reserve Bank had to resort to exceptional policy measures for tightening the monetary policy, which were rolled back after restoring stable conditions in the foreign exchange market. The policy repo rate was hiked by 75 bps in three steps to 8%. The last of the hikes, in January 2014, was aimed at containing the food price pressures felt during June-November 2013. Since then, inflation expectations have been slightly moderated.

Inflation, going by the consumer price index (CPI), declined to 8.1% in February 2014 compared with 10.91% in February 2013. RBI is targeting CPI inflation at 6% by January 2016.

INDUSTRY OVERVIEW

Increasing urbanization, growth in employment, and a growing upwardly mobile population have been stimulating the demand for residential and commercial space in the country. Yet, home mortgages account for only 9% of GDP, indicating a vast untapped potential for expansion. However, the sector is currently burdened with many problems, such as escalating land and construction costs, delayed approvals, procedural bottlenecks, lack of transparency, lack of clear title, inadequate sources of finance, and labour shortage. Construction costs have increased by nearly 40% in the last two years. Banks' reluctance to lend to real estate companies, in the context of the problems recently experienced in such lending, has led the companies to higher-cost borrowing from other sources. Government taxes have also gone up substantially, leaving little scope for a reduction in home prices.

As a result of high property prices, rising cost of loans, sticky inflation and the fear of job loss in a slowing economy, buyers are hesitant

to undertake long-term commitments underlying home loans. Home sales across the country have slowed down in the past 12 to 18 months. According to data from property research firm, Liases Foras, unsold inventory levels all over the country have risen from about 6,50,000 apartments in October-December 2013 to about 7,00,000 by end-March 2014.

Home finance companies (HFCs) and banks also expect the growth in home financing to be subdued in the near future on account of the difficult market conditions and rising delinquencies. The focus of lenders will shift to improving recoveries and collection efficiency besides controlling operating costs.

OUTLOOK

A recovery by the housing industry is likely to take time. Consumer confidence is expected to remain subdued during the first two quarters of 2014, owing to macroeconomic conditions (both global and domestic). Besides, the new Government at the Centre would need time to settle down. However, a stable and supportive policy regime will help builders and buyers move ahead with greater confidence. An increase in the absorption of residential units will help reduce the currently large inventory of developers. The Confederation of Real Estate Developers' Associations of India (CREDAI) has identified demand from Tier-II and Tier-III cities as an impetus for better real estate solutions. With rapid land and infrastructure development in smaller cities and towns, assisted by loans, higher earnings and improved standards of living, housing and construction demand is expected to increase in these cities.

Some of the new developments such as the enactment of Land Acquisition Act, 2013 and the introduction of Real Estate Regulation & Development Bill, 2013 were progressive measures targeted to ensure best market practices and expected to change the real estate sector for the better, in spite of some drawbacks that threatened to escalate prices further. Another new development in the sector, Real Estate Investment Trusts (REITs), could develop into popular instruments to channel resources of smaller investors into income-generating

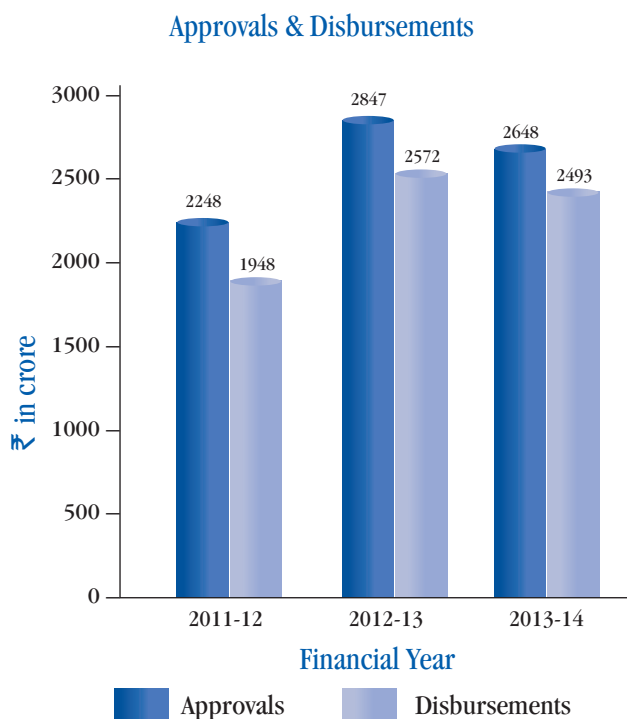
real estate assets. It will help both developers and investors, through better financing and investment options, adding depth to the real estate market. Tax incentives for investments in housing, especially the affordable housing sector, will improve the chances of success of the trusts. The creation of the Urban Housing Fund in the interim budget of the Central Government is also expected to stimulate growth, especially in the affordable housing segment.

OPERATING AND FINANCIAL PERFORMANCE

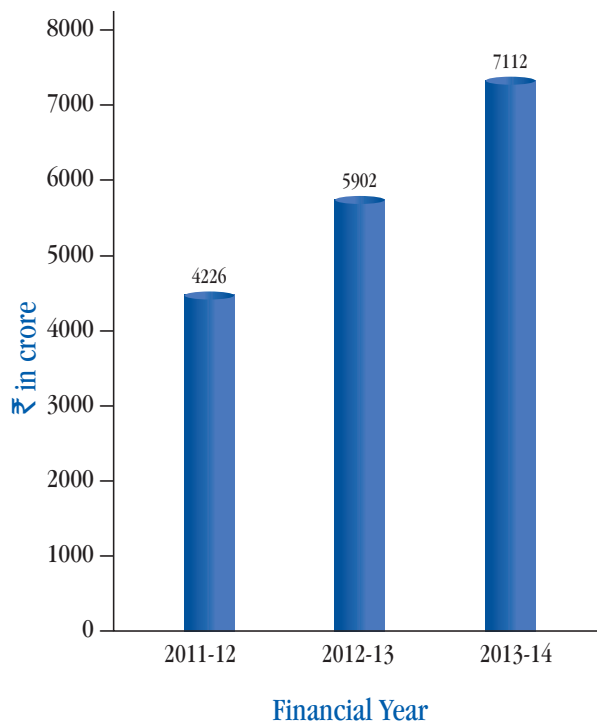
The Company's overall performance during the year was satisfactory, viewed against the challenges and uncertainties posed by the economic and operational environments.

Home-loan disbursements grew by 13% over the previous year. Disbursements of non-housing loans, however, dropped by 26%, reflecting increased caution and prudence in extending such loans. The decline contributed to a 3% decline in total loan disbursements, from ₹ 2572 crore in the previous year to ₹ 2493 crore.

The average size of home loans disbursed to individuals during the year was ₹ 19 lakhs.



Loans under Management



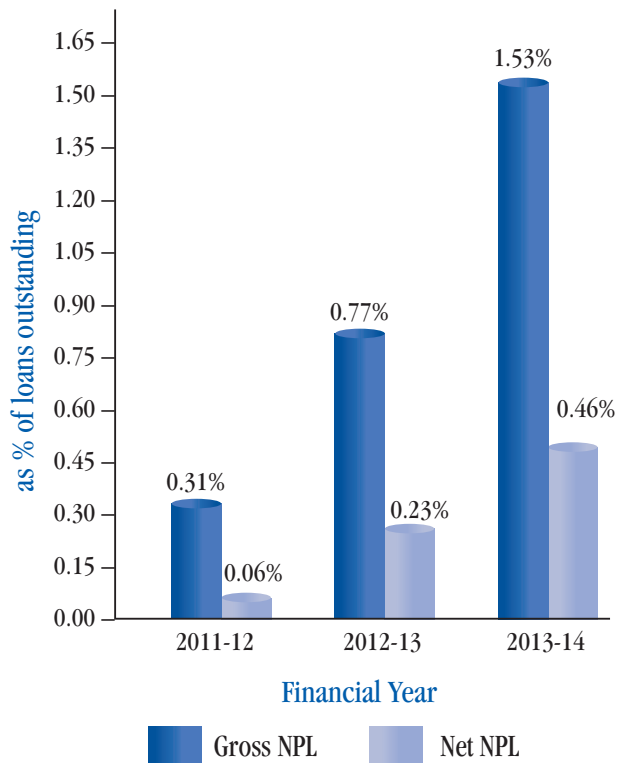
Gross income during the year amounted to ₹ 887.77 crore, 28% higher than ₹ 692.38 crore in the previous year. At ₹ 215.13 crore, profit before tax was 22% higher than the previous year's ₹ 176.68 crore. Profit after tax, at ₹ 150.74 crore, was up by 19% (₹ 126.55 crore in FY13).

Increased post-tax profits, after providing for dividends, coupled with a fresh capital contribution of ₹ 80 crore during the year, raised the Company's net worth to ₹ 697.90 crore as on 31st March 2014 (₹ 514.54 crore a year earlier). As on that date, the regulatory capital adequacy ratio (CAR) was a comfortable 18.56%, the regulatory minimum being 12%.

The quality of the loan portfolio continued to be high, although there was some marginal deterioration as the debt-servicing capacity of some borrowers became strained in the context of business slowdown and uncertainties. Gross non-performing loans (NPLs) (loans in continuing default for more than 90 days) rose to ₹ 97.01 crore as on 31st March 2014, accounting for 1.53% of total

loans, (₹ 42.53 crore, or 0.77%, as on 31st March 2013). Net NPLs (i.e. gross NPLs less provisions) increased to ₹ 29.10 crore over the year, representing 0.46% of the loan portfolio (₹ 12.73 crore, or 0.23%, last year). The Company has been taking vigorous steps, including legal recourse where necessary, to recover and minimise overdues.

Non-Performing Loans



The Company's conservative loan provisioning policy has aimed at not only complying with the regulatory requirements but also at maintaining a higher level of provisions, as a matter of prudence, to meet unforeseen contingencies. Available provisions of ₹ 67.91 crore against NPLs as at 31 March 2014 were equivalent to 70% of the gross NPLs, 49% in excess of those mandated by regulatory norms. In addition, provisions totalling ₹ 28.94 crore were available against other standard loans as required by the National Housing Bank (NHB).

