

Sundaram Home Finance Limited

(Formerly known as Sundaram BNP Paribas Home Finance Limited)

21st Annual Report 2019-20



SUNDARAM HOME

Board of Directors

T.T. Srinivasaraghavan	Chairman
Harsha Viji	
P.N. Venkatachalam	
Radha Unni	
Lakshminarayanan Duraiswamy	Managing Director

Audit Committee

P.N. Venkatachalam	Chairman
Radha Unni	
Harsha Viji	

Executive Committee

T.T. Srinivasaraghavan	Chairman
Harsha Viji	
Lakshminarayanan Duraiswamy	

Asset Liability Management Committee

Lakshminarayanan Duraiswamy	Chairman
G. Sundararajan	
S. Rajagopalan	
Moahan Venkatesan	
V. Swaminathan	

Risk Management Committee

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

Corporate Social Responsibility Committee

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

Nomination & Remuneration Committee

Harsha Viji	Chairman
Radha Unni	

Stakeholders Relationship Committee

Lakshminarayanan Duraiswamy Chairman
P.N. Venkatachalam

IT Strategy Committee

P.N. Venkatachalam
Radha Unni
Lakshminarayanan Duraiswamy Chairman

Key Managerial Personnel

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

Senior Executives

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

Statutory Auditors

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

Secretarial Auditor

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

Information Security Assurance Services

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

Bankers

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

Trustee for Debentures / Public Deposits

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

Trustee for Securitisation

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

Registered Office

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

Corporate Office

‘Sundaram Towers’
46, Whites Road, Chennai – 600 014
Phone: 044 2851 5267, 044 2851 5269
Fax: 044 2858 2235

Email

corporateaffairs@sundaramhome.in

Website

www.sundaramhome.in

Corporate Identity Number

U65922TN1999PLC042759

Contents

Financial Highlights	5
Board's Report	6
Report on Corporate Governance	36
Auditors' Report	48
Balance Sheet	56
Statement of Profit and Loss	57
Cash Flow Statement	60
Notes to the Accounts	62

HIGHLIGHTS

(₹ in Crore)

	2019-20	2018-19	2017-18	2016-17	2015-16
OPERATIONAL HIGHLIGHTS	Ind AS			IGAAP	
Approvals	2240	2672	2996	2077	1857
Disbursements	2113	2449	2626	1831	1743
Loans outstanding	9305	8855	8078	7272	6995
Loans under Management (including assets sold)	9464	9064	8358	7663	7510
FINANCIAL HIGHLIGHTS					
Paid-up capital	101.25	101.25	101.25	101.25	101.25
Reserves and surplus	1319.81	1150.84	1047.66	927.19	773.54
Net-worth	1421.06	1252.09	1148.91	1028.44	874.79
Total borrowings (Including Fixed Deposits)	8601.23	8037.39	7353.63	6470.75	6269.91
Fixed Deposits	1657.20	1230.13	1124.22	1094.72	1022.41
Profit before tax	218.08	224.17	211.83	236.57	233.30
Profit after tax (before exceptional item)	157.90	145.48	144.42	153.65	152.72
Profit after tax (after exceptional item)	218.08	145.48	144.42	153.65	152.72
Total Comprehensive Income for the period comprising Profit and other comprehensive income for the period	217.87	145.55	144.25	153.65	152.72
Dividend (%)	42%*	35%	35%	35%	35%
Dividend (including tax) - Amount in Crore	57.37	42.72	42.72	42.65	42.65
Return on average networth (%)	11.81	12.12	13.15	16.15	18.63
Book value (₹)	140.35	123.66	113.47	101.57	86.40
Earnings per share (₹)	21.54	14.37	14.26	15.17	15.08
Capital Adequacy Ratio (%)	23.00	23.54	24.28	24.78	23.94
Cost-to-income ratio (%)	30.85	29.31	26.97	25.62	23.68
Gross non-performing loans (%)	3.77	2.95	3.27	2.94	2.82
Net non-performing loans (%)	1.63	0.93	1.27	0.98	0.98

* Includes an Interim Dividend of 12 % paid during FY 19-20

BOARD'S REPORT

To the Members

The Directors have pleasure in presenting the Twenty First Annual Report of the Company together with the audited accounts for the year ended 31st March 2020.

ACQUISITION OF SHARES BY SUNDARAM FINANCE LIMITED

By virtue of the Share Purchase Agreement dated 21st June 2019, BNP Paribas Personal Finance S.A., sold its entire 49.9% equity stake in the Company to Sundaram Finance Limited, the joint venture promoter after obtaining all regulatory approvals. The transaction was completed on 30th September 2019 and the Company became a wholly-owned subsidiary of Sundaram Finance Limited. The name of the Company has been changed to Sundaram Home Finance Limited effective 18th November 2019.

FINANCIAL RESULTS

The summarised financial results are given hereunder:

(₹ in Crore)

	Year ended 31st March 2020	Year ended 31st March 2019
Income from Operations	1078.62	1006.15
Other income	0.25	0.13
Total Revenue	1078.87	1006.28
Less: Total Expenses	860.79	782.11
Profit Before Tax	218.08	224.17
Profit After Tax before Exceptional Item	157.90	145.48
Exceptional Item	60.25	–
Profit After Tax after Exceptional Item	218.15	145.48
Other comprehensive income	(0.28)	0.08
Total Profit & Other comprehensive income	217.87	145.56
Add: Balance brought forward from the previous year	67.32	68.65
Amount available for appropriation	285.19	214.21

Appropriations

(₹ in Crore)

	Year ended 31st March 2020	Year ended 31st March 2019
Transfer to Special Reserve under Section 36(1) (viii) of the Income-tax Act, 1961	29.00	29.00
Transfer to Special Reserve relating to earlier years	0.00	5.17
Transfer to Additional Reserve under Section 29C of National Housing Bank Act, 1987	14.63	–
Transfer to COVID Reserve (net of deferred tax)	24.30	–
Other Comprehensive Income	(0.37)	(0.09)
Final Dividend – 2017-18	–	35.44
Final Dividend paid for FY 2018-19	35.44	–
Interim Dividend paid for FY 2019-20	12.15	–
Dividend Distribution Tax	9.78	7.28
Transfer to General Reserve	0.00	70.00
Surplus carried to the Balance Sheet	160.26	67.41
Total	285.19	214.21

DIVIDEND

During the year 2019-20, the following dividends were paid:

Final Dividend for the year 2018-19	35%	₹42.73 crore (including the dividend distribution tax)
Interim Dividend for the year 2019-20	12%	₹14.65 crore (including the dividend distribution tax)

Your Directors are pleased to recommend a final dividend of 30% (₹3.00 per share) for the Financial Year 2019-20 on the total paid-up capital of ₹101.25 crore. This together with Interim dividend amounting to ₹1.20 per share (12%) already paid, would aggregate to a total dividend of ₹4.20 per share (42%).

In terms of the Companies (Accounting Standard) Rules, 2006, as amended, the final dividend paid for the year 2018-19 and the interim dividend for the year 2019-20 has been recorded as a liability for the year 2019-20. The proposed dividend of ₹30.38 crore is not recorded as a liability as on 31st March 2020. The liability will be recognised after the dividend is approved by the Members in the ensuing Annual General Meeting and duly reflected in the accounts for the year 2020-21.

OPERATING AND FINANCIAL PERFORMANCE

Gross income of the Company during the year ended 31st March 2020 amounted to ₹1078.87 crore, higher by 7% over the previous year. Profit before tax was ₹218.08 crore, lower by 3% compared to the previous year. At ₹157.90 crore, profit after tax was higher by 9% over the previous year. After considering an Exceptional Item, the Profit After Tax for the year stood at ₹218.15 crore. The Company's net worth stood at ₹1421 crore as on 31st March 2020 (₹1252 crore at the end of the previous year). As on that date, the regulatory capital adequacy ratio (CRAR) was 23%, well above the regulatory minimum of 13%.

The Company approved loans totalling ₹2240 crore during the year, as against ₹2672 crore in FY19, registering a drop of 16%. Disbursements during the year amounted to ₹2113 crore as against ₹2449 crore in FY19, a drop of 14%. The average ticket size of home loans disbursed to individuals during the year was ₹24 lakh.

Gross Non-Performing Loans (NPLs) (loans in continuing default for more than 90 days) amounted to ₹351.87 crore as on 31st March 2020 which constituted 3.77% of the total loans, up from 2.95%, a year ago. Net NPLs after provisioning under ECL were 1.63%, up from 0.93% last year. As per the RBI notification, the above NPLs are exclusive of loans under Moratorium due to the COVID-19 Pandemic.

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

During the year, the Company disbursed loans amounting to ₹77 crore to Affordable Housing Finance Companies through Line of Credit (LOC).

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

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

For the year 2019-20, the CSR Committee consisted of three Members, viz. Mr. Srinivas Acharya, Managing Director, Mr. P.N. Venkatachalam and Mr. N. Ganga Ram, Independent Directors. Mr. Srinivas Acharya was the Chairman of the Committee.

During the Financial Year 2019-20, your Company has spent the required amount of ₹5.14 crore. A Report on CSR Activities undertaken by the Company for the Financial Year 2019-20 is annexed as part of this Board's Report (Annexure I).

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

CORPORATE GOVERNANCE

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

RELATED PARTY TRANSACTIONS

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

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

provisions of Companies Act, 2013. In accordance with the provisions of Section 188 of the Companies Act, 2013, approval of the Board of Directors is also obtained for entering into related party transactions by the Company. A yearly update is also given to the Audit Committee and the Board of Directors on the related party transactions undertaken by the Company for their review and consideration.

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

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

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

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

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

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

There were no complaints during the year 2019-20.

WHISTLE BLOWER POLICY

The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism with effect from 1st April 2014, for Directors and Employees to report genuine concerns about unethical behaviour, pursuant to the provisions of Section 177(9) and (10) of the Companies Act, 2013 read with Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014. The vigil mechanism provides for adequate safeguards against victimisation of persons who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases. It is hereby affirmed that no personnel of the Company has been denied access to the Audit Committee under the vigil mechanism. The Whistle Blower Policy has been hosted on the Company's website <http://www.sundaramhome.in>

There were no complaints during the year 2019-20.

SIGNIFICANT AND MATERIAL ORDERS

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDIAN ECONOMIC SCENARIO

Reflecting the global situation, the Indian economy too finds itself in the throes of the COVID-19 pandemic. A nation-wide lockdown was announced towards the end of March which is still in force, has resulted in an abrupt stoppage of all economic activity. Businesses, big and small, have remained shut for over 2 months now, barring essential commodities and services, severely affecting livelihoods. The Annual GDP growth estimate of 5% released in February 2020 is at risk considering the impact of the pandemic. Current predictions however range from 0 to -2%. In view of the uncertainties surrounding

the economy on account of the pandemic and the unprecedented disruptions in the global economy forecasts of any kind are perilous.

The exchange rate of the Indian rupee vis-à-vis the US dollar has moved in both directions in recent months. Renewed bouts of global financial market in the wake of COVID-19, as in February-March 2020, could exert further pressure on the Indian rupee. The slump in international crude prices could, however, provide some relief on the balance of payments front.

The portents, leading up to the end of financial year 2019-20, seemed favourable with a healthy rabi harvest, higher food prices during 2019-20, the transmission of past reductions in the policy rates, reductions in the goods and services tax (GST) rates on select goods, corporate tax rate cuts in September 2019 and a raft of measures to boost rural and infrastructure spending directed at boosting domestic demand. Sadly, the COVID-19 pandemic has rendered the growth outlook for 2020-21, which was cautiously optimistic at the beginning of the calendar year, markedly negative.

The Government and the RBI have announced a slew of measures aimed at alleviating the immediate economic distress as well as stimulate the resumption of economic activity, especially in the MSME sector. However, economic recovery is completely dependent on how the pandemic is contained and the early resumption of economic activities.

BANKING AND FINANCIAL SERVICES SECTOR

RBI responded swiftly to the emerging pandemic situation in the country with a series of decisions and policy pronouncements in its seventh bi-monthly monetary policy announcement on March 27, 2020, which *inter-alia* covered the following:

- Reduction of the Repo rate by 75 basis points to 4.40 per cent;
- Reduction in cash reserve ratio for banks, resulting in ₹3.74 lakh crore extra liquidity;

- Announcement of targeted long-term repo operations (TLTRO) and;
- Increasing the limit for marginal standing facility (MSF) to 3 per cent.

The RBI also announced several regulatory relaxations with a view to mitigating the hardships of borrowers and lenders alike. The following are some of the key measures:

- (a) granting of 3 months moratorium on term loan instalments to all borrowers
- (b) exemption from being classified as 'defaulter' in supervisory reporting and reporting to credit information companies during the moratorium period
- (c) asset classification standstill during the moratorium period of 3 months
- (d) extension of resolution timelines for stressed assets

HOUSING FINANCE SECTOR

The slowdown in real estate and housing finance began following the IL&FS crisis in September 2018. The liquidity crunch faced by the housing finance companies and non-banking financial companies (NBFCs) has had an adverse impact on construction activity. Further, the overhang in terms of the unsold housing inventory in nine major cities, estimated at ₹6 lakh crore, has only exacerbated the problem, with demand continuing to be sluggish.

Under-construction properties sold by builders under subvention or buyback/assured return schemes could be more vulnerable as some of the builders are facing a liquidity crunch and their ability to honour these obligations may be strained. As per ICRA studies, GNPA in the HFC home loan segment are likely to increase to around 1.2-1.5% over the medium term from the current level of 1.2%. Moreover, given the tight liquidity faced by some developers with delayed projects, reduced fund availability to the developers could lead to some stress in the construction finance portfolios. Asset quality could

therefore come under some pressure due to the challenging operating environment.

While the profitability indicators of the housing finance industry, in general are likely to remain rangebound for FY20, with Return On Equity estimated at 13-15%, a prolonged slowdown in growth of this sector could impact the operating expense ratios and the quality of some asset classes, which could lead to a moderation in the profitability indicators of the sector over the medium term.

In September 2019, in order to infuse liquidity into the Housing Finance system and also to cater to the demand of HFCs to address the housing finance requirements in the affordable housing finance sector, Liquidity Infusion Facility (LIFi) Scheme amounting ₹30,000 crore for Housing Finance Companies was launched by NHB. The fund will be used by HFCs for financing individual housing loans only, up to the individual loan size which fall under the Priority Sector as defined by Reserve Bank of India (35 lakhs in Metropolitan centres and up to 25 lakhs in other centres).

Banks and Mutual Funds have generally become risk averse to the sector, curbing their exposures barring to a few select NBFCs and HFCs. While the larger ones are expected to be reasonably insulated from the effects of the disruption caused by COVID-19, small and medium-sized NBFCs and HFCs are likely to face greater liquidity mismatches, besides rising operating costs and a significant increase in credit costs.

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

REGULATORY CHANGES

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

1. The Finance (No.2) Act, 2019 has amended the National Housing

Bank Act, 1987 conferring certain powers for regulation of Housing Finance Companies (HFCs) with Reserve Bank of India and was published in the Official Gazette on 09th August 2019.

HFCs will be treated as one of the categories of Non-Banking Financial Companies (NBFCs) for regulatory purposes. Reserve Bank is carrying out a review of the extant regulatory framework applicable to the HFCs and will come out with revised regulations in due course. In the meantime, HFCs were advised to continue to comply with the directions and instructions issued by the National Housing Bank (NHB) till the Reserve Bank issues a revised framework. NHB will continue to carry out supervision of HFCs including Grievance Redressal Mechanism.

2. The National Housing Bank (NHB) has tightened its rules on leverage and capital adequacy ratio where it has mandated HFCs to bring down their total borrowings in a phased manner to not more than 14 times by March 2020, 13 times by March 2021 and 12 times of their net-owned funds as on 31 March, 2022, compared to the existing 16 times.
3. Further, the capital adequacy ratio for HFCs has been increased to 13% by March 2020, 14% by March 2021 and 15% by March 2022. Tier I capital should not be less than 10% as against the present 6%.
4. HFCs who have obtained the minimum investment grade rating credit rating for their fixed deposits and complying with all the prudential norms, may accept public deposits not exceeding three times their NOF against the existing six times their NOF.
5. HFCs are advised to desist from offering loan products involving servicing of the loan dues by builders, developers etc. on behalf of the borrowers. The prevalent products of HFCs, if any, should also be reviewed on the above lines.
6. HFCs are exempted from creating the Debenture Redemption Reserve. However, before April 30 of each year, they are required

to create a Reserve and deposit at least 15% of the amount of the debentures that are due to mature on March 31 of the following year. Such reserve would be used to settle interest or principal payments on debentures maturing during the year and cannot be used for any other purpose. The Company has duly complied with the requirements.

TRADEMARK REGISTRATION

During the year, the Company has cancelled two trademarks and duly applied for two new trademarks with the Trademark Registry.

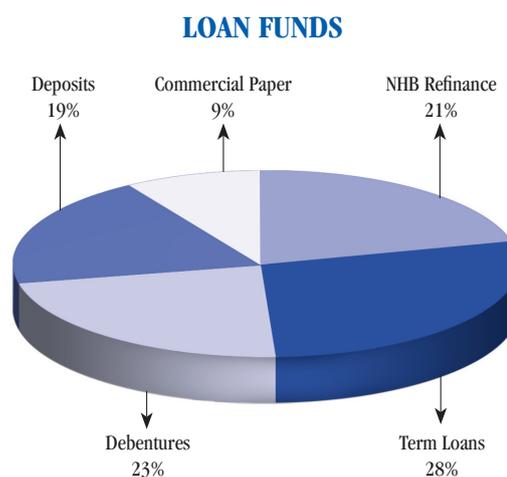
RESOURCE MOBILISATION

FRESH EQUITY

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

BORROWINGS

Total borrowings as on 31st March 2020 stood at ₹8407.95 crore as against ₹7840.59 crore a year earlier. Of the total borrowings, NHB Refinance constituted 21%, Non-Convertible Debentures (NCDs) 23%, Term Loans from Banks and Financial Institutions 28% and Public Deposits 19% and Commercial Paper 9%.



During the year, the Company obtained fresh refinance of ₹228 crore from NHB and repaid ₹749.34 of refinance. It raised long-term funds to the extent of ₹942 crore through non-convertible debentures and ₹1670 crore from banks. The Company duly repaid its term borrowings including debentures as and when they became due for payment and no debentures remained unclaimed by the investors at the year end. The Company did not opt for moratorium with any of its lenders.

DEPOSITS

The Company mobilised fresh public deposits of ₹578 crore during FY20. Fixed Deposits outstanding at the year-end were ₹1606 crore (₹1175 crore at the end of FY19).

The Company notifies depositors well ahead of the maturity of their deposits and thereafter issues periodical reminders if the deposits are not renewed or unclaimed on or after maturity. As of 31st March 2020, deposits totalling ₹17.21 crore from 988 depositors had matured for payment but the depositors concerned had sought neither renewal nor repayment of their deposits. The Company is closely following up these cases and, as of date, such deposits stand reduced to ₹10.09 crore from 711 depositors.

As of 31st March 2020, there were no amounts pending to be transferred to the Investor Education and Protection Fund (IEPF).

COMMERCIAL PAPER

The Company issued commercial paper aggregating ₹1210 crore (face value) during the year. The maximum amount of commercial paper outstanding at any time during the year was ₹1230 crore (face value) and the amount outstanding at the end of the year ₹725 crore (face value).

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

CREDIT RATINGS

The Company's borrowings enjoy the following credit ratings:

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

INTERNAL FINANCIAL CONTROLS

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

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

RISK MANAGEMENT POLICY

As mandated under the Directions issued by the National Housing Bank vide Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated

9th February 2017, the Company has constituted a Risk Management Committee which is responsible for putting in place a progressive risk management system, risk management policy and strategy to be followed by the Company.