RESOURCE MOBILISATION

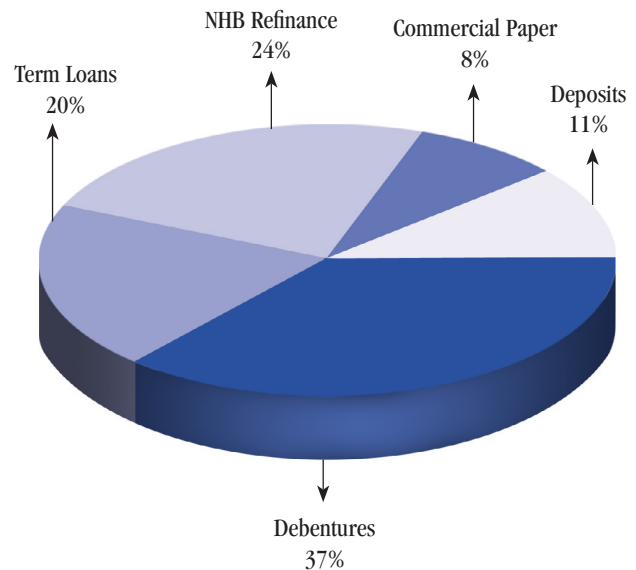
FRESH EQUITY

As mentioned earlier, the Company's shareholders brought in fresh equity funds of ₹ 80 crore during the year through a rights issue at a premium of ₹ 83 per share.

BORROWINGS

Total borrowings as on 31st March 2014 rose by 13.86% to ₹ 6100.31 crore from ₹ 5357.92 crore, a year earlier. Of the total borrowings, NHB refinance constituted 24%, term loans from banks and financial institutions 20%, non-convertible debentures (NCDs) 37%, public deposits 11%, and commercial paper 8%.

Loan Funds



During the year, the Company availed itself of fresh refinance of ₹ 823 crore from NHB and repaid ₹ 429.55 crore of such refinance. The Company raised term funds of ₹ 1,580 crore through non-convertible debentures and from banks. The Company has repaid all its term borrowings (including debentures) as and when they became due for payment and there are no amounts of debentures that are remaining unclaimed by the investors or unpaid by the Company.

COMMERCIAL PAPER

The Company issued commercial paper aggregating ₹ 721.94 crore during the year. The maximum amount of commercial paper outstanding at any time during the year was ₹ 730.75 crore (face value) and the amount outstanding at the end of the year was ₹ 523.25 crore (face value).

DEPOSITS

During the year, the Company mobilised fresh public deposits of ₹ 184.66 crore. Deposits outstanding at the year-end were ₹ 673.20 crore (₹ 553.81 crore at end-FY13).

The Company notifies depositors well ahead of the maturity of their deposits, and thereafter issues periodic reminders if the deposits are not renewed or withdrawn on or after maturity. As of 31st March 2014, deposits totalling ₹ 3.16 crores from 338 depositors had matured but had not been renewed or withdrawn. The Company is closely following up these cases.

CREDIT RATINGS

The Company's borrowings enjoy the following credit ratings:

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

BRANCH EXPANSION

The Company opened four new branches during FY14, taking the total number of branches to 104 as at 31st March 2014.

INTERNAL AUDIT

To carry out an effective internal audit, the Company has engaged the Internal Audit Department of Sundaram Finance Ltd. as Internal Auditors. The internal audit covers the Corporate Office, branches and other offices of the Company. The Internal Auditors review all the internal control and risk-management measures, highlight areas requiring attention, and report their main findings and recommendations to the Audit Committee of the Board. The Committee regularly reviews the audit findings and action taken thereon, as well as the adequacy and effectiveness of the internal systems and controls.

INFORMATION SECURITY ASSURANCE SERVICES

The Company's operations are highly automated, taking advantage of advances in modern information technology. The Company is assisted in this process by Sundaram Infotech Solutions, a unit of Sundaram Finance Ltd. This apart, information security assurance service is provided by Tejas Brainware Systems Ltd., whose recommendations have led to the introduction of several additional safeguards in operational, accounting, and security-related areas.

RISK MANAGEMENT

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 suitable risk-management measures, such as accessing the applicant's credit history with credit information bureaus, field investigation of the applicant's credentials, adoption of prudent loan/value ratio and analysis of the borrowers'

debt-service capacity, thorough in-house scrutiny of the legal documents, monitoring the end-use of approved loans, lending only against approved properties, risk-based loan pricing, and property/life insurance. The Company has employed qualified personnel to value properties and track property price movements.

Besides, the Central Process Control (CPC) cell, headed by a senior officer, set up at the Head Office has an effective control over the entire disbursement process, freeing branches to pay increased attention to business development, customer service and recovery.

ASSET LIABILITY AND RISK MANAGEMENT COMMITTEE

The Asset Liability and Risk Management Committee (ALCO), functioning under the supervision of the Board and within the regulatory framework, lays down risk-management policies and quantitative limits on various types of assets and liabilities, based on a realistic assessment of different risks and desirable shifts in assets and liabilities to manage such risks. ALCO ensures that the liquidity and interest-rate risks are contained within the limits laid down by the Board. Being dynamic, the risk management framework continues to evolve in line with the emerging risk perceptions. The Company submits periodic reports to NHB on the management of the Company's risks and assets and liabilities.

HUMAN RESOURCES

A key to organisational performance — both qualitative and quantitative — is the employees' contribution. 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 in various other functional areas were conducted during the year to upgrade the skills of employees and achieve functional effectiveness. In addition, executives were seconded to various external training programmes

and seminars on risk management, regulatory know-your-customer guidelines, anti-money laundering and the Fair Practices Code. These training programmes enabled the staff members to refresh and hone their knowledge in the areas of their responsibility. New employees are put through an induction programme that covers business requirements, Company's processes, regulatory prescriptions, and personality development.

STATUTORY AND REGULATORY COMPLIANCE

The Company has complied with the applicable statutory provisions, including those of the Companies Act, 1956, applicable provisions of Companies Act, 2013 and the Income-tax Act, 1961. Further, the Company has complied with Housing Finance Companies (NHB) Directions, 2010 and Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).

DIRECTORS

There was no change in the composition of the Board during the year. Mr. S. Viji and Mr. Srinivas Acharya retire by rotation and, being eligible, offer themselves for re-appointment. The Board recommends their re-appointment.

AUDITORS

The Company's statutory auditors, Messrs. Brahmayya & Co., Chartered Accountants, Chennai, retire at the Fifteenth Annual General Meeting and are eligible for re-appointment. A certificate from the Auditors that they satisfy the conditions prescribed under the Companies Act, 2013 and the Rules made thereunder (including satisfaction of criteria under Section 141 of the Companies Act, 2013), 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 earning or expenditure.

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, 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 its shareholders and their executives, depositors and investors, mutual funds and banks for their support and co-operation during the year. The Directors also thank the National Housing Bank for its valuable guidance and funding support.

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

For and on behalf of the Board of Directors

Chennai
29th April 2014

S Viji
Chairman

Report on Corporate Governance

Corporate Governance is the system of rules, practices and processes by which a Company is directed and run. It also provides the framework for attaining a Company's objectives, encompassing practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure. Launched in 1999 as a subsidiary of Sundaram Finance Ltd. (SF), our Company has imbibed the Sundaram Finance Group's core values of service, discipline, prudence, fair play, honesty, integrity, humility, openness and relationship. These values have been reiterated by the entry in 2007 of BNP Paribas, one of the leading European banking groups, with its strong stress on responsiveness, creativity, commitment and ambition, as a joint shareholder.

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

What follows is a detailed review of the Company's policies and practices on corporate governance.

1. BOARD OF DIRECTORS

Size and Composition

Sundaram Finance holds 50.10% of the paid-up share capital of the Company and BNP Paribas Personal Finance S.A., (BNPPF), the remaining 49.90%.

All the Directors of our Company are persons with expertise in banking, finance, auditing and/or accounting.

As on 31st March 2014, the nine-Member Board of the Company consisted of:

1. Mr. S. Viji, Chairman
2. Mr. T.T. Srinivasaraghavan
3. Mr. S. Ravindran
4. Mr. John Christopher Woodhouse
5. Mr. Anthony Colwyn-Thomas
6. Mr. Alexandre Adam
7. Mr. N. Ganga Ram
8. Mr. M.S. Parthasarathy
9. Mr. Srinivas Acharya, Managing Director

Mr. N. Ganga Ram and Mr. M.S. Parthasarathy are Independent Directors.

There were no appointments/resignations of Directors during the year.

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

No Director is related to any other Director.

1.1 Directors' term

The Articles of Association require that at least two-thirds of the Directors retire by rotation. One-third of such Directors is required to retire every year and, if eligible, may offer themselves for re-appointment.

1.2 Membership of other Boards

No Director is a Member of more than 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 2014 are given below:

Director	Directorships*		Chairmanship/ Membership of committees of other Companies*	
	Chairman	Director	Chairman	Member
1. Mr. S. Viji	1	7	1	1
2. Mr. T.T. Srinivasaraghavan	1	9	5	1
3. Mr. S. Ravindran	-	5	-	6
4. Mr. John Christopher Woodhouse	-	-	-	-
5. Mr. Anthony Colwyn-Thomas	-	-	-	-
6. Mr. Alexandre Adam	-	-	-	-
7. Mr. N. Ganga Ram	-	3	2	4
8. Mr. M.S. Parthasarathy	-	1	-	1
9. Mr. Srinivas Acharya	-	8	2	5

* Foreign companies, private companies and companies under Section 25 of the Companies Act, 1956, are excluded for the above purpose.

1.3 Board Procedure and Responsibilities

The Board plays a key role in ensuring that the Company adopts good corporate governance practices. The Board has a formal schedule of matters reserved for its consideration and decision. Amongst other things, the Board considers and approves:

- operational and financial policies;
- annual business strategy, plans and budgets;
- loan proposals exceeding ₹ 6.50 crore;
- strategy and plans for mobilization of resources and larger borrowing arrangements; and
- quarterly/half-yearly/annual results.

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

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

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

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

2. BOARD MEETINGS

Board meetings are held in Chennai. The Board meets at least once a quarter, and more frequently, as necessary. 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.

During the year ended 31st March 2014 (FY14), the Board met five times as noted below:

Financial Year 2013 - 2014	
29 April 2013	24 January 2014
17 July 2013	6 March 2014
26 October 2013	

The meetings were attended by Directors as shown below:

Director	No. of Meetings	
	Held	Attended
1. Mr. S. Viji	5	5
2. Mr. T.T. Srinivasaraghavan	5	5
4. Mr. S. Ravindran	5	5
5. Mr. John Christopher Woodhouse	5	3
6. Mr. Anthony Colwyn-Thomas	5	3
7. Mr. Alexandre Adam	5	1
8. Mr. N. Ganga Ram	5	4
9. Mr. M.S. Parthasarathy	5	4
10. Mr. Srinivas Acharya	5	5

3. BOARD COMMITTEES

The Board has constituted four committees as under:

3.1 Executive Committee

As on 31st March 2014, the Executive Committee consisted of three Members viz.,

1. Mr. T.T. Srinivasaraghavan, Chairman
2. Mr. John Christopher Woodhouse
3. Mr. Srinivas Acharya

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

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

The Executive Committee met 28 times during the year.