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

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

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

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

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

The Company has employed qualified personnel to value properties and track property price movements, besides engaging qualified external valuers in appropriate cases. A separate recovery vertical has been set up to monitor recovery of dues from the borrowers. The Recovery Team constantly follows up with the borrowers for the collection of outstanding dues.

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

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

During the year 2019-20, there were no instances of frauds that are required to be reported by the Statutory Auditors with respect to Sub-Section 3(ca) of Section 134 of the Companies Act, 2013.

INTERNAL AUDIT

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

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

INFORMATION SECURITY ASSURANCE SERVICES – SYSTEMS AUDIT

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

HUMAN RESOURCES AND TRAINING

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

requirements, Company's processes, regulatory prescriptions and contours of personality development.

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

The number of permanent employees on the rolls of the Company as on 31st March 2020 was 827.

MATERIAL CHANGES AFTER BALANCE SHEET DATE (31ST MARCH 2020)

No material changes and commitments favourably or unfavourably affecting the financial position of the Company have occurred between the end of the Financial Year (FY20) of the Company to which the Financial Statements relate and the date of this Board's Report.

BOARD OF DIRECTORS

During the year, the following directors, Mr. S Viji, Chairman, Mr. P.C. Mathew, Mr. Patrick Miron de L'Espinay and Mr. Anthony Colwyn Thomas, resigned from the Board, while the contracted term of office of Mr. Ganga Ram as an Independent Director ended on 31st March 2020. Mr. Ganga Ram has expressed his intention not to seek extension and accordingly his directorship ceased effective 01st April 2020. The Board acknowledges the guidance provided by the Directors and places on record its appreciation of the invaluable contributions rendered by them during their respective tenures. During the year, Mrs. Radha Unni was reappointed as an Independent Director for a period of five years with effect from 05th March 2020.

The Board has unanimously appointed Mr. T T Srinivasaraghavan as the Chairman of the Company with effect from 01st November 2019.

The Board, at its meeting held on 24th January 2020, based on the recommendation of the Nomination & Remuneration Committee (NRC), approved the appointment of Mr. Harsha Viji as an Additional Director of the Company.

Pursuant to Section 161 of the Companies Act, 2013, Mr. Harsha Viji will hold office of directorship up to the date of ensuing Annual General Meeting and, subject to the approval of the Members, will be appointed as Non-Executive Director of the Company.

During the year, Mr. Lakshminarayanan Duraiswamy was appointed as Whole-time Director of the Company for the period of five years with effect from 25th October 2019.

The term of office of Mr. Srinivas Acharya as the Managing Director of the Company ended on the close of office hours of 31st March 2020. As recommended by the Nomination & Remuneration Committee and approved by the Board, Mr. Lakshminarayanan Duraiswamy, Whole-time Director of the Company was appointed as the Managing Director of the Company with effect from 1st April 2020.

The Board placed on record its deep appreciation of the outstanding contribution of Mr. Srinivas Acharya during his decade long tenure at the helm of the Company. During his tenure as Managing Director, the Company made several strides, notably in the area of technology and automated processes and skills enhancement. The Board also recorded his sterling contribution to the Sundaram Finance Group in a career spanning nearly four decades.

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

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

The appointment of the Independent Directors has been made in accordance with the provisions of Section 152(5) of the Companies Act, 2013 and the Rules made thereunder.

Details of the terms and conditions of the appointment of the Independent Directors have been hosted on the Company's website <http://www.sundaramhome.in>

KEY MANAGERIAL PERSONNEL

For the year 2019-20, Mr. Srinivas Acharya, Managing Director, Mr. Lakshminarayanan Duraiswamy, Executive Director, Mr. G. Sundararajan, Chief Financial Officer and Mr. V. Swaminathan, Company Secretary are deemed to be Key Managerial Personnel of the Company as per the provisions of Section 203 of the Companies Act, 2013 and the Rules made thereunder.

BOARD AND COMMITTEE MEETINGS

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

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

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

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

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

EXTRACT OF ANNUAL RETURN

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

STATUTORY AUDITORS' REPORT

The Statutory Auditors' Report on the Accounts for the year ended 31st March 2020 does not contain any qualification, reservation or adverse observation. The Notes on the Financial Statements referred to in the Auditors' Report are self-explanatory.

STATUTORY AUDITORS

Your Directors, with the approval of the Members at the Nineteenth Annual General Meeting, have appointed M/s. Sundaram & Srinivasan (Registration No. 004207S), Chartered Accountants, Chennai, as the Statutory Auditors of the Company in terms of Section 139(1) of the Companies Act, 2013 for a period of four years, till the conclusion of 23rd Annual General Meeting.

SECRETARIAL AUDITORS

In terms of Section 204 of the Companies Act, 2013 and the Rules thereunder, the Company has appointed Mr. M. Damodaran, Company Secretary in Practice, for conducting Secretarial Audit of the Company for the Financial Year 2019-20. The Secretarial Audit Report for the Year in Form MR-3 as prescribed under the Companies Act, 2013 is annexed to this Board's Report (Annexure IV).

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

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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

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

FOREIGN EXCHANGE OUTGO

During the year, there were no foreign exchange earnings, and foreign exchange outgo was to the extent of ₹1768.41 lakhs towards dividend for the year 2018-19 & ₹606.31 lakhs towards interim dividend for the year 2019-20 remitted to BNP Paribas Personal Finance S.A., one of the principal shareholders of the Company and a subscription fee of ₹0.66 lakh to Asia-Pacific Network Information Centre.

DEPOSITS

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

the provisions of the National Housing Bank Directions in relation to acceptance of public deposits.

LOANS AND INVESTMENTS

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

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

BOARD EVALUATION

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

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

SEPARATE MEETING OF INDEPENDENT DIRECTORS

As required under Clause VII of Schedule IV of the Companies Act, 2013 on the Code for Independent Directors, a separate Meeting

of all the Independent Directors on the Company's Board, viz. Mr. N. Ganga Ram, Mr. P. N. Venkatachalam and Mrs. Radha Unni was held on 13th March 2020, without the attendance of the Non-Independent Directors and the Members of the Management.

At this Meeting, the Independent Directors --

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

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

LISTING WITH STOCK EXCHANGES

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

PARTICULARS OF EMPLOYEES

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

A statement containing the details of top ten employees who were in receipt of remuneration of not less than ₹1.20 crore for the year 2019-20, in accordance with the provisions of

Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this Report (Annexure VII).

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

STATUTORY AND REGULATORY COMPLIANCE

The Company has complied with the applicable statutory provisions, including those of the Companies Act, 2013, the Income-tax Act, 1961 and other laws related to Goods and Services Tax (GST). Further, the Company has complied with the NHB's Housing Finance Companies Directions, 2010, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Accounting Standards issued by the Ministry of Corporate Affairs (MCA), Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI), Anti-Money Laundering guidelines, applicable labour laws and forex laws.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report describing the Company's objectives, expectations or predictions

may be forward-looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statements, since various economic, legal, policy and regulatory factors may affect or influence the performance of the Company.

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board of Directors

Chennai
20th May 2020

T T Srinivasaraghavan
Chairman

Annual Report on CSR Activities for the Financial Year 2019-20

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs	The Company has formulated its Corporate Social Responsibility (CSR) Policy for implementing the CSR framework, broadly defining the areas in which the Company proposes to spend for CSR promotion / development. The Company has contributed and will contribute further towards the areas mentioned in Schedule VII of the Companies Act, 2013. The CSR Policy of the Company is available on its website www.sundaramhome.in
2.	Composition of the CSR Committee	The CSR Committee consists of the following Members (as on 31st March 2020): <ul style="list-style-type: none"> • Mr. Srinivas Acharya, Chairman • Mr. P.N. Venkatachalam, Independent Director • Mr. N. Ganga Ram, Independent Director
3.	Average net profit of the Company for last three Financial Years	₹257.03 crore
4.	Total amount to be spent for the Financial Year	₹5.14 crore
5.	Details of CSR spent during the Financial Year	a. Total amount to be spent for the Financial Year: ₹5.14 crore b. Amount unspent, if any: NIL c. Manner in which the amount spent during the Financial Year : Details attached
6.	In case the Company has failed to spend the two per cent of the average net profits of the last three Financial Years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report	Not applicable. The Company has fully spent during the Financial Year 2019-20, the required amount of ₹5.14 crore under the CSR framework.
7.	A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company	The CSR Committee affirms that the Company's CSR implementation and monitoring is in compliance with the CSR objectives and the Company's Policy.

Place : Chennai

Date : 20th May 2020

sd/-

Managing Director

sd/-

Chairman-CSR Committee

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

(₹ in lakhs)

1	2	3	4	5	6	7	8
Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programmes (1) Local area or other (2) Specify the State and district where projects or programmes were undertaken	Amount outlay (budget) project or programme-wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or program (2) Overhead	Cumulative expenditure up to the reporting period	Amount spent: Direct / through implementing agency
1	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set up by the Central Government for the promotion of sanitation and making available safe drinking water.						
	18 Institutions	Health	Tamil Nadu, Chennai	2,61.25	2,61.25	2,61.25	Direct
	1 Institution	Health	Tamil Nadu, Cuddalore	2.00	2.00	2,63.25	Direct
	1 Institution	Health	Tamil Nadu, Tirunelveli	2.00	2.00	2,65.25	Direct
	1 Institution	Health	Tamil Nadu, Vellore	3.00	3.00	2,68.25	Direct
	3 Institutions	Health	Karnataka, Bengaluru	9.00	9.00	2,77.25	Direct
	1 Institution	Health	New Delhi	0.48	0.48	2,77.73	Direct
2.	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.						
	18 Institutions	Educational	Tamil Nadu, Chennai	82.30	82.30	3,60.03	Direct
	1 Institution	Educational	Tamil Nadu, Cuddalore	1.00	1.00	3,61.03	Direct
	1 Institution	Educational	Tamil Nadu, Tiruchirapalli	1.50	1.50	3,62.53	Direct
	5 Institutions	Educational	Karnataka, Bengaluru	20.50	20.50	3,83.03	Direct
	1 Institution	Educational	Karnataka, Udupi	5.00	5.00	3,88.03	Direct
	2 Institutions	Educational	Gujarat, Ahmedabad	6.00	6.00	3,94.03	Direct
	1 Institution	Educational	Andhra Pradesh, Kurnool	5.00	5.00	3,99.03	Direct
	3 Institutions	Educational	New Delhi	7.50	7.50	4,06.53	Direct
	1 Institution	Educational	West Bengal, Kolkata	1.00	1.00	4,07.53	Direct
	1 Institution	Educational	West Bengal, Howrah	5.00	5.00	4,12.53	Direct
3.	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.						
	3 Institutions	Setting up old age home	Tamil Nadu, Chennai	7.50	7.50	4,20.03	Direct
	1 Institution	Promotion of Gender Equality	Karnataka, Bengaluru	3.00	3.00	4,23.03	Direct
	1 Institution	Setting up old age home	Gujarat, Ahmedabad	5.00	5.00	4,28.03	Direct