3.2 Audit Committee

The Audit Committee consists of four non-executive Directors, with requisite knowledge and experience in finance and accounting, as Members. Any two Members form the quorum for meetings. The Company Secretary serves as the Secretary to the Committee.

As of 31st March 2014, the Committee consisted of -

1. Mr. M.S. Parthasarathy, Chairman
2. Mr. N. Ganga Ram
3. Mr. T.T. Srinivasaraghavan
4. Mr. John Christopher Woodhouse

The Chairman of the Committee remains present at the Annual General Meeting of the Company to provide any 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's functions include:

- overseeing the Company's financial reporting and disclosure to ensure that the financial statements are correct and credible;
- reviewing the annual, half-yearly, and quarterly financial statements and recommending them (as such or with modifications) to the Board for being taken on record or according approval as the case may be;
- reviewing the effectiveness and adequacy of the internal control systems of the Company and its statutory and regulatory compliance;
- recommending the appointment (including the terms) of external statutory auditors for Board clearance and shareholder approval;

- recommending the appointment (including the terms) of internal auditors and system auditors for Board approval;
- reviewing the scope and plans of statutory, internal, and systems audits, 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;
- recommending the appointment (including the terms) of auditors for any other services rendered to the Company and
- reviewing the Non-Performing and Delinquent loans.

The Audit Committee met five times during the year under review. The Committee meetings were attended by Members, as follows:

Member	No. of Meetings	
	Held	Attended
1. Mr. M.S. Parthasarathy	5	4
2. Mr. N. Ganga Ram	5	4
3. Mr. T.T. Srinivasaraghavan	5	5
4. Mr. John Christopher Woodhouse	5	1

3.3 Asset Liability and Risk Management Committee (ALCO)

As of 31st March 2014, ALCO comprised seven Members, viz,

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

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

The ALCO met eight times during the year.

3.4 Corporate Social Responsibility Committee (CSR)

Corporate Social Responsibility Committee (CSR) constituted in March 2014 consists of three Directors of whom one is an Independent Director.

The Committee consisted of -

1. Mr. Srinivas Acharya, Chairman
2. Mr. S. Ravindran
3. Mr. N. Ganga Ram

The CSR Committee's functions include:

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

4. REMUNERATION OF DIRECTORS

4.1 Independent Directors

Independent Directors are paid sitting fees for attending Board and Committee meetings. The fees paid to them during the year are shown below:

S.No.	Director	Sitting Fees Paid (₹)
1.	Mr. N. Ganga Ram	80,000
2.	Mr. M.S. Parthasarathy	80,000

In addition, a commission of ₹ 7.50 lakhs each was paid to the Independent Directors.

4.2 Managing Director

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, besides commission, within the limits prescribed in Schedule XIII to the Companies Act, 1956.

The details of remuneration paid to Mr. Srinivas Acharya, Managing Director for FY14 are as follows:

Particulars	Amount (₹ in lakhs)
Salary	37.20
Commission	125.00
Contribution to Provident, Superannuation, and Gratuity Funds	11.83
Other allowances and perquisites	29.99

During the year, Sundaram Finance Ltd., (SF), the holding company has incurred ₹ 14.04 lakhs (31.03.2013 - ₹ 15.75 lakhs) towards the cost of 3,000 shares issued under Sundaram Finance Employee Stock Option Scheme 2008 to Mr. Srinivas Acharya, Managing Director of the Company.

5. DIRECTORS' DEPOSITS WITH THE COMPANY

As on 31st March 2014, Directors and their relatives held deposits aggregating ₹ 176.23 lakh with the Company. The interest paid on the deposits of Directors and their relatives during the year amounted to ₹ 10.15 lakh.

6. RELATED-PARTY TRANSACTIONS

During the year, the Company did not enter into any materially significant transaction with related parties, i.e., its promoters, Directors and their relatives, conflicting with the Company's interests.

7. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2014

During the year, the Company made an issue of 86,02,150 further equity shares of the Company (New Equity Shares) at a premium of ₹ 83 per share on Rights Basis.

The distribution of shareholding in the Company as on 31st March 2014 was as under:

No. of Equity Shares Held by each	No. of Shareholders	Total No. of Shares		% to Capital
		Pre-issue	Post-issue	
1	5*	5	5	Negligible
1,00,001 and above	2	9,26,52,283	10,12,54,433	100%
Total	7	9,26,52,288	10,12,54,438	100%

* Nominees of SF

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

8. SHARE PRICE PERFORMANCE

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

9. SHARE TRANSFER AND INVESTOR GRIEVANCES COMMITTEE

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

10. LISTED DEBENTURES

The Company has, thus far, privately placed a total of 203 series of secured/unsecured Non-Convertible Debentures (NCDs) of the total face value of ₹ 3997.50 crore. The NCDs have been listed on the National Stock Exchange of India Ltd. (NSE) for trading in compulsory dematerialised form. The Company has duly paid the NSE listing fees for FY14 for the purpose of trading.

During the year, the Company issued fresh NCDs aggregating ₹ 1035.10 crore and redeemed NCDs aggregating ₹ 984.90 crore. NCDs (including debenture application moneys and subordinated debentures) of ₹ 2240.36 crore were outstanding as on 31st March 2014.

11. COMMERCIAL PAPER

During the year, the Company privately placed commercial paper aggregating ₹ 721.94 crore with mutual funds and banks/companies.

12. REGISTRAR AND TRANSFER AGENT

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

Cameo Corporate Services Ltd.
 'Subramaniam Building'
 1, Club House Road,
 Chennai 600 002
 Phone: 044 - 2846 0390
 Fax: 044 - 2846 0129
 Email : Cameo@Cameoindia.com
 Contact Person: Mr. R.D. Ramaswamy, Director

13. ANNUAL GENERAL MEETINGS

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

Financial Year	Date of Meeting	Time	Venue
2012-13	17th July 2013	10.00 a.m.	No.21, Patullos Road, Chennai 600 002
2011-12	12th July 2012	10.00 a.m.	"Sundaram Towers", Ground Floor, 46, Whites Road, Chennai 600 014
2010-11	11th July 2011	3.00 p.m.	No.21, Patullos Road, Chennai 600 002

No resolutions were passed through postal ballot during the year ended 31st March 2014. None of the resolutions being placed at the ensuing Annual General Meeting is covered by the Postal Ballot Rules.

14. 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.

15. MEANS OF COMMUNICATION

In accordance with the provisions of the Listing Agreement with NSE, unaudited half-yearly financial results/audited financial results of the Company in respect of the Financial Year 2013-14 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.sundarambnpphone.in

16. 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 compliance filings of the Company with the Ministry may be viewed by the Members and other stakeholders at www.mca.gov.in using the CIN.

17. ADDRESS FOR CORRESPONDENCE AND ANY ASSISTANCE OR CLARIFICATION

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

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

18. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This Report forms part of the Directors' Report.

19. GENERAL SHAREHOLDER INFORMATION

Fifteenth Annual General Meeting:

Date	Time	Venue
22nd July 2014	01:30 P.M.	21, Patullos Road, Chennai 600 002

20. FINANCIAL CALENDAR

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

- Financial Year – 1st April 2013 to 31st March 2014: 29th April 2014
- Unaudited results for the half-year ending 30th September 2014: End of October 2014

INDEPENDENT AUDITORS' REPORT

To the Members of Sundaram BNP Paribas Home Finance Limited

1) Report on the Financial Statements

We have audited the accompanying financial statements of Sundaram BNP Paribas Home Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2) Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") and the guidelines issued by the National Housing Bank. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3) Auditors' Responsibility

a) Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

b) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

4) Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cashflows for the year ended on that date.

5) Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b. 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.
- c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

P. BABU
Partner

Place: Chennai
Date : 29th April, 2014

Membership No.203358

Annexure to the Auditors' Report Referred to in Paragraph 5 of our Report of Even Date

1. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
b) Fixed assets have been physically verified by the Management during the year, in accordance with an annual plan of verification, which in our opinion is reasonable having regard to the size of the company and the nature of the fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
c) In our opinion and according to the information and explanations given to us, a substantial part of the fixed assets have not been disposed of 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) (a) to (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 were 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 and 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 2014 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 the 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 investments 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 cashflow 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. In respect of secured non-convertible redeemable debentures issued during the year, the company is required to create a pari passu charge over an immovable property. The company has complied with the requirement within the stipulated 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 (Auditor's Report) Order, 2003 are not applicable to the Company for the year.

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

P. BABU
 Partner

Place: Chennai
 Date : 29th April, 2014

Membership No.203358

Balance Sheet as at 31st March 2014

(₹ in lakhs)

Particulars	Note	31.03.2014	31.03.2013
<u>EQUITY AND LIABILITIES</u>			
Shareholders' Funds			
Share Capital	2	101,25.44	92,65.23
Reserves and Surplus	3	596,64.26	421,89.30
Money received against share warrants		—	—
		697,89.70	514,54.53
Share application money pending allotment		—	—
Non-Current Liabilities			
Long-Term Borrowings	4	3476,45.97	3064,58.28
Other Long-Term Liabilities	5	34,49.80	37,01.56
Long-Term Provisions	6	93,51.76	54,63.91
		3604,47.53	3156,23.75
Current Liabilities			
Short-Term Borrowings	7	286,91.28	444,74.06
Trade Payables	8	37,37.02	25,92.96
Other Current Liabilities	9	2529,36.11	2010,38.90
Short-Term Provisions	10	51,75.99	39,62.28
		2905,40.40	2520,68.20
TOTAL EQUITY AND LIABILITIES		<u>7207,77.63</u>	<u>6191,46.48</u>
<u>ASSETS</u>			
Non-Current Assets			
Long-Term Loans and Advances	11	5983,21.89	5217,31.11
Fixed Assets			
Tangible Assets	12	6,52.94	5,88.00
Intangible Assets	12	2,47.53	1,56.09
Non-Current Investments	13	50,11.02	30,09.04
Deferred Tax Assets (Net)	14	33,50.80	19,14.84
Other Non-Current Assets	15	29.74	97.73
		6076,13.92	5274,96.81
Current Assets			
Short-Term Loans and Advances	16	414,36.25	351,67.23
Current Investments	17	170,00.92	215,75.10
Cash and Bank Balances	18	523,05.84	338,02.76
Other Current Assets	19	24,20.70	11,04.58
		1131,63.71	916,49.67
TOTAL ASSETS		<u>7207,77.63</u>	<u>6191,46.48</u>
Significant Accounting Policies and Notes to the Accounts	1 to 26		

As per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
FRN 000511S
P. Babu
Partner
Membership No. 203358
Chennai
29th April 2014

S. Viji
Chairman
Srinivas Acharya
Managing Director
G. Sundararajan
Chief Financial Officer
V. Swaminathan
Company Secretary

Directors
T.T. Srinivasaraghavan
S. Ravindran
Anthony Colwyn-Thomas
N. Ganga Ram
M.S. Parthasarathy

Statement of Profit and Loss for the year ended 31st March 2014

(₹ in lakhs)

Particulars	Note	2013-14	2012-13
REVENUE			
Revenue from Operations	20	887,55.92	692,11.09
Other Income	21	21.46	26.81
Total Revenue	(A)	<u>887,77.38</u>	<u>692,37.90</u>
EXPENSES			
Financial Costs	22	564,59.07	435,86.31
Employee Benefits	23	27,86.79	23,86.46
Administrative and Other Expenses	24	32,94.88	27,25.03
Provisions and Write-offs	25	40,94.34	16,32.46
Depreciation and Amortisation Expenses	12	3,46.88	3,07.26
Contingent Provision against Standard Assets		2,82.72	9,32.60
Total Expenses	(B)	<u>672,64.68</u>	<u>515,70.12</u>
Profit before Tax	(A-B)	215,12.70	176,67.78
Tax Expense			
Current Tax		78,75.00	59,00.00
Deferred Tax	14	(14,35.97)	(8,86.78)
		<u>64,39.03</u>	<u>50,13.22</u>
Profit after Tax		<u>150,73.67</u>	<u>126,54.56</u>
Earnings per Equity Share			
Number of Equity Shares (Face Value ₹ 10/- per share)		10,12,54,438	9,26,52,288
Weighted Average number of Shares (Face Value ₹ 10/- per share)		9,32,65,044	9,32,65,044
Basic and Diluted Earnings per Share in ₹		16.16	13.57
Significant Accounting Policies and Notes to the Accounts	1 to 26		

As per our report of even date attached
 For **Brahmayya & Co.,**
 Chartered Accountants
 FRN 000511S
P. Babu
 Partner
 Membership No. 203358
 Chennai
 29th April 2014

S. Viji
 Chairman
Srinivas Acharya
 Managing Director
G. Sundararajan
 Chief Financial Officer
V. Swaminathan
 Company Secretary

Directors
T.T. Srinivasaraghavan
S. Ravindran
Anthony Colwyn-Thomas
N. Ganga Ram
M.S. Parthasarathy

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 the financial statements.

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

- 1.2 Income Recognition:

- a. Interest on loans disbursed is recognised as income on accrual basis. Loans granted are repayable in Equated Monthly Installments (EMIs), comprising principal and interest. The EMIs commence when the loan sanctioned is fully disbursed. Pre-EMI interest is payable monthly where the loan is partly disbursed.
- b. On loans securitised/assigned, securitised loans have been derecognised in the books of account. Recognition of Income on loan assets securitised/assigned and accounting for interest on cash collateral deposits provided by the Company is based on the guidelines issued by the Institute of Chartered Accountants of India.
- c. Income from other financing activities and services is recognized on accrual basis.

- 1.3 Financial Instruments:

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

- 1.4 Fixed Assets and Depreciation / Amortisation:

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 ₹ 5,000 or less are written down in the year of acquisition to ₹ 1.

Intangible assets represent Computer Software acquired/developed whose cost is amortised over their expected useful life.

- 1.5 Valuation of investments:

Non-Current Investments are stated at cost and provision for diminution in value, other than temporary, is considered wherever necessary.

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

- 1.6 Employee Benefits:

- A) Short-Term Employee Benefits:

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

NOTES TO THE ACCOUNTS (Contd.)

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, with a ceiling of Rupees One lakh per annum per employee, to the superannuation fund, which is administered by trustees and managed by the Life Insurance Corporation of India (LIC).

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

Defined Benefit Plan

i) Gratuity

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

ii) Leave Encashment

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

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

C) Other Long-Term Employee Benefits:

The estimated liability in respect of reimbursement of medical expenses has been provided on the basis of actuarial valuation.

1.7 Taxation:

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

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

1.8 Impairment of Assets:

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

1.9 Provisions:

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

NOTES TO THE ACCOUNTS (Contd.)

2. Share Capital

(₹ in lakhs)

Particulars	31.03.2014	31.03.2013
Authorised Capital:		
Equity Shares, ₹ 10/- Par Value		
15,00,00,000 (15,00,00,000) Equity Shares	150,00.00	150,00.00
Issued:		
Equity Shares, ₹ 10/- Par Value		
10,62,54,438 (9,76,52,288) Equity Shares	106,25.44	97,65.23
Subscribed and Fully Paid-up:		
Equity Shares, ₹ 10/- Par Value		
10,12,54,438 (9,26,52,288) Equity Shares	101,25.44	92,65.23
	101,25.44	92,65.23

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

Name of the Shareholder	Status	No. of Shares	% held as at 31.03.2014	No. of Shares	% held as at 31.03.2013
Sundaram Finance Ltd.*	Holding Company	5,07,28,473	50.10	4,64,18,796	50.10
BNP Paribas Personal Finance S.A.		5,05,25,965	49.90	4,62,33,492	49.90

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

b) The Company had issued 86,02,150 Equity Shares @ ₹ 10/- each during the financial year 2013-14 at a premium of ₹ 83/- (1,25,00,000 Equity Shares @ ₹ 10/- each issued during the financial year 2012-13 at a premium of ₹ 70/-)

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

Particulars	2013-14		2012-13	
	No of Shares	(₹ in lakhs)	No of Shares	(₹ in lakhs)
Opening number of shares outstanding	9,26,52,288	92,65.23	8,01,52,288	80,15.23
Add : Shares issued	86,02,150	8,60.21	1,25,00,000	12,50.00
Less: Shares bought back	—	—	—	—
Closing number of shares outstanding	10,12,54,438	101,25.44	9,26,52,288	92,65.23

NOTES TO THE ACCOUNTS (Contd.)

3. Reserves and Surplus

(₹ in lakhs)

Particulars	31.03.2014	31.03.2013
Securities Premium Account		
Balance at the beginning of the year	133,34.77	45,84.77
Add: Received during the year	71,39.79	87,50.00
Balance at the end of the year	204,74.56	133,34.77
Other Reserves:		
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of the NHB Act, 1987	3,32.00	—
b) Amount of Special Reserve u/s 36 (1)(vii) of the Income-tax Act, 1961 taken into account for the purpose of Statutory Reserve under Section 29C of the NHB Act, 1987	80,57.00	58,57.00
c) Total	83,89.00	58,57.00
Additions/Appropriations/withdrawal during the year		
Add:		
a) Amount transferred u/s 29C of the NHB Act, 1987	2,15.00	3,32.00
b) Amount of Special Reserve u/s 36 (1)(vii) of the Income-tax Act, 1961 taken into account for the purpose of Statutory Reserve under Section 29C of the NHB Act, 1987	28,00.00	22,00.00
	30,15.00	25,32.00
Less:		
a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	—	—
b) Amount withdrawn from the Special Reserve u/s 36 (1)(viii) of the Income-tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	—	—
	—	—
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the NHB Act, 1987	5,47.00	3,32.00
b) Amount of Special Reserve u/s 36 (1)(vii) of the Income-tax Act, 1961 taken into account for the purpose of Statutory Reserve under Section 29C of the NHB Act, 1987	108,57.00	80,57.00
c) Total	114,04.00	83,89.00

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Particulars	31.03.2014	31.03.2013
General Reserve		
Balance at the beginning of the year	168,00.00	130,00.00
Add : Transferred from Surplus in the Statement of Profit and loss	<u>62,00.00</u>	<u>38,00.00</u>
Balance at the end of the year	230,00.00	168,00.00
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	36,65.53	11,36.92
Add : Profit for the year	<u>150,73.67</u>	<u>126,54.56</u>
	187,39.20	137,91.48
Less: Appropriations		
Special Reserve	28,00.00	22,00.00
Statutory Reserve	2,15.00	3,32.00
General Reserve	62,00.00	38,00.00
Dividend		
Final (Proposed)	40,50.17	32,42.83
Dividend distribution Tax	<u>6,88.33</u>	<u>5,51.12</u>
Balance at the end of the year	47,85.70	36,65.53
	596,64.26	421,89.30

- 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 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 ₹ 2,15.00 lakhs (31.03.2013 – ₹ 3,32.00 lakhs) to the Statutory Reserve (u/s 29C of NHB Act) and ₹ 28,00.00 lakhs (31.03.2013 – ₹ 22,00.00 lakhs) to the Special Reserve in terms of Section 36 (1)(viii) of the Income-tax Act, 1961.

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

(₹ in lakhs)

Particulars	31.03.2014	31.03.2013
Secured Loans		
Non-Convertible Debentures (Redeemable at Par)	1122,50.00	838,59.21
Term Loans		
From Scheduled Banks	435,83.34	668,33.33
From Others - National Housing Bank	1268,24.17	873,20.55
Unsecured Loans		
Fixed Deposits		
From Public	397,89.12	311,44.32
From Companies	1,25.34	6,85.34
From Directors	74.00	65.53
	<u>399,88.46</u>	<u>318,95.19</u>
Subordinated Non-Convertible Debentures	250,00.00	250,00.00
Debenture Application money	—	115,50.00
	<u>3476,45.97</u>	<u>3064,58.28</u>

- The Secured Non-Convertible Debentures are secured by first mortgage over a specific immovable property belonging to the Company and a negative lien on its loan assets.
- The Term Loans from Scheduled Banks are secured by a negative lien on the loan assets of the Company.
- The Term Loans from NHB are secured by negative lien on assets of the Company other than (i) immovable property and (ii) statutory liquid assets having a floating charge in favour of the Public Deposit Trustees against the public deposits and are repayable in quarterly instalments from April 2015 to January 2028.
- The Unsecured Non-Convertible Debentures are subordinated to the existing and future unsecured borrowings of the Company and qualify as Tier II Capital under the Housing Finance Companies (NHB) Directions, 2010, (“NHB Direction 2010”) issued by NHB. They are redeemable at par between 2017 and 2023.