(₹ in lakhs)

1	2	3	4	5	6	7	8
Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programmes (1) Local area or other (2) Specify the State and district where projects or programmes were undertaken	Amount outlay (budget) project or programme-wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or program (2) Overhead	Cumulative expenditure up to the reporting period	Amount spent: Direct / through implementing agency
4.	Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts						
	5 Institutions	National Heritage, Art and Culture	Tamil Nadu, Chennai	30.00	30.00	4,58.03	Direct
	2 Institutions	National Heritage, Art and Culture	Tamil Nadu, Nagapattinam	1.00	1.00	4,59.03	Direct
	3 Institutions	National Heritage, Art and Culture	Tamil Nadu, Thiruvannamalai	6.00	6.00	4,65.03	Direct
	1 Institution	National Heritage, Art and Culture	Tamil Nadu, Tiruchirappalli	2.00	2.00	4,67.03	Direct
	1 Institution	National Heritage, Art and Culture	Telangana, Secunderabad	3.00	3.00	4,70.03	Direct
	1 Institution	National Heritage, Art and Culture	Andhra Pradesh, East Godavari	2.00	2.00	4,72.03	Direct
	1 Institution	National Heritage, Art and Culture	Karnataka, Udupi	1.00	1.00	4,73.03	Direct
	1 Institution	National Heritage, Art and Culture	Karnataka, Chikkamagaluru	6.00	6.00	4,79.03	Direct
	1 Institution	National Heritage, Art and Culture	Kolkata, West Bengal	5.00	5.00	4,84.03	Direct
5.	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.						
	2 Institutions	Environmental sustainability	Tamil Nadu, Chennai	1.00	1.00	4,85.03	Direct
	1 Institution	Environmental sustainability	Tamilnadu, Tirunelveli	5.00	5.00	4,90.03	Direct
	1 Institution	Environmental sustainability	Tamilnadu, Tiruppur	1.00	1.00	4,91.03	Direct
	1 Institution	Environmental sustainability	Karnataka, Dakshina Kannada	5.00	5.00	4,96.03	Direct
	1 Institution	Environmental sustainability	Karnataka, Udupi	5.00	5.00	5,01.03	Direct
	1 Institution	Environmental sustainability	Andhra Pradesh, East Godavari	2.00	2.00	5,03.03	Direct
	1 Institution	Rural Development	Tamil Nadu, Chennai	0.50	0.50	5,03.53	Direct
	1 Institution	Rural Development	Tamil Nadu, Kanchipuram	1.00	1.00	5,04.53	Direct
	1 Institution	Rural Development	Tamil Nadu, Namakkal	4.55	4.55	5,09.08	Direct
6.	Measures for the benefit of armed forces veterans, war widows and their dependents						
	1 Institution	Benefit of War Widows	New Delhi	5.00	5.00	5,14.08	Direct
	Total			5,14.08	5,14.08		

Annexure-II(i)
Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

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

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

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

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

sd/-

Chennai
20th May 2020

T T SRINIVASARAGHAVAN
Chairman

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

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

OBJECTIVE:

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

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

DEFINITIONS:

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

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

POLICY:

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

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

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

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

AMENDMENTS:

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

Annexure-III
Form No. MGT-9
Extract of Annual Return as on the financial year ended on 31st March 2020

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

I. REGISTRATION AND OTHER DETAILS

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Sundaram Finance Limited 21, Patullos Road, Chennai - 600 002	I65191TN1954PLC002429	Holding Company	100%	2(87)(ii)

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	5,07,28,473	5,07,28,473	50.1%	10,12,54,433	5	10,12,54,438	100%	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	-	5,07,28,473	5,07,28,473	50.1%	10,12,54,433	5	1,01,25,44,38	100%	-
2) Foreign									
a) NRI-Individual	-	-	-	-	-	-	-	-	-
b) Other-Individual	-	-	-	-	-	-	-	-	-
c) Body Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	5,05,25,965	-	5,05,25,965	49.9%	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2)	5,05,25,965	-	5,05,25,965	49.9%	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	5,05,25,965	5,07,28,473	10,12,54,438	100%	10,12,54,433	5	10,12,54,438	100%	-
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2) Non-Institutions									
a) Bodies Corporate									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(2)	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)= (B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs and ADRs	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A)+(B)+(C)	5,05,25,965	5,07,28,473	10,12,54,438	100%	10,12,54,433	5	10,12,54,438	100%	-

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares Pledged / Encumbered to total shares	No. of shares	% of total shares of the company	% of shares Pledged / Encumbered to total shares	
1	Sundaram Finance Limited (SFL)	5,07,28,473	50.1%	-	10,12,54,438	100%	-	-
2	BNP Paribas Personal Finance S.A.	5,05,25,965	49.9%	-	-	-	-	-
	Total	10,12,54,438	100%		10,12,54,438	100%	-	-

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of	No. of shares	% of total shares of the company
1	At the beginning of the year				
	Sundaram Finance Limited	5,07,28,473	50.1%	10,12,54,438	100%
	BNP Paribas Personal Finance S.A.,	5,05,25,965	49.9%		
2	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	BNP Paribas Personal Finance S.A., transferred their entire holding (49.9%) of 50525965 to Sundaram Finance Limited on 30th September 2019		Sundaram Finance Limited has acquired 50525965 shares representing 49.9% shares held by BNP Paribas Personal Finance S.A., on 30th September 2019.	
3	At the end of the year	10,12,54,438	100%	10,12,54,438	100%

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Not Applicable

(v) Shareholding of Directors:

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

Shareholding of Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		Mr. G. Sundararajan (KMP) jointly with Mr. V. Swaminathan (KMP), as a nominee of Sundaram Finance Limited			
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	–	–	–	–
2	Date wise Increase/ Decrease in Share-holding during the year specifying the reasons for increase/ decrease (e.g. allotment /transfer/bonus/ sweat equity etc.)	1	0.001% (Transfer of Share as on 30th September 2019)	1	0.001% (Transfer of Share as on 30th September 2019)
3	At the end of the year	1	Negligible	1	Negligible

V. INDEBTEDNESS

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

(₹ in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	5372,60.84	1289,14.74	1173,76.06	7835,51.64
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	133,61.17	11,89.78	56,36.64	201,87.59
Total (i + ii + iii)	5506,22.01	1301,04.52	1230,12.70	8037,39.23
Change in Indebtedness during the financial year (including interest accrued)				
i) Addition	3715,64.49	810,24.23	578,34.68	5104,23.40
ii) Reduction	3325,28.10	1063,84.24	151,27.33	4540,39.67
Net Change (i-ii)	390,36.39	253,60.01	427,07.35	563,83.73
Indebtedness at the end of the financial year				
i) Principal Amount	5764,59.92	1033,99.54	1602,97.42	8401,56.88
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	131,98.50	13,44.97	54,22.63	199,66.11
Total (i + ii + iii)	5896,58.42	1047,44.51	1657,20.05	8601,22.98

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount
		Mr. Srinivas Acharya, Managing Director (For the year ended 31st March 2020)	Mr. Lakshminarayanan Duraiwamy, Whole-time Director (From 25th October 2019 till 31st March 2020)	
1	Gross Salary			
a)	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1,26.50	43.71	1,70.21
b)	Value of perquisites under Section 17(2) Income-tax Act, 1961	7.84	2.57	10.41
c)	Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	–	–	–
2.	Stock Option	23.38	3.39	26.77
3.	Sweat Equity	–	–	–
4.	Commission - as % of profit	75.00	50.00	1,25.00
5.	Contributions to Provident Fund, Superannuation Fund and Gratuity Fund	11.10	6.38	17.48
	Total (A)	2,43.82	1,06.05	3,49.87
	Ceiling as per the Act (5% of Net Profit)			12,83.43

B. Remuneration to other Directors

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. N. Ganga Ram	Mrs. Radha Unni	Mr. P.C. Mathew	Mr. P.N. Venkatachalam	
1	Independent Directors					
	• Fee for attending board/ committee meetings	4.55	4.75	0.75	3.05	13.10
	• Commission	7.50	7.50	2.50	5.00	22.50
	Total (1)	12.05	12.25	3.25	8.05	35.60
2	Other Non-Executive Directors	–	–	–	–	–
	• Fee for attending board / committee meetings	–	–	–	–	–
	• Commission	–	–	–	–	–
	Total (2)	–	–	–	–	–
	Total (B) = (1 + 2)	12.05	12.25	3.25	8.05	35.60
	Total Managerial Remuneration (A + B)					3,85.47
	Overall Ceiling as per the Act (11% of Net Profit)					28,23.54

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

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Mr. G. Sundararajan, Chief Financial Officer	Mr. V. Swaminathan, Company Secretary	Total Amount
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	87.37	42.33	1,29.70
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1.12	5.90	7.02
2	Stock Option	3.90	–	3.90
3	Sweat Equity	–	–	–
4	Commission			
	- as % of profit	–	–	–
	- others, specify	–	–	–
5	Contributions to Provident Fund, Superannuation Fund and Gratuity Fund	7.85	4.44	12.29
	Total (C)	1,00.24	52.67	1,52.91

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

During the year 2019-20, the Company or any of its Directors or Key Managerial Personnel were not liable for any penalty, punishment or any compounding offences under the Companies Act, 2013.