NOTES TO THE ACCOUNTS (Contd.)

Maturity of Secured Non-Convertible Debentures

(₹ in lakhs)

Implicit Interest Rate (%)	As on 31.03.2014					As on 31.03.2013				
	< 1 year	1-3 year	3-5 year	> 5 year	Total	< 1 year	1-3 year	3-5 year	> 5 year	Total
>8 to 9	–	100,00.00	–	–	100,00.00	183,00.00	–	–	–	183,00.00
>9 to 10	462,60.00	137,20.00	192,00.00	–	791,80.00	89,50.00	393,50.00	41,00.00	–	524,00.00
>10 to 11	405,26.08	519,30.00	174,00.00	–	1098,56.08	708,64.78	404,09.21	–	–	1112,73.99
Total	867,86.08	756,50.00	366,00.00	–	1990,36.08	981,14.78	797,59.21	41,00.00	–	1819,73.99

Details of Secured Term Loans from Banks

(₹ in lakhs)

	As on 31.03.2014					As on 31.03.2013				
	< 1 year	1-3 year	3-5 year	> 5 year	Total	< 1 year	1-3 year	3-5 year	> 5 year	Total
Repayment	694,16.00	435,83.34	–	–	1129,99.34	278,33.33	648,33.33	20,00.00	–	946,66.66

(₹ in lakhs)

			31.03.2014	31.03.2013
Short-Term Borrowings	Refer Note No 7	Current Liabilities	20,00.00	–
Long-Term Borrowings - maturing within a year	Refer Note No 9	Other Current Liabilities	674,16.00	278,33.33
Long-Term Borrowings - maturing beyond a year	Refer Note No 4	Non-Current Liabilities	435,83.34	668,33.33
		Total	1129,99.34	946,66.66

Maturity of Secured Term Loans from Others - NHB

(₹ in lakhs)

Implicit Interest rate (%)	As on 31.03.2014					As on 31.03.2013				
	< 1 year	1-3 year	3-5 year	> 5 year	Total	< 1 year	1-3 year	3-5 year	> 5 year	Total
<=7	9,68.00	19,13.00	2,68.00	–	31,49.00	9,68.00	19,36.00	12,13.00	–	41,17.00
>7 to 8	8,16.34	14,32.53	13,07.00	5,13.38	40,69.25	18,59.30	12,58.64	9,79.80	7,76.88	48,74.62
>8 to 9	–	–	–	–	–	6,80.00	13,60.00	13,60.00	50,70.00	84,70.00
>9 to 10	157,52.07	306,91.79	185,60.88	641,66.59	1291,71.33	41,03.86	72,66.08	63,14.08	222,32.57	399,16.59
>10 to 11	20,66.00	11,60.00	11,60.00	56,51.00	100,37.00	121,51.00	173,99.00	113,06.00	88,48.50	497,04.50
Total	196,02.41	351,97.32	212,95.88	703,30.97	1464,26.58	197,62.16	292,19.72	211,72.88	369,27.95	1070,82.71

Maturity of Unsecured Subordinated Non-Convertible Debentures

(₹ in lakhs)

Implicit Interest Rate (%)	As on 31.03.2014					As on 31.03.2013				
	< 1 year	1-3 year	3-5 year	> 5 year	Total	< 1 year	1-3 year	3-5 year	> 5 year	Total
9 to 10	–	100,00.00	–	40,00.00	140,00.00	–	–	100,00.00	40,00.00	140,00.00
> 10 to 11	–	–	30,00.00	80,00.00	110,00.00	–	–	–	110,00.00	110,00.00
Total	–	100,00.00	30,00.00	120,00.00	250,00.00	–	–	100,00.00	150,00.00	250,00.00

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

(₹ in lakhs)

Particulars	31.03.2014	31.03.2013
Creditors for Expenses	2,74.98	3,32.25
Interest accrued but not due - Long-Term Borrowings	31,74.82	33,69.31
	34,49.80	37,01.56

6. Long-Term Provisions

(₹ in lakhs)

Particulars	31.03.2014	31.03.2013
Employee Benefits	75.84	25.44
Contingent Provision against Standard Assets		
Standard-Housing Loans	16,90.75	14,46.15
Standard Non-Housing Loans	5,59.68	4,81.94
Standard Non-Housing Loans - Commercial	6,43.49	6,83.11
Non-Performing Loans	63,82.00	28,27.27
	93,51.76	54,63.91

7. Short-Term Borrowings

(₹ in lakhs)

Particulars	31.03.2014	31.03.2013
Secured Loans		
Overdraft facilities with Scheduled Banks	94,71.11	95,09.83
Term Loans from Scheduled Banks	20,00.00	—
Unsecured Loans		
Commercial Paper	172,20.17	349,64.23
	286,91.28	444,74.06

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

Face value of commercial paper outstanding as on 31.03.2014 was ₹ 180,00.00 lakhs (31.03.2013 – ₹ 367,50.00 lakhs)

Maximum amount of face value of commercial paper outstanding at any time during the year was ₹ 730,75.00 lakhs.
(2012-13 – ₹ 687,00.00 lakhs)

8. Trade Payables

(₹ in lakhs)

Particulars	31.03.2014	31.03.2013
Creditors for Expenses *	35,22.40	23,99.68
[Includes ₹ 1,40.00 lakhs (31.03.2013 – ₹ 1,50.00 lakhs) payable to Directors]		
Other Liabilities	2,14.62	1,93.28
	37,37.02	25,92.96

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

NOTES TO THE ACCOUNTS (Contd.)

9. Other Current Liabilities

(₹ in lakhs)

Particulars	31.03.2014	31.03.2013
Secured Loans		
Non-Convertible Debentures (Redeemable at Par)	867,86.08	981,14.78
Term Loans		
From Scheduled banks	674,16.00	278,33.33
From Others - National Housing Bank	196,02.41	197,62.15
Unsecured Loans		
Fixed Deposits		
From Public	260,33.95	228,91.85
From Companies	742.88	125.00
From Directors	102.23	49.71
Unpaid Matured Deposits and Interest accrued thereon	5,02.25	4,57.85
	<u>273,81.31</u>	<u>235,24.41</u>
Commercial Paper	325,57.67	156,64.17
Others		
Interest accrued but not due	188,99.98	158,55.25
Instalments Received in Advance	2,92.66	2,84.81
	<u>2529,36.11</u>	<u>2010,38.90</u>

- The Secured Non-Convertible Debentures are secured by first mortgage over a specific immovable property belonging to the Company and a negative lien on its loan assets.
- The Term loans from Scheduled Banks are secured by a negative lien on the loan assets of the Company.
- Refinance from NHB is secured on assets of the Company other than (i) immovable property and (ii) statutory liquid assets subject to a floating charge in favour of Public Deposit Trustees against the public deposits, and is repayable in quarterly instalments from April 2014 to March 2015.
- Face value of commercial paper outstanding as on 31.03.2014 was ₹ 343,25 lakhs (31.03.2013 - ₹ 167,00 lakhs)
- Interest accrued but not due includes interest of ₹ 10.48 lakhs (31.03.2013 - ₹ 9.77 lakhs) on deposits accepted from Directors.

NOTES TO THE ACCOUNTS (Contd.)

10. Short-Term Provisions

(₹ in lakhs)

Particulars	31.03.2014	31.03.2013
Employee Benefits	28.49	15.60
Non-Performing Loans	4,09.00	1,52.73
Dividend	40,50.17	32,42.83
Dividend Distribution Tax	6,88.33	5,51.12
	51,75.99	39,62.28

11. Long-Term Loans and Advances

(₹ in lakhs)

Particulars	31.03.2014	31.03.2013
Secured, Considered Good		
Housing Loans		
Individuals	4013,54.30	3432,17.37
Others	8,56.36	7,69.15
Non-Housing Loans	4022,10.66	3439,86.52
Individuals	1761,84.01	1624,99.47
Others	142,36.40	129,46.88
	1904,20.41	1754,46.35
Amount retained on Loans assigned	31,66.82	—
Unsecured, Considered Good		
Advances and Deposits recoverable in cash or in kind or for value to be received	4,60.25	3,51.27
Other Loans and Advances		
Advance Income - tax and Tax Deducted at Source (Net) [Includes ₹ 55.29 lakhs towards income tax paid under dispute]	20,63.75	19,46.97
	5983,21.89	5217,31.11

- Loans granted by the Company are secured by mortgage of properties.
- ₹ Nil (31.03.2013 – ₹ 3.84 lakhs) due from the Managing Director of the Company.
- ₹ 7.50 lakhs (31.03.2013 – ₹ 7.67 lakhs) due from an Officer of the Company.
- In line with NHB Directions, the Company has identified Non-Performing Loans amounting to ₹ 91,16.34 lakhs as on 31.03.2014. (31.03.2013 – ₹ 40,35.24 lakhs)
- Advance Income Tax and Tax deducted at Source is net of provision for taxation of ₹ 246,72.42 lakhs. (31.03.2013 – ₹ 171,03.88 lakhs)

NOTES TO THE ACCOUNTS (Contd.)