During the year, National Housing Bank (NHB) levied a penalty of Rs 15,000/- for non-compliance of the provisions of Para 30 of the Housing Finance Companies (NHB) Directions, 2010 and para 10(2) of the Non-Convertible Debentures Directions, 2014. The same was paid by the Company with applicable GST within the due date.

sd/-

 Chennai
 20th May 2020

T.T. SRINIVASARAGHAVAN
 Chairman

Form No. MR-3 Secretarial Audit Report For The Financial Year Ended 31.03.2020

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

To,

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

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

Based on our verification of the M/s. Sundaram Home Finance Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31.03.2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Sundaram Home Finance Limited for the financial year ended on 31.03.2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iii) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (b) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (v) The following act and directions applicable specifically to the Company:-
 - (a) The National Housing Bank Act, 1987 and
 - (b) The Housing Finance Companies (NHB) Directions, 2010

We have also examined compliance with the applicable Clauses/Regulations of the following:

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

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

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed note on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

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

We further report that during the audit period the Company has:

- (i) passed Special Resolution under section 42 and all other applicable provisions of the Companies Act, 2013 vide Annual General Meeting dated 17th July, 2019 to issue secured/unsecured Redeemable Non-convertible Debentures on private placement basis up to an aggregate amount not exceeding ₹2,000 crores (Rupees Two Thousand Crore Only) .
- (ii) changed its name from Sundaram BNP Paribas Home Finance Limited to Sundaram Home Finance Limited pursuant to Special Resolution passed at the Extraordinary General Meeting of Members of the Company held on 03rd October, 2019.
- (iii) changed its object clause of the Memorandum of Association of the Company pursuant to Special Resolution passed at the Extraordinary General Meeting of Members of the Company held on 03rd October, 2019.
- (iv) adopted the New Articles of Association of the Company pursuant to Special Resolution passed at the Extraordinary General Meeting of Members of the Company held on 03rd October, 2019.
- (v) issued listed Secured Redeemable Non-Convertible Debentures on Private Placement Basis.
- (vi) redeemed the debentures on its respective due dates.

Place: Chennai
Date: 20.05.2020

For **M DAMODARAN & ASSOCIATES LLP**

sd/-

M. DAMODARAN

Managing Partner

Membership No. : 5837

COP. No. : 5081

ICSI UDIN No.: F005837B000266196

Disclaimer Certificate

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

Our report of even date is to be read along with this letter.

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

Place: Chennai

Signature : *sd/-*

Date: 20.05.2020

Name of Company Secretary in practice : M.DAMODARAN
Managing Partner

FCS No. : 5837

C. P. No. : 5081

ICSI UDIN No. : F005837B000266196

Criteria for Evaluation

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

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

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

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

C. Criteria for evaluation of Independent Directors

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

D. Criteria for evaluation of the Audit Committee

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

Chennai
20th May 2020

T T SRINIVASARAGHAVAN
Chairman

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

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

Names of the Directors / Key Managerial Personnel	Ratio to Median Remuneration	Ratio to Mean Remuneration	Increase / Decrease in Remuneration
Mr. S Viji, Chairman *	–	–	Not Applicable
Mr. T.T. Srinivasaraghavan (Chairman - effective 1st November 2019)	–	–	Not Applicable
Mr. Harsha Viji **	–	–	Not Applicable
Mr. Anthony Colwyn-Thomas*	–	–	Not Applicable
Mr. Patrick Miron de L'Espinay*	–	–	Not Applicable
Mr. N. Ganga Ram##	0.90	0.62	Not Applicable
Mrs. Radha Unni	0.94	0.65	Not Applicable
Mr. P.C. Mathew*	0.15	0.10	Not Applicable
Mr. P.N. Venkatachalam	0.60	0.42	Not Applicable
Mr. Srinivas Acharya, Managing Director ##	42.15	28.97	7.60%
Mr. Lakshminarayanan Duraiswamy, Wholetime Director#	19.84	13.64	Not Applicable
Mr. G. Sundararajan, Chief Financial Officer	18.88	12.98	8.19%
Mr. V. Swaminathan, Company Secretary	9.27	6.37	10.18%

* Resigned with effect from 31st October 2019, 24th September 2019, 30th September 2019 and 17th July 2019, respectively.

** Appointed as an Additional Director with effect from 24th January 2020.

Appointed as Whole-time Director with effect from 25th October 2019 and Managing Director with effect from 1st April 2020.

The term of office of Mr. N. Ganga Ram and Mr. Srinivas Acharya ended on 31st March 2020.

- (iii) The percentage increase in the median remuneration of employees in the financial year - 6.23%

- (iv) The number of permanent employees on the rolls of the Company – 827

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

The average increase in salaries of employees other than managerial personnel in 2019-20 was 6.34%. Percentage increase in the managerial remuneration (including the remuneration paid to the Whole-time Director) for the year was 38.60%.

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

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

Chennai
20th May 2020

T T SRINIVASARAGHAVAN
Chairman

Report on Corporate Governance

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

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

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

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

1 BOARD OF DIRECTORS

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

As on 31st March 2020, the Company's Board consisted of 7 Directors as under:

Non-Executive Promoter Directors:

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

Non-Executive Independent Directors:

3. Mr. N. Ganga Ram
4. Mr. P.N. Venkatachalam
5. Mrs. Radha Unni

Managing Director:

6. Mr. Srinivas Acharya

Executive Director:

7. Mr. Lakshminarayanan Duraiswamy

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

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

During the year, the following directors, Mr. S Viji, Chairman, Mr. P.C. Mathew, Mr. Patrick Miron de L'Espinay and Mr. Anthony Colwyn Thomas, resigned from the Board, while the contracted term of office of Mr. Ganga Ram as an Independent Director ended on 31st March 2020. Mr. Ganga Ram has expressed his intention not to seek extension and accordingly his directorship ceased effective 1st April 2020. The Board acknowledges the guidance provided by the Directors and places on record its appreciation of the invaluable contributions rendered by them during their respective tenures.

During the year, Mrs. Radha Unni was reappointed as an Independent Director for a period of five years with effect from 05th March 2020.

The Board has unanimously appointed Mr. T T Srinivasaraghavan as the Chairman of the Company with effect from 01st November 2019.

The Board, at its meeting held on 24th January 2020, based on the recommendation of the Nomination & Remuneration Committee (NRC), approved the appointment of Mr. Harsha Viji as an Additional Director of the Company.

Pursuant to Section 161 of the Companies Act, 2013, Mr. Harsha Viji will hold office of directorship up to the date of ensuing Annual General Meeting and, subject to the approval of the Members, will be appointed as Non-Executive Director of the Company.

During the year, Mr. Lakshminarayanan Duraiswamy was appointed as Whole-time Director of the Company for the period of five years with effect from 25th October 2019.

The term of office of Mr. Srinivas Acharya as the Managing Director of the Company ended on the close of office hours of 31st March 2020. As recommended by the Nomination & Remuneration Committee and approved by the Board, Mr. Lakshminarayanan Duraiswamy, Whole-time Director of the Company was appointed as the Managing Director of the Company with effect from 1st April 2020.

The Board placed on record its deep appreciation of the outstanding contribution of Mr. Srinivas Acharya during his decade long tenure at the helm of the Company. During his tenure as Managing Director, the Company made several strides, notably in the area of technology and automated processes and skills enhancement. The Board also recorded his sterling contribution to the Sundaram Finance Group in a career spanning nearly four decades.

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

1.1 DIRECTORS' TERM

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

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

1.2 MEMBERSHIP OF OTHER BOARDS

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

Details of directorships held by the Directors in other Indian Public Limited Companies as on 31st March 2020 are given below:

Sl. No.	Director	DIN	Directorships*		Chairmanship/ Membership of Committees of other Companies*	
			Chairman	Director	Chairman	Member
1.	Mr. T.T. Srinivasaraghavan	00018247	1	6	-	3
2.	Mr. Harsha Viji #	00602484	-	5	1	3
3.	Mr. N. Ganga Ram *	00001246	-	2	-	1
4.	Mr. P.N. Venkatachalam	00499442	-	7	-	6
5.	Mrs. Radha Unni	03242769	-	7	1	6
6.	Mr. Srinivas Acharya *	00017412	-	1	1	-
7.	Mr. Lakshminarayanan Duraiswamy **	07988186	-	1	-	-

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

Appointed as an Additional Director with effect from 24th January 2020

* The term of office of Mr. N. Ganga Ram and Mr. Srinivas Acharya ended on 31st March 2020

** Appointed as Whole-time Director with effect from 25th October 2019 and Managing Director with effect from 1st April 2020

1.3 BOARD PROCEDURE AND RESPONSIBILITIES

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

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

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

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

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

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

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

2 BOARD MEETINGS

Board meetings are held in Chennai. The Board meets at least once a quarter, *inter-alia*, to review the operations and financial results. The Company also holds additional Board Meetings to address any specific requirement, as and when required. The Directors are informed of

the main items on the agenda for every Board meeting along with the Notice of the meeting. Detailed agenda notes are sent to them in advance of the meetings. All the urgent matters approved by way of Circular Resolutions are placed and noted at the subsequent Board meeting. The intervening gap between any two meetings is within the period prescribed by the Companies Act, 2013.

During the year ended 31st March 2020, the Board met nine times as noted below:

2019 – 2020	
3rd April 2019	30th September 2019
21st May 2019	25th October 2019
20th June 2019	24th January 2020
17th July 2019	13th March 2020
30th September 2019	

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

Sl. No.	Director	No. of Meetings	
		Held	Attended
1.	Mr. S. Viji *	7	7
2.	Mr. T.T. Srinivasaraghavan	9	9
3.	Mr. Harsha Viji **	2	2
4.	Mr. Anthony Colwyn-Thomas *	4	2
5.	Mr. Patrick Miron de L'Espinay *	4	—
6.	Mr. N. Ganga Ram##	9	9
7.	Mr. P.N. Venkatachalam	9	9
8.	Mrs. Radha Unni	9	9
9.	Mr. P.C. Mathew*	3	2
10.	Mr. Srinivas Acharya	9	9
11.	Mr. Lakshminarayanan Duraiswamy #	3	3

* Resigned with effect from 31st October 2019, 24th September 2019, 30th September 2019 and 17th July 2019, respectively.

** Appointed as an Additional Director with effect from 24th January 2020.

Appointed as Whole-time Director with effect from 25th October 2019 and Managing Director with effect from 1st April 2020.

The term of office of Mr. N. Ganga Ram and Mr. Srinivas Acharya ended on 31st March 2020

3 BOARD COMMITTEES

The Board has reconstituted the following eight Committees:

3.1 EXECUTIVE COMMITTEE

As on 31st March 2020, the Executive Committee consisted of three Members, viz.

1. Mr. T.T. Srinivasaraghavan, Chairman
2. Mr. Srinivas Acharya
3. Mr. Lakshminarayanan Duraiswamy

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

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

The Committee met twenty one times during the year.

3.2 AUDIT COMMITTEE

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

The Company Secretary serves as the Secretary to the Committee.

As of 31st March 2020, the Committee consisted of three Members, viz.

1. Mr. N. Ganga Ram, Chairman
2. Mrs. Radha Unni
3. Mr. Harsha Viji

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

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

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

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

Sl. No.	Member	No. of Meetings	
		Held	Attended
1.	Mr. N. Ganga Ram ^{##}	6	6
2.	Ms. Radha Unni	6	6
3.	Mr. Harsha Viji [#]	1	1
4.	Mr. P.C. Mathew [*]	2	1
5.	Mr. T.T. Srinivasaraghavan ^{**}	5	5
6.	Mr. Anthony Colwyn-Thomas [*]	2	2

[#] Inducted as a Member of the Committee with effect from 24th January 2020

^{*} Resigned from the Board with effect from 17th July 2019 and 24th September 2019, respectively

^{**} Ceased to be a Member with effect from 24th January 2020

^{##} The term of office of Mr. N. Ganga Ram ended on 31st March 2020

3.3 ASSET LIABILITY MANAGEMENT COMMITTEE (ALCO)

As of 31st March 2020, ALCO consisted of six Members, viz.

1. Mr. Srinivas Acharya, Chairman
2. Mr. Lakshminarayanan Duraiswamy
3. Mr. G. Sundararajan
4. Mr. S. Rajagopalan
5. Mr. Moahan Venkatesan
6. 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 seven times during the year. Details of the meetings attended by the Members are as under:

Sl. No.	Member	No. of Meetings	
		Held	Attended
1.	Mr. Srinivas Acharya [#]	7	7
2.	Mr. Lakshminarayanan Duraiswamy [*]	6	5
3.	Mr. G. Sundararajan	7	7
4.	Mr. S. Rajagopalan	7	7
5.	Mr. Moahan Venkatesan	7	7
6.	Mr. V. Swaminathan	7	7

* Inducted as a Member of the Committee with effect from 21st May 2019

The term of office of Mr. Srinivas Acharya ended on 31st March 2020

3.4 RISK MANAGEMENT COMMITTEE (RMC)

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

The Company Secretary serves as the Secretary to the Committee.

As of 31st March 2020, the Risk Management Committee consisted of four Members viz.

1. Mr. P.N. Venkatachalam, Chairman
2. Mrs. Radha Unni
3. Mr. T.T. Srinivasaraghavan
4. Mr. Srinivas Acharya

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

The functions of the Committee includes:

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

The Risk Management Committee met two times during the year. Details of the meetings attended by the Members are as under:

Sl. No.	Member	No. of Meetings	
		Held	Attended
1.	Mr. P.N. Venkatachalam	2	2
2.	Mrs. Radha Unni*	1	1
3.	Mr. T.T. Srinivasaraghavan *	1	1
4.	Mr. Srinivas Acharya##	2	2
5.	Mr. Anthony Colwyn-Thomas **	1	1

* Inducted as a Member of the Committee with effect from 30th September 2019

** Resigned from the Board with effect from 24th September 2019

The term of office of Mr. Srinivas Acharya ended on 31st March 2020

3.5 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

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

The Company Secretary serves as the Secretary to the Committee.

As of 31st March 2020, the CSR Committee consisted of three Members, viz.

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

The functions of the Committee include:

- (i) formulation and recommendation to the Board of Corporate Social Responsibility Policy which will indicate the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013;

(ii) recommendation of the amount of expenditure to be incurred on the activities referred to in (i) and

(iii) monitoring the Corporate Social Responsibility Policy of the Company from time to time.

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

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

* The term of office of Mr. N. Ganga Ram and Mr. Srinivas Acharya ended on 31st March 2020

3.6 NOMINATION & REMUNERATION COMMITTEE (NRC)

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

The Company Secretary serves as the Secretary to the Committee.

As of 31st March 2020, the Nomination & Remuneration Committee consisted of three Members, viz.

1. Mr. Harsha Viji, Chairman
2. Mr. N. Ganga Ram
3. Mrs. Radha Unni

The functions of the Committee include:

- a. identifying persons who are qualified to become Directors and who may be appointed in senior management;
- b. formulation of the criteria for determining qualifications, positive attributes and independence of Directors and recommend to the

- Board, a policy relating to the remuneration of Directors, key managerial personnel and other employees;
- formulation of criteria for evaluation of Independent Directors and the Board;
 - devising a policy on Board diversity;
 - undertaking the process of due diligence to determine the suitability of Directors, based upon qualification, track record, integrity and other fit and proper criteria;
 - recommending the Director's appointment and continuation as a Director;
 - ensuring that persons proposed to be appointed as Directors meet the relevant criteria prescribed under applicable laws;
 - reviewing the said criteria from time to time;
 - fixing/re-fixing the remuneration of the Executive Directors (Whole-time Directors) of the Company; and
 - approving the remuneration/any change therein of the managerial personnel of the Company when there are no profits/inadequate profits/negative effective capital as per Schedule V to the Companies Act, 2013.

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

Sl. No.	Member	No. of Meetings	
		Held	Attended
1.	Mr. T.T. Srinivasaraghavan #	4	4
2.	Mr. Harsha Viji*	1	1
3.	Mr. Anthony Colwyn-Thomas **	2	1
4.	Mr. N. Ganga Ram##	5	5
5.	Mrs. Radha Unni	5	5

Ceased to be a Member of the Committee with effect from 24th January 2020

* Inducted as a Member of the Committee with effect from 24th January 2020

** Resigned from the Board with effect from 24th September 2019

The term of office of Mr. N. Ganga Ram ended on 31st March 2020

3.7 STAKEHOLDERS RELATIONSHIP COMMITTEE (SRC)

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

The Company Secretary acts as the Secretary to the Committee.

As of 31st March 2020, the Stakeholders Relationship Committee consisted of three Members, viz.

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

The functions of the Committee include:

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

The SRC Committee met once during the year on 13th March 2020.

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

3.8 IT STRATEGY COMMITTEE

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

As of 31st March 2020, the IT Strategy Committee consisted of three Members viz.

- Mr. P.N. Venkatachalam, Chairman
- Mrs. Radha Unni
- Mr. Srinivas Acharya

The functions of the Committee include:

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

The IT Strategy Committee met three times during the year.

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

Sl. No.	Member	No. of Meetings	
		Held	Attended
1.	Mr. P N Venkatachalam	3	3
2.	Mrs. Radha Unni	3	3
3.	Mr. Srinivas Acharya*	3	3
4.	Mr. Patrick Miron de L'Espinay **	1	—

** Resigned from the Board with effect from 30th September 2019

* The term of office of Mr. Srinivas Acharya ended on 31st March 2020

4 SEPARATE MEETING OF INDEPENDENT DIRECTORS

As required under Clause VII of Schedule IV of the Companies Act, 2013 on the Code for Independent Directors, a separate

Meeting of all the Independent Directors on the Company's Board, viz. Mr. N. Ganga Ram, Mr. P. N. Venkatachalam and Mrs. Radha Unni was held on 13th March 2020, without the attendance of the Non-Independent Directors and the Members of the Management.

At this Meeting, the Independent Directors -

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

5 REMUNERATION OF DIRECTORS

5.1 INDEPENDENT DIRECTORS

Independent Directors are paid sitting fees for attending Board and Committee meetings. Details of the fees paid to them for the year 2019-20 are as under:

Sl. No.	Director	Sitting Fees Paid (in ₹)
1.	Mr. N. Ganga Ram	4,55,000/-
2.	Mr. P.N. Venkatachalam	3,05,000/-
3.	Mrs. Radha Unni	4,75,000/-
4.	Mr. P C Mathew	75,000/-

In addition, commission of ₹7.50 lakhs each was paid to Mr. N. Ganga Ram and Mrs. Radha Unni, ₹2.50 lakhs to Mr. P.C. Mathew and ₹5 lakhs to Mr. P.N. Venkatachalam.

5.2 KEY MANAGERIAL PERSONNEL

Details of remuneration paid to the Key Managerial Personnel of the Company for the year 2019-20 are as under:

(₹ in lakhs)

Particulars	Mr. Srinivas Acharya, Managing Director (For the year ended 31st March 2020)	Mr. Lakshminarayanan Duraiswamy, Whole-time Director (From 25th October 2019 till 31st March 2020)	Mr. G. Sundararajan, Chief Financial Officer	Mr. V. Swaminathan, Company Secretary
Salary & Allowances	1,26.50	43.71	87.37	42.33
Commission	75.00	50.00	NA	NA
Contribution to Provident, Superannuation, and Gratuity Funds	11.10	6.38	7.85	4.44
Perquisites	7.84	2.57	1.12	5.90
Employee Stock Option	***	**	*	—

During the year, Sundaram Finance Ltd, the holding Company has incurred ₹30.70 lakhs (31st March 2019 - ₹34.93 lakhs) towards the cost of Employee stock option scheme issued under Sundaram Finance Employee Stock Option Scheme 2008 to the Managing Director, the Whole-Time Director and two Senior Executives of the Company.