12. Fixed Assets

(₹ in lakhs)

Description	Gross Block at Cost				Depreciation				Net Block	
	As at	Additions	Deductions	As at	Up to	For The	Deductions	Up to	31.03.2014	31.03.2013
	01.04.2013			31.03.2014	01.04.2013	Year		31.03.2014		
Tangible Assets										
Land	1.92 (1.92)	- -	- -	1.92 (1.92)	- -	- -	- -	- -	1.92 (1.92)	1.92 (1.92)
Plant and Machinery	92.26 (58.93)	11.86 (37.60)	0.41 (4.27)	1,03.71 (92.26)	37.10 (34.10)	9.05 (6.51)	0.31 (3.51)	45.84 (37.10)	57.87 (55.16)	55.16 (24.83)
Vehicles	2,99.33 (2,18.21)	1,18.99 (98.00)	29.05 (16.88)	3,89.27 (2,99.33)	1,17.68 (72.22)	68.75 (57.67)	20.93 (12.21)	1,65.50 (1,17.68)	2,23.77 (1,81.65)	181.65 (1,45.99)
Furniture and Fixtures	1,89.40 (1,45.74)	57.32 (43.74)	7.95 (0.08)	2,38.77 (1,89.40)	1,38.31 (1,15.36)	29.20 (23.03)	6.85 (0.08)	1,60.66 (1,38.31)	78.11 (51.09)	51.09 (30.38)
Computer - Hardware	5,19.41 (4,10.80)	52.14 (1,25.74)	25.97 (17.13)	5,45.58 (5,19.41)	3,02.16 (1,99.87)	99.72 (1,16.97)	23.97 (14.68)	3,77.91 (3,02.16)	1,67.67 (2,17.25)	2,17.25 (2,10.93)
Office Equipment	1,38.91 (97.80)	58.02 (41.11)	2.05 (-)	1,94.88 (1,38.91)	57.98 (47.11)	14.86 (10.87)	1.56 (-)	71.28 (57.98)	1,23.60 (80.93)	80.93 (50.70)
Total	12,41.23	2,98.33	65.43	14,74.13	6,53.23	2,21.58	53.62	8,21.19	6,52.94	5,88.00
Intangible Assets										
Computer Software	4,56.56 (3,59.92)	2,16.74 (96.64)	- (-)	6,73.30 (4,56.56)	3,00.47 (2,08.26)	1,25.30 (92.21)	- (-)	4,25.77 (3,00.47)	2,47.53 (1,56.09)	1,56.09 (1,51.66)
Total	4,56.56	2,16.74	-	6,73.30	3,00.47	1,25.30	-	4,25.77	2,47.53	1,56.09
Grand Total	16,97.79	5,15.07	65.43	21,47.43	9,53.70	3,46.88	53.62	12,46.96	9,00.47	7,44.09
Previous year	(12,93.32)	(4,42.83)	(38.36)	(16,97.79)	(6,76.92)	(3,07.26)	(30.48)	(9,53.70)	(7,44.09)	(6,16.41)

Figures in brackets pertain to 31st March 2013

Intangible Assets : In accordance with Accounting Standard 26 : Intangible Assets, Software purchased amounting to ₹ 2,16.74 lakhs (31.03.2013 – ₹ 96.64 lakhs) is amortised over a period of 3 years.

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

(₹ in lakhs)

Particulars	31.03.2014		31.03.2013	
	Face Value	Amount	Face Value	Amount
Investment in Government Securities				
Central Government Loans	24,15.00	24,02.81	19,15.00	19,35.51
State Development Loans	21,83.60	22,23.47	10,40.00	10,56.74
Investment in Trust Securities				
in Mortgage Backed Securities (On Securitisation)				
Investments in Pass Through Certificates (PTC)				
– Santhanam Trust Series I		5,11.81		95.36
Investment in Subordinate Tranche Securities		–		23.99
Less: Aggregate provision for diminution in value of investment in Government Securities		(1,27.07)		(1,02.56)
		50,11.02		30,09.04

(₹ in lakhs)

Particulars	Cost	Market Value
Aggregate amount of Quoted Investments	44,99.21	44,97.28
Aggregate amount of Unquoted Investments	5,11.81	–
Total	50,11.02	

(₹ in lakhs)

Particulars	Face Value	As at 31.03.2014	As at 31.03.2013
		Cost	Cost
Quoted			
Investment in Government Securities			
Central Government Loans	24,15.00	23,16.99	18,49.69
State Development Loans	21,83.60	21,82.22	10,40.00
		44,99.21	28,89.69

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 ₹ 45,98.60 lakhs (Cost ₹ 46,26.28 lakhs) and bank deposits of ₹ 49,69.00 lakhs (mentioned in Note - 18 Cash and Bank Balances) in favour of trustees representing the public deposit holders.

NOTES TO THE ACCOUNTS (CONTD.)**14. Deferred Tax Assets (Net)**

(₹ in lakhs)

Particulars	31.03.2014	31.03.2013
Deferred Tax Asset		
Provision against		
Non-Performing Loans	23,08.26	10,12.90
Standard Housing Loans	5,74.69	4,91.55
Standard Non-Housing Loans	4,08.96	3,96.00
- Others - Investments and Employee Benefits	9.13	(6.30)
Provision on NHB Bonds	55.34	–
- Provision on SLR Investments	17.56	43.39
	33,73.94	19,37.54
Less: Deferred Tax Liability		
- Depreciation	23.14	22.70
	33,50.80	19,14.84

15. Other Non-Current Assets

(₹ in lakhs)

Particulars	31.03.2014	31.03.2013
Secured, Considered Good		
Loans Against Deposits	29.74	97.73
	29.74	97.73

16. Short-Term Loans and Advances

(₹ in lakhs)

Particulars	31.03.2014	31.03.2013
Secured, Considered Good		
Housing Loans		
Individuals	211,79.51	190,55.99
Others	1,48.19	1,31.86
	213,27.70	191,87.85
Non-Housing Loans		
Individuals	153,81.67	129,60.86
Others	28,91.58	25,98.60
	182,73.25	155,59.46
Amount retained on Loans assigned	2,96.86	–
Loans Against Deposits	86.62	78.30
Unsecured, Considered Good		
Advances and Deposits recoverable in cash or in kind or for value to be received		
Deposits - collateral for the assets securitised	13,07.40	28.40
Others	1,44.42	3,13.22
	414,36.25	351,67.23

- a) Loans granted by the Company are secured by mortgage of properties.
- b) ₹ 3.84 lakhs (31.03.2013 – ₹ 3.76 lakhs) due from the Managing Director of the Company.
- c) ₹ 0.17 lakh (31.03.2013 – ₹ 0.15 lakh) due from an officer of the Company.
- d) In line with NHB Directions, the Company has identified Non-Performing Loans amounting to ₹ 5,84.26 lakhs as on 31.03.2014 (31.03.2012 – ₹ 128.18 lakhs).

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

(₹ in lakhs)

Particulars	31.03.2014		31.03.2013	
	Face Value	Amount	Face Value	Amount
Investment In Government Securities	–	–	2,84.00	3,09.10
Investment in Tax Free NHB Bonds	29,90.00	27,46.06	29,90.00	29,90.30
Investment in Trust Securities				
– Mutual Funds		141,52.36		182,31.57
– Senior Pass Through Certificate (PTC) A2 Securities		48.91		–
– PTC - Santhanam Trust Series I		29.60		–
– Subordinate Tranche Securities		23.99		69.20
Less: Aggregate provision for diminution in value of investment in Government Securities		–		(25.07)
		170,00.92		215,75.10

(₹ in lakhs)

Particulars	Cost	Market Value
Aggregate amount of Quoted Investments	27,46.06	27,46.06
Aggregate amount of Unquoted Investments	142,54.86	
Total	170,00.92	

Particulars	Face Value	As at 31.03.2014		As at 31.03.2013	
	(₹)	Holding (Number)	Cost (₹ in lakhs)	Holding (Number)	Cost (₹ in lakhs)
Quoted					
Investment in Government Securities	–	–	–		2,84.03
Investment in NHB Bonds	10,00,000.00	299	29,90.30	299	29,90.30
			<u>29,90.30</u>		<u>32,74.33</u>
Unquoted					
Investment in Mutual Funds					
Sundaram Money Fund - Direct- Growth	10.00	4,50,09,100.73	121,52.36	4,15,14,516.55	102,31.19
HDFC Liquid Fund - Direct - Growth	10.00	–	–	1,30,53,762.80	30,00.00
Reliance Liquid Fund-Treasury Plan - Direct - Growth	1,000.00	–	–	63,388.70	18,00.14
Kotak Liquid Fund - Pan A - Direct - Growth Option	1,000.00	–	–	84,577.06	20,00.00
ICICI Prudential Liquid Fund - Direct plan - Growth	100.00	–	–	6,92,917.70	12,00.24
Templeton India TMA - Direct - Growth	1,000.00	1,04,663.43	20,00.00	–	–
			<u>141,52.36</u>		<u>182,31.57</u>

NOTES TO THE ACCOUNTS (Contd.)

18. Cash and Bank Balances

(₹ in lakhs)

Particulars	31.03.2014	31.03.2013
Cash and Cash Equivalents		
Cash on Hand	3,69.58	1,94.22
Balances with Scheduled Banks in Current Accounts	97.09	2,54.92
Bank Deposit (Up to 3 months maturity)	424,69.17	254,00.54
	<u>425,66.26</u>	<u>256,55.46</u>
Other bank balances		
Deposits		
- SLR	49,69.00	34,75.00
- Collateral for assets assigned	44,01.00	44,78.00
- Other Lien	—	0.08
	<u>523,05.84</u>	<u>338,02.76</u>

19. Other Current Assets

(₹ in lakhs)

Particulars	31.03.2014	31.03.2013
Secured, Considered Good		
Instalments due from Borrowers	18,55.40	8,80.65
Income Receivable	1,78.93	42.88
Interest Accrued on Investments	3,86.37	1,81.05
	<u>24,20.70</u>	<u>11,04.58</u>

20. Revenue from Operations

(₹ in lakhs)

Particulars	2013-14	2012-13
Interest on Loans	805,67.40	623,11.57
Loan Processing and Other Fees	22,40.33	24,14.14
Investment Income	18,22.98	18,72.56
Profit on Sale of Current Investments	19,12.53	10,37.33
Other Operating Income	22,12.68	15,75.49
	<u>887,55.92</u>	<u>692,11.09</u>

Investment Income includes ₹9.42 lakhs (31.03.2013 – ₹14.08 lakhs) from investment in Mortgaged Backed Securities. Loan Processing and Other Fees are net of payments to Business sourcing agents aggregating ₹9,57.92 lakhs (31.03.2013 – ₹11,72.75 lakhs)

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

(₹ in lakhs)

Particulars	2013-14	2012-13
Interest Receipts	14.86	21.48
Profit on Sale of Fixed Assets	6.16	3.62
Miscellaneous Income	0.44	1.71
	21.46	26.81

22. Financial Costs

(₹ in lakhs)

Particulars	2013-14	2012-13
Interest expenses	292,03.97	209,71.35
Interest on Debentures	211,90.76	181,01.95
Other borrowing cost	60,64.34	45,13.01
	564,59.07	435,86.31

23. Employee Benefits

(₹ in lakhs)

Particulars	2013-14	2012-13
Salaries and Wages	24,90.94	21,20.26
Contribution to		
– Provident and Other Funds	1,08.57	95.75
– Gratuity Fund	45.42	49.43
Staff Welfare Expenses	1,41.86	1,21.02
	27,86.79	23,86.46

NOTES TO THE ACCOUNTS (Contd.)