*** 1000 Stock Options were granted at ₹10/- per share (at par) on 30th May 2019. The said Options would vest on 1st June 2020 and would be exercisable between 2nd June 2020 and 1st September 2020.

** 400 Stock Options were granted at ₹10/- per share (at par) on 30th May 2019. The said Options would vest on 1st June 2020 and would be exercisable between 2nd June 2020 and 1st September 2020.

* 200 Stock Options were granted at ₹10/- per share (at par) on 30th May 2019. The said Options would vest on 1st June 2020 and would be exercisable between 2nd June 2020 and 1st September 2020.

6 DIRECTORS' DEPOSITS WITH THE COMPANY

As on 31st March 2020 Directors and their relatives held deposits aggregating ₹389.92 lakhs with the Company. The interest paid on the deposits of Directors and their relatives during the year amounted to ₹31.19 lakhs.

7 RELATED PARTY TRANSACTIONS

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

Directors and their relatives, conflicting with the Company's interests. All related party transactions were being transacted on an arm's length basis.

8 DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2020

During the year, BNP Paribas Personal Finance S.A. had electronically transferred 5,05,25,965 Equity Shares held by them in the Company to Sundaram Finance Limited effective 30th September 2019. Pursuant

to Section 3A of the Companies Act, 2013, one equity share of the Company held by Sundaram Finance Limited has been transferred to Mr. G Sundararajan, Chief Financial Officer and Mr. V Swaminathan, Company Secretary, jointly.

The distribution of shareholding in the Company as on 31st March 2020 was as under:

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

* Nominees of Sundaram Finance Limited, Holding Company.

Of the total equity shares, 10.12 crore shares have been dematerialised, and the balance 5 shares are held in physical form.

During the year, the Company has obtained connectivity for its securities in the Depository system of Central Depository Services (India) Limited.

9 SHARE PRICE PERFORMANCE

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

10 SHARE TRANSFER AND INVESTOR GRIEVANCES COMMITTEE

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

Share transfer, transmission, split, consolidation and grievances of investors and security holders are taken care of by the Stakeholders Relationship Committee set up by the Board. There were no investor complaints pending resolution at the beginning of the year and no

fresh investor complaints were received during the year. Also, during the Financial Year, Company did not receive any complaint from its debenture holders.

11 LISTED DEBENTURES

The Company has so far privately placed a total of 308 series of secured/unsecured Non-Convertible Debentures (NCDs) of the total face value of ₹8450.50 crore. The NCDs have been listed on the National Stock Exchange of India Ltd. (NSE) for trading in compulsory dematerialised form. The Company is up-to-date in the payment of annual listing fees to NSE.

During the year, the Company issued fresh NCDs aggregating ₹942 crore and redeemed NCDs aggregating ₹993.90 crore. NCDs (including debenture application money and subordinated debentures) of ₹2238 crore (face value) were outstanding as on 31st March 2020.

12 COMMERCIAL PAPER

During the year, the Company privately placed commercial paper aggregating ₹1210 crore (face value) with mutual funds and banks/companies.

13 REGISTRAR AND TRANSFER AGENT

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

Cameo Corporate Services Ltd.

'Subramaniam Building'

#1, Club House Road, Chennai 600 002

Phone : 044 – 40020700

Fax : 044 – 2846 0129

Email : cameo@cameoindia.com

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

14 ANNUAL GENERAL MEETING

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

Financial Year	Date of Meeting	Time	Venue	Special Resolutions passed
2018-19	17th July 2019	2.00 p.m.	No.21, Patullos Road, Chennai 600 002	For issuance of Non-Convertible Debentures on private placement basis
2017-18	18th July 2018	2.30 p.m.	No.21, Patullos Road, Chennai 600 002	For issuance of Non-Convertible Debentures on private placement basis
2016-17	17th July 2017	1.15 p.m.	No.21, Patullos Road, Chennai 600 002	1. For borrowing monies by private placement of non-convertible debentures u/s 180(1)(c) of the Companies Act, 2013 2. For issuance of Non-Convertible Debentures on private placement basis

No resolutions were passed through postal ballot during the year ended 31st March 2020. None of the resolutions being placed at the ensuing Annual General Meeting is covered by the Postal Ballot Rules.

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

15 WHISTLE BLOWER POLICY

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

the Audit Committee. There were no complaints from the employees during the year 2019-20.

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

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

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

17 DISCLOSURE

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

18 MEANS OF COMMUNICATION

The primary source of information to the shareholders, customers, analysts and other stakeholders of the Company and to the public at large is through the website of the Company www.sundaramhome.in

In accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Listing Agreement with NSE, half-yearly unaudited financial results/annual audited financial results of the Company in respect of financial year 2019-20 have been forwarded to NSE in the prescribed format. Further, the results are hosted on the Company's website www.sundaramhome.in

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

19 CORPORATE IDENTITY NUMBER

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

20 REGISTRATION WITH THE RESERVE BANK OF INDIA

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

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

21 ADDRESS FOR CORRESPONDENCE AND ANY ASSISTANCE OR CLARIFICATION

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

Mr. V. Swaminathan
Compliance Officer

Sundaram Home Finance Ltd.

Fifth Floor, Sundaram Towers, 46, Whites Road, Chennai-600 014

Phone: 044-2858 2234

E-mail: swaminathan@sundaramhome.in

22 MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

23 GENERAL SHAREHOLDER INFORMATION

Twenty First Annual General Meeting

Date	Time	Venue
17th July 2020	10.00 a.m.	No.21, Patullos Road, Chennai 600002

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

- Financial Year –1st April 2019 to 31st March 2020 : 20th May 2020
- Unaudited results for the half-year ending 30th September 2020 : End of October 2020
- Date of payment of dividend for the year ending 31st March 2019: 17th July 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUNDARAM HOME FINANCE LIMITED (FORMERLY KNOWN AS SUNDARAM BNP PARIBAS HOME FINANCE LIMITED), CHENNAI FOR THE YEAR ENDED 31st MARCH, 2020

REPORT ON FINANCIAL STATEMENTS

OPINION

We have audited the accompanying financial statements of Sundaram Home Finance Limited (formerly known as Sundaram BNP Paribas Home Finance Limited) ("the Company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("The Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2020, and its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

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

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

EMPHASIS OF MATTER

We draw attention to note no: 33.19 on the impact of COVID 19 Pandemic in the financial statements in which the management has described the probable impact on the company and the environment in which it operates as well as the measures taken and planned to deal with these circumstances or events. This note also indicates that uncertainties exist and that currently it is not possible to reasonably estimate the future impact. Our opinion is not modified in this matter.

KEY AUDIT MATTERS

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

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

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

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

We also:

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" to this Report, a statement on the matters specified in paragraphs 3 and 4 of the said Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015.
- (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) As regards Managerial Remuneration paid to Directors, refer to note no. xi of "Annexure A" to this Report.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – refer note no. 33.23 to the financial statements.
 - ii. The Company did not enter into any derivative contracts during the year.
 - iii. During the year, there has been no delay in transferring the amounts required to be transferred to the Investor Education and Protection Fund.

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

S.Usha
Partner

Place: Chennai
Date : 20.05.2020

Membership Number : 211785
UDIN: 20211785AAAABU3088

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

Annexure A referred to in our report under "Report on Other Legal and Regulatory Requirements Para 1" of even date on the accounts for the year ended 31st March 2020.

- | | |
|--|---|
| <p>i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;</p> <p>(b) Fixed assets have been physically verified by the Management during the year, in accordance with the regular programme of verification, which in our opinion is reasonable having regard to the size of the Company and nature of the fixed assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification.</p> <p>(c) The title deeds of immovable properties owned by the Company are held in its name.</p> <p>ii. The Company does not have any inventory and hence reporting under this clause 3(ii) is not applicable.</p> <p>iii. The Company has not granted any loan, secured or unsecured, to a company, firm and Limited Liabilities Partnerships covered in the register maintained under Section 189 of the Companies Act, 2013.</p> <p>The Company has granted a secured loan to a party covered in the register maintained under Section 189 of the Companies Act, 2013.</p> <p>(a) The terms and conditions of the grant of the loan are not prejudicial to the Company's interest;</p> <p>(b) The schedule of repayment of principal and interest has been stipulated and the recovery of principal and interest are regular.</p> <p>iv. In respect of a loan, the provisions of section 185 have been complied with.</p> <p>The Company has not made any investment or furnished any security or guarantee which will attract the provisions of section 186 of the Companies Act, 2013.</p> | <p>v. As per the notification by the Ministry of Corporate Affairs (GSR 256(E) dated March 31, 2014) the provisions of sections 73 to 76 or any other provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted are not applicable to the Company and hence the reporting under clause 3(v) of the Order is not applicable. The Company has complied with the directions issued by the National Housing Bank with regard to deposits accepted from the public.</p> <p>vi. The Central Government has not prescribed the maintenance of cost records for the Company u/s. 148(1) of the Companies Act, 2013.</p> <p>vii. (a) In our opinion and according to the information and explanation given to us, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Duty of Customs, Cess and other material statutory dues have been regularly deposited during the year with appropriate authorities.</p> <p>(b) There are no statutory dues which were not deposited on account of any disputes which were pending before the concerned authorities.</p> <p>viii. The Company has not defaulted in the repayment of dues to financial institution, banks, Government or debenture holders.</p> <p>ix. (a) The Company has not raised any money by the way of initial public offer or further public offer (including debt instruments) during the year. Hence reporting on utilization of such money does not arise; and</p> <p>(b) The term loans were applied for the purposes for which the loans were obtained.</p> <p>x. To the best of knowledge and belief and according to the information and explanations given to us, during the year, no material fraud by the Company or material fraud on the Company by its employees or officers were noticed during the course of our audit.</p> |
|--|---|

- xi. The Company has paid / provided for managerial remuneration within limits of section 197 read with schedule V to the Companies Act, 2013.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations furnished to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013.
- The details of such transactions have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures under section 42 of the Companies Act, 2013.
- xv. In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them.
- xvi. The Company does not require registration under section 45-IA of the Reserve Bank of India Act, 1934. The Company has obtained a Certificate of Registration under section 29A of the National Housing Bank Act, 1987.