24. Administrative and Other Expenses

(₹ in lakhs)

Particulars	2013-14	2012-13
Rent	4,05.18	3,38.12
Rates and Taxes	19.48	39.91
Communication Expenses	1,57.60	1,26.12
Electricity	74.54	63.11
Travelling and Conveyance	1,86.68	1,51.33
Advertisement and Publicity	1,38.67	1,41.77
Outsourcing Cost	10,23.33	8,15.21
Directors' Sitting Fees	1.83	2.60
Insurance	38.60	48.50
Repairs and Maintenance		
- Buildings	1,24.85	55.38
- Others	2,11.96	1,80.84
	3,36.81	2,36.22
Software Charges	2,92.05	2,49.42
Database and Networking Expenses	2,92.12	1,96.67
Donations	1,40.75	1,30.00
Miscellaneous Expenses (Net)	1,87.24	1,86.05
	32,94.88	27,25.03

Miscellaneous Expenses (Net) include remuneration to Auditors towards:

(₹ in lakhs)

Particulars	2013-14	2012-13
Statutory Audit	12.00	12.00
Tax Audit	3.00	3.00
Certification	6.90	4.75
Other Services	5.00	5.00

25. Provisions and Write offs

(₹ in lakhs)

Particulars	2013-14	2012-13
Bad Debts	11.94	34.72
Loss on Fixed Assets Sold / Written off	2.63	1.20
Loss on sale of Investments	25.10	45.53
Provision against		
Standard Housing under Teaser / Special Rate	–	(4,56.90)
Non-Performing Loans	38,11.00	20,30.00
Investments	2,43.67	(22.09)
	40,94.34	16,32.46

NOTES TO THE ACCOUNTS (Contd.)

26. General

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

26.2 Securitisation :

Details of securitised assets outstanding as on 31st March 2014 are as follows:

Pass Through Certificates subscribed by the Company:	₹ 614,31.00 lakhs
Bank Deposits provided as collateral:	₹ 13,07.40 lakhs

26.3 Non-Performing Loans and Provisions :

In line with the NHB Directions 2010, the Company has identified Non-Performing Loans amounting to ₹ 97,00.60 lakhs as on 31.03.2014 (31.03.2013 – ₹ 42,53.22 lakhs).

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

Non-Performing Loans				(₹ in lakhs)
Particulars	Sub Standard	Doubtful	Loss	Total
Housing Loans				
Outstanding	24,80.57 (10,68.97)	11,80.40 (7,30.76)	12.60 (-)	36,73.57 (17,99.73)
Provisions	17,03.97 (7,48.28)	8,77.54 (5,11.53)	12.60 (-)	25,94.11 (12,59.81)
Non-Housing loans				
Outstanding	46,53.12 (22,42.39)	13,51.14 (2,11.10)	22.77 (-)	60,27.03 (24,53.49)
Provisions	31,95.56 (15,69.67)	9,78.56 (1,50.52)	22.77 (-)	41,96.89 (17,20.19)
Total				
Loans Outstanding	71,33.69 (33,11.36)	25,31.54 (9,41.86)	35.37 (-)	97,00.60 (42,53.22)
Provisions	48,99.53 (23,17.95)	18,56.10 (6,62.05)	35.37 (-)	67,91.00 (29,80.00)

Figures in brackets pertain to previous year

26.4 Employee Benefits:

i) Defined Contribution Plans:

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

(₹ in lakhs)					
Contribution to	2013-14	2012-13	2011-12	2010-11	2009-10
Provident Fund	91.76	75.59	59.27	42.33	32.55
Employees State Insurance Scheme	7.02	6.11	3.86	3.19	0.41
Superannuation Fund	9.58	14.05	10.70	8.90	3.90

NOTES TO THE ACCOUNTS (Contd.)

ii) Defined Benefit Plan: Gratuity

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

(₹ in lakhs)

	2013-14	2012-13
Present value of obligations as at the beginning of the year	2,11.59	1,51.51
Interest cost	16.93	12.12
Current service cost	18.27	15.31
Benefits paid	(15.38)	(4.25)
Actuarial (gain)/loss on obligation	23.16	36.89
Present value of obligations as at the end of the year	2,54.57	2,11.59

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

(₹ in lakhs)

	2013-14	2012-13
Fair value of plan assets as at beginning of the year	2,26.48	1,61.85
Expected return on plan assets	19.34	14.89
Contributions	0.71	53.99
Benefits paid	(15.38)	(4.25)
Actuarial (gain)/loss on plan assets	—	—
Fair value of plan assets as at the end of the year	2,31.15	2,26.48

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

(₹ in lakhs)

	2013-14	2012-13
Present value of obligations as at the end of the year	2,54.57	2,11.59
Fair value of plan assets as at the end of the year	2,31.15	2,26.48
Net asset/(liability) recognised in the Balance Sheet	(23.42)	14.89

D. Expenses recognised in the Profit and Loss Account

(₹ in lakhs)

	2013-14	2012-13
Current Service Cost	18.27	15.31
Interest Cost	16.93	12.12
Expected return on plan assets	(19.34)	(14.89)
Actuarial (gain)/loss on obligation	23.16	36.89
Expenses recognized in the Statement of Profit and Loss	39.02	49.43

NOTES TO THE ACCOUNTS (Contd.)

E. Details showing fair value of Plan assets

(₹ in lakhs)

	2013-14	2012-13
Fair value of plan assets as at the beginning of the year	2,26.48	1,61.85
Actual return on plan assets	19.34	14.89
Contributions	0.71	53.99
Benefits Paid	(15.38)	(4.25)
Fair value of plan assets as at the end of the year	2,31.15	2,26.48

F. Actuarial Gain / Loss recognized

(₹ in lakhs)

	2013-14	2012-13
Actuarial loss on obligation	23.16	36.89
Actuarial (gain)/loss on plan assets	—	—
Total (gain)/loss for the year	23.16	36.89
Actuarial (gain)/loss recognized in the year	23.16	36.89

G. Actual return on plan assets

(₹ in lakhs)

	2013-14	2012-13
Expected return on plan assets	19.34	14.89
Actuarial (gain)/loss on plan assets	—	—
Actual return on plan assets	19.34	14.89

H. Actuarial assumption*

	31-03-2014	31-03-2013
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%
Attrition Rate	1-3%	1-3%

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

NOTES TO THE ACCOUNTS (Contd.)

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

Particulars	(₹ in lakhs)				
	2013-14	2012-13	2011-12	2010-11	2009-10
Defined Benefit Obligations	2,54.57	2,11.59	1,51.51	1,05.84	54.53
Plan Assets	2,31.15	2,26.48	1,61.85	1,12.44	57.45
Surplus (Deficit)	(23.42)	14.89	10.34	6.60	2.92
Experience adjustments on plan liabilities	23.16	(36.89)	(23.20)	(15.46)	0.82
Experience adjustments on plan assets	—	—	—	—	—

iii) The actuarial present value of obligations towards compensated absences, as per actuarial certificate, as on 31st March 2014 is ₹ 43.86 lakhs (31.03.2013 – ₹ 98.13 lakhs) and is recognised in the books of account.

iv) The actuarial value of reimbursement of medical expenses as on 31st March 2014 was ₹ 41.55 lakhs (31st March 2013 – ₹ 34.53 lakhs) and is provided for in the books of account.

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

Details of Related Parties:

Joint Venture Promoters

Sundaram Finance Ltd. - (50.10% of the paid-up share capital)

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

Fellow Subsidiaries

Caltec Servicez Private Ltd.

Infreight Logistics Solutions Ltd.

LGF Services Ltd.

Professional Management Consultants Ltd.

Sundaram Asset Management Company Ltd.

Sundaram Asset Management Singapore Pte Ltd.

Sundaram BNP Paribas Fund Services Ltd.

Sundaram BPO India Ltd.

Sundaram Business Services Ltd.

Sundaram Finance Distribution Ltd.

Sundaram Infotech Solutions Ltd.

Sundaram Insurance Broking Services Ltd.

Sundaram Parekh Warehousing Services Ltd.

Sundaram Trustee Company Ltd.

Key Management Personnel

Mr. Srinivas Acharya - Managing Director

Relative of Key Management Personnel

Mrs. Revathi Srinivas - Wife of Mr. Srinivas Acharya

NOTES TO THE ACCOUNTS (Contd.)
Details of Related Parties Transactions for the year ended 31.03.2014

(₹ in lakhs)

	Joint Venture Promoters	Fellow Subsidiaries / Associates	Key Management Personnel	Relative of Key Management Personnel	Total 2013-2014	Previous Year 2012 - 2013
Income						
Interest on Housing Loan	—	—	0.12	—	0.12	0.19
Rent						
Sundaram Finance Ltd.	4.08	—	—	—	4.08	4.76
Sundaram Asset Management Company Ltd.	—	0.24	—	—	0.24	0.34
Expenses						
Rent						
Sundaram Finance Ltd.	1,37.66	—	—	—	1,37.66	1,25.96
Brokerage, Commission, Deposit, Payroll Processing Services and Telecalling Services						
Sundaram Finance Ltd.	7,96.72	—	—	—	7,96.72	9,18.72
Sundaram Business Services Ltd.	—	—	—	—	—	14.20
Sundaram BPO India Ltd.	—	37.25	—	—	37.25	23.36
Intranet/ Web Maintenance, Scanning Image Charges						
Sundaram Finance Ltd.	17.81	—	—	—	17.81	15.67
Internal Audit fees						
Sundaram Finance Ltd.	44.84	—	—	—	44.84	38.51
Connectivity and Other Charges						
Sundaram Finance Ltd.	3,05.40	—	—	—	3,05.40	2,44.54
Sundaram Infotech Solutions Ltd.	—	39.11	—	—	39.11	36.97
Remuneration	—	—	2,04.02	—	2,04.02	2,05.97
Interest On Fixed Deposit	—	—	—	1.26	1.26	—
Training Expenses						
Sundaram Finance Ltd.	0.65	—	—	—	0.65	0.38
Dividend Paid						
Sundaram Finance Ltd.	16,24.66	—	—	—	16,24.66	10,03.91
Assets						
Purchase of Asset						
Sundaram Finance Ltd.	4.36	—	—	—	4.36	0.35
Sundaram Infotech Solutions Ltd.	—	21.18	—	—	21.18	1,00.45
Sale of Asset						
Turbo Energy Ltd.	—	—	—	—	—	1.75
Housing Loan - at the end of the year	—	—	3.84	—	3.84	7.60
Other Assets						
Sundaram Finance Ltd.	2,33.44	—	—	—	2,33.44	54.38
Sundaram Infotech Solutions Ltd.	—	—	—	—	—	36.78
Liabilities						
Other Liabilities						
Sundaram Finance Ltd.	49.09	—	—	—	49.09	11.04
Sundaram BPO India Ltd.	—	0.63	—	—	0.63	—
Deposits	—	—	—	14.00	14.00	—
Interest Accrued on Deposits	—	—	—	1.26	1.26	—
Commission Payable	—	—	1,25.00	—	1,25.00	1,35.00
Equity						
Share Capital						
Sundaram Finance Ltd.	4,30.96	—	—	—	4,30.96	6,26.25
BNP Paribas Personal Finance S.A.	4,29.25	—	—	—	4,29.25	6,23.75
Dividend Payable						
Sundaram Finance Ltd.	20,29.14	—	—	—	20,29.14	16,24.66
BNP Paribas Personal Finance S.A.	20,21.04	—	—	—	20,21.04	16,18.17

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

NOTES TO THE ACCOUNTS (Contd.)

26.6 Earnings per Share (Basic and diluted)

Particulars	2013-14	2012-13
Profit for the year after taxation (₹ in lakhs)	150,73.67	126,54.56
Weighted average number of Equity shares	9,32,65,044	9,32,65,044
Basic and Diluted earnings per share (₹)	16.16	13.57
Dividend Proposed to be distributed (₹ in lakhs)	40,50.17	32,42.83
Dividend per share (₹)	4.00	3.50

26.7 Details of Dividend remitted in foreign currency

Particulars	2013-14	2012-13
Number of Non Resident Shareholders	One	One
Number of Shares	4,62,33,492	3,99,95,992
Amount of Dividend remitted (₹ in lakhs)	16,18.17	9,99.90
Financial year to which the dividend relates	2012-13	2011-12

26.8 Expenditure in Foreign Currency (on payment basis)

On account of others – Travel ₹ Nil (31.03.2013 – ₹ 0.11 lakh).

26.9 The Company has not availed any foreign currency loans during the year.

26.10 There are no amounts due to small-scale industries in terms of the Micro, Small and Medium Enterprises Development Act, 2006.

26.11 During the year, Sundaram Finance Ltd., the holding company incurred ₹ 14.04 lakhs (31.03.2013 – ₹ 15.75 lakhs) towards the cost of 3,000 shares of issued under Sundaram Finance Employee Stock Option Scheme 2008 to Mr. Srinivas Acharya, Managing Director of the Company.

26.12 Contingent Liabilities in respect of

- Sanctioned and Undisbursed loans as at 31.03.2014: ₹ 198,55.56 lakhs. (31.03.2013 – ₹ 280,35.15 lakhs)
- Partly undisbursed amounts of loans sanctioned as at 31.03.2014 : ₹ 132,97.69 lakhs. (31.03.2013 – ₹ 125,22.00 lakhs)

26.13 Estimated amount of contracts remaining to be executed on capital account – ₹ 4,85.00 lakhs. (31.03.2013 – ₹ 27.22 lakhs)

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

As per our report of even date attached

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

P. Babu

Partner
Membership No. 203358

Chennai

29th April 2014

S. Viji

Chairman

Srinivas Acharya

Managing Director

G. Sundararajan

Chief Financial Officer

V. Swaminathan

Company Secretary

Directors

T.T. Srinivasaraghavan

S. Ravindran

Anthony Colwyn-Thomas

N. Ganga Ram

M.S. Parthasarathy

Cash Flow Statement

(₹ in lakhs)

Particulars	2013-14	2012-13
Cash Flow From Operating Activities		
Net Profit	150,73.67	126,54.56
Provision for Taxation (Including Deferred Tax)	64,39.04	50,13.22
Add : Financial Costs	564,59.07	435,86.31
Depreciation	3,46.88	3,07.26
Provision against investments (net)	2,43.67	(22.09)
Provision against Non-Performing assets (net)	38,11.00	20,30.00
Contingent Provision against Standard Assets	2,82.72	9,32.60
(Profit)/Loss on sale of assets	(3.54)	(2.42)
(Profit)/Loss on sale of Investments	(18,87.43)	(9,91.80)
Interest/Dividend Income	(11,99.22)	(13,77.03)
Provision for Dividend	(47,38.50)	(37,93.95)
Operating Profit Before Working Capital Changes	748,27.36	583,36.66
(Increase)/Decrease in Long-Term Loans and Advances	(768,15.78)	(1681,28.38)
(Increase)/Decrease in Other Non-Current Asset	67.99	(4.73)
(Increase)/Decrease in Bank Deposits	(14,16.92)	78,50.41
(Increase)/Decrease in Short-Term Loans and Advances	(62,69.02)	(122,87.13)
(Increase)/Decrease in Other Current Asset	(13,16.12)	(2,28.38)
(Increase)/Decrease in SLR Investments - net of sales	(4,67.30)	3,95.48
Increase/(Decrease) in Long-Term Provisions	50.40	(0.16)
Increase/(Decrease) in Short-Term Provisions	47,51.39	33,34.38
Increase/(Decrease) in Other Long-Term Liability	(2,51.76)	8,08.04
Increase/(Decrease) in Other Current Liabilities	489,07.06	1116,20.77
Increase/(Decrease) in Trade Payable	11,44.06	4,33.26
Cash Generated From Operations	432,11.36	21,30.22
Financial Costs	(535,98.52)	(371,71.52)
Direct Taxes Paid	(76,50.00)	(58,00.00)
Net Cash From Operating Activities (A)	(180,37.16)	(408,41.30)

(₹ in lakhs)

Particulars	2013-14	2012-13
Cash Flow From Investing Activities		
Purchase of Fixed Assets - Tangible	(2,98.31)	(3,46.19)
Purchase of Fixed Assets - Intangible	(2,16.74)	(96.64)
Sale of Fixed Assets - Tangible	15.33	10.31
Purchase/Sale of Current Investments	62,43.15	(203,89.62)
Purchase/Sale of Non-Current Investments	(15,59.89)	2,72.41
Interest Received	13,28.82	10,30.69
Net Cash From Investing Activities (B)	55,12.36	(195,19.04)
Cash Flow From Financing Activities		
Share Capital - Equity	8,60.21	12,50.00
Securities Premium received	71,39.79	87,50.00
Increase/(Decrease) in Long-Term Borrowings	411,87.69	377,74.44
Increase/(Decrease) in Short-Term Borrowings	(157,82.78)	163,92.01
Dividend paid (including Corporate Dividend Tax)	(37,93.95)	(23,28.88)
Net Cash From Financing Activities (C)	296,10.96	618,37.57
Effect of Foreign Exchange rates on Cash and Cash Equivalents, net (D)	-	-
Net increase in cash and cash equivalents (A)+(B)+(C)+(D)	170,86.16	14,77.23
Cash and cash equivalents at the Beginning of the Year	258,49.68	243,72.45
Cash and cash equivalents at the End of the Year	<u>429,35.84</u>	<u>258,49.68</u>
Components of cash and cash equivalents at the end of the year		
Current Account with Banks	97.09	2,54.92
Short-Term Deposit	424,69.17	254,00.54
Cash, Stamps and Stamp Papers on Hand	3,69.58	1,94.22
Cash & Cash equivalents	429,35.84	258,49.68

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

As per our report of even date attached
For **Brahmayya & Co.,**
Chartered Accountants
FRN 000511S
P. Babu
Partner
Membership No. 203358
Chennai
29th April 2014

S. Viji
Chairman
Srinivas Acharya
Managing Director
G. Sundararajan
Chief Financial Officer
V. Swaminathan
Company Secretary

Directors
T.T. Srinivasaraghavan
S. Ravindran
Anthony Colwyn-Thomas
N. Ganga Ram
M.S. Parthasarathy

Disclosure in the Balance Sheet (as on 31st March 2014)

I. Capital to Risk Assets Ratio (CRAR)

Items	31.03.2014	31.03.2013
i) CRAR (%)	18.56%	15.42%
ii) CRAR - Tier I capital (%)	14.04%	10.43%
iii) CRAR - Tier II Capital (%)	4.52%	4.99%

II. Exposure to Real Estate Sector

(₹ in crore)

Category	31.03.2014	31.03.2013
a) Direct exposure #		
i) Residential Mortgages* – Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; – Individual Housing Loans upto ₹ 15 Lakhs – Others	1401.47 4293.10 <u>5694.57</u>	1421.87 3440.88 <u>4862.75</u>
ii) Commercial Real Estate – Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.) Exposure would also include Non-Fund Based (NFB) limits;	672.00	683.11
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
a. Residential	6.14	1.88
b. Commercial Real Estate	–	–
b) Indirect Exposure Fund based and Non-Fund Based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCS)	–	–

Note:

Consists of future Principal and Principal component of EMI outstanding.

* Includes exposures to Non-Housing loans secured by residential mortgages amounting to ₹ 1438.05 crore (Previous year - ₹ 1217.03 crore)

III. Asset Liability Management

Maturity pattern of certain items of Assets and Liabilities

(₹ in crore)											
	1 day to 30-31 days (one month)	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 years	Total
Liabilities											
Borrowings from banks*	91.54	39.17	95.83	313.05	445.31	787.80	212.96	187.07	227.50	288.74	2688.97
Market Borrowings	251.99	96.91	236.60	386.42	667.05	1203.97	448.41	55.00	65.00	–	3411.35
Assets											
Advances	31.91	32.17	32.48	98.60	203.82	904.69	982.24	1088.17	1393.89	1588.98	6356.95
Investments #	566.30	0.08	21.25	5.55	106.39	3.00	3.60	2.84	24.76	17.81	751.58

* Includes Borrowings from NHB

Breakup of Investments :

	(₹ in crore)
Investments	
Investments as per Note 13	50.11
Investments as per Note 17	170.01
Total (A)	220.12
Cash & Bank Balances – Note 18	
Bank Deposits	424.69
SLR Bank Deposits	49.69
Collateral for assets assigned	44.01
Total (B)	518.39
Short-Term Loans & Advances – Note 16	
Deposit - collateral for assets securitised (C)	13.07
Total (A)+(B)+(C)	751.58

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