For **Sundaram & Srinivasan**
Chartered Accountants
Firm Registration. No. 004207S
S.Usha
Partner
Membership Number : 211785
UDIN: 20211785AAAABU3088

Place: Chennai
Date : 20.05.2020

ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS ON THE FINANCIAL STATEMENTS OF SUNDARAM HOME FINANCE LIMITED, CHENNAI (FORMERLY KNOWN AS SUNDARAM BNP PARIBAS HOME FINANCE LIMITED) FOR THE YEAR ENDED MARCH 31, 2020

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

We have audited the internal financial controls over financial reporting of Sundaram Home Finance Limited, Chennai (formerly known as Sundaram BNP Paribas Home Finance Limited) ("the Company") as at 31st March, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company's Management is responsible for establishing and maintaining internal financial controls with reference to financial statements based on the internal control over financial reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on

Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls with reference to financial statements that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A Company’s internal financial control with reference to financial statements over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control with reference to financial statements over financial reporting includes those policies and procedures that;

- (i) pertain to the maintenance of records, that in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

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

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

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, based on the internal control over financial reporting with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

S.Usha
Partner

Place: Chennai
Date : 20.05.2020

Membership Number : 211785
UDIN: 20211785AAAABU3088

Balance Sheet as at 31st March, 2020

(₹ in lakhs)

Particulars	Note No.	31st March 2020	31st March 2019
ASSETS			
Financial Assets			
Cash and cash equivalents	5	21,54.23	24,77.35
Bank Balances	6	109,83.14	74,37.31
Receivables			
– Trade Receivables	7	1,06.74	1,07.62
Loans	8	9179,84.63	8771,38.86
Investments	9	587,66.83	361,69.92
Other Financial assets	10	3,70.51	3,34.33
Non-financial Assets			
Current tax assets (Net)	11	63,25.94	52,06.27
Property, Plant and Equipment	12	28,50.89	28,70.76
Right Of Use Assets	13	5,53.26	–
Other Intangible assets	14	5,54.70	7,86.93
Other Non-Financial assets	15	10,16.93	10,67.15
Deferred tax Assets (Net)	23	42,62.20	–
Total Assets		10059,30.00	9335,96.50
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Payables			
I) Trade Payables			
(i) Total outstanding dues of micro enterprises and small enterprises			
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	16	10,77.32	6,24.83
II) Other Payables			
(i) Total outstanding dues of micro enterprises and small enterprises			
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises			
Debt Securities	17	2608,80.60	2894,26.27
Borrowings (Other than Debt Securities)	18	4202,70.22	3722,17.77
Deposits	19	1638,00.15	1218,23.25
Subordinated Liabilities	20	132,52.10	190,82.50
Lease Liability		5,92.44	–
Other financial liabilities	21	32,75.50	28,94.46
Non-Financial Liabilities			
Current tax liabilities (Net)			
Provisions	22	1,65.26	78.14
Deferred tax liabilities (Net)	23	–	18,31.77
Other non-financial liabilities	24	5,09.66	4,08.44
EQUITY			
Equity Share capital	25	101,25.44	101,25.44
Other Equity	26	1319,81.31	1150,83.63
Total Liabilities and Equity		10059,30.00	9335,96.50

Significant Accounting policies 1-4

Balance Sheet, Statement of Profit and Loss and other disclosures 5-35

As per our report of even date attached

For **Sundaram & Srinivasan**

Chartered Accountants

FRN 004207S

S. Usha

Partner

Membership No. 211785

Chennai

20th May 2020

SUNDARAM HOME FINANCE LIMITED

(FORMERLY KNOWN AS SUNDARAM BNP PARIBAS HOME FINANCE LIMITED)

T.T. Srinivasaraghavan

Chairman

Lakshminarayanan Duraiswamy

Managing Director

V. Swaminathan

Company Secretary

P.N. Venkatachalam

Director

G. Sundararajan

Chief Financial Officer

Statement of Profit and Loss for the year ended 31st March, 2020

(₹ in lakhs)

Particulars	Note No.	April 2019- March 2020	April 2018- March 2019
Revenue from operations			
Interest Income	27	1034,31.65	970,32.25
Fees and commission Income		3,04.29	3,56.22
Net gain on fair value changes	28	23,59.22	15,63.85
Other Operating Income		17,67.05	16,62.33
Total Revenue from operations		1078,62.21	1006,14.65
Other Income			
Profit/Loss on sale of Property Plant & Equipment (Net)		18.33	4.91
Miscellaneous Income		6.57	7.85
Total other Income		24.90	12.76
Total Income		1078,87.11	1006,27.41
Expenses			
Finance Costs	29	691,37.10	622,25.67
Impairment on financial instruments	30	49,87.23	47,29.03
Employee Benefits Expenses	31	64,86.03	56,70.81
Depreciation, amortization and impairment	12, 13 & 14	13,77.76	5,81.18
Other expenses	32	40,91.06	50,03.56
Total Expenses		860,79.18	782,10.25
Profit before tax		218,07.93	224,17.16
Tax Expense:			
Current Tax		52,69.50	73,57.90
Deferred Tax		7,48.10	5,11.42
Total Tax Expense		60,17.60	78,69.32
Profit after tax before exceptional item		157,90.33	145,47.84
Exceptional item	33.18	60,24.86	—
Profit after tax after Exceptional item		218,15.19	145,47.84
Other Comprehensive Income			
(A) (i) Items that will not be reclassified to profit or loss		(37.76)	11.73
Remeasurement of the defined benefit plans			
(ii) Income tax relating to items that will not be reclassified to profit or loss		9.50	(4.10)
Subtotal (A)		(28.26)	7.63
(B) (i) Items that will be reclassified to profit or loss		—	—
(ii) Income tax relating to items that will be reclassified to profit or loss		—	—
Subtotal (B)		—	—
Other Comprehensive Income (A + B)		(28.26)	7.63
Total Comprehensive Income for the period comprising Profit and other comprehensive income for the period		217,86.93	145,55.47
Earnings per equity share			
Basic & Diluted (₹)		21.54	14.37

As per our report of even date attached
 For **Sundaram & Srinivasan**
 Chartered Accountants
 FRN 004207S
S. Usha
 Partner
 Membership No. 211785
 Chennai
 20th May 2020

T.T. Srinivasaraghavan
 Chairman

Lakshminarayanan Duraiswamy
 Managing Director

V. Swaminathan
 Company Secretary

P.N. Venkatachalam
 Director

G. Sundararajan
 Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

Statement of Changes in Equity for the year ended 31st March 2020

A. Equity Share Capital

₹ in lakhs

	Changes in equity share capital during the year	Balance at the end of the reporting period
Balance at the beginning of the reporting period		101,25.44
	0	101,25.44

B. Other Equity

₹ in lakhs

Particulars	Reserves and Surplus					ESOP Reserve	COVID-19 Reserve	Other Comprehensive Income	Total
	Statutory Reserves	General Reserve	Securities Premium	Special Reserve U/s 36(1) (viii) of Income Tax Act, 1961	Retained Earnings				
Balance as at 31st March 2018	15,02.90	540,00.00	204,74.56	218,57.00	68,82.42	65.74	-	(17.02)	1047,65.60
Profit for the year	-	-	-	-	145,47.84	-	-	-	145,47.84
Other Comprehensive Income for the year	-	-	-	-	-	-	-	7.63	7.63
Appropriations made during the year	-	70,00.00	-	34,17.00	(104,17.00)	-	-	-	-
Dividends including Dividend distribution Tax	-	-	-	-	(42,72.37)	-	-	-	(42,72.37)
Options granted during the year	-	-	-	-	-	34.93	-	-	34.93
Transfer to retained earnings	-	-	-	-	-	-	-	-	-
Any other change (to be specified)	-	-	-	-	-	-	-	-	-
Balance as at 31st March 2019	15,02.90	610,00.00	204,74.56	252,74.00	67,40.89	1,00.67	-	(9.39)	1150,83.63

Particulars	Reserves and Surplus					COVID-19 Reserve	ESOP Reserve	Other Comprehensive Income	Total
	Statutory Reserves	General Reserve	Securities Premium	Special Reserve U/s 36(1) (viii) of Income Tax Act, 1961	Retained Earnings				
Balance as at 01st April 2019	15,02.90	610,00.00	204,74.56	252,74.00	67,40.89	-	1,00.67	(9.39)	1150,83.63
Profit for the period	-	-	-	-	218,15.19	-	-	-	218,15.19
Other Comprehensive Income for the period	-	-	-	-	-	-	-	(28.26)	(28.26)
Appropriations made during the period	14,63.04	-	-	29,00.00	(43,63.04)	32,47.05	-	-	32,47.05
COVID-19 Provision (net of deferred tax of ₹817.22 lakhs)	-	-	-	-	(24,29.83)	-	-	-	(24,29.83)
Dividends including Dividend distribution Tax	-	-	-	-	(57,37.17)	-	-	-	(57,37.17)
Options granted during the period	-	-	-	-	-	30.70	-	-	30.70
Balance as at 31st March 2020	29,65.94	610,00.00	204,74.56	281,74.00	160,26.04	(32,47.05)	1,31.37	(37.65)	1319,81.31

a) The Special Reserve has been created over the years in terms of Section 36 (1) (viii) of the Income-tax Act, 1961 and Section 29C of the National Housing Bank Act, 1987.

b) As per Section 29C of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose, a transfer to any Special Reserve created by the Company under Section 36 (1) (viii) of the Income-tax Act, 1961 is considered to be an eligible transfer. The Company has transferred ₹14,63.04 (March 31, 2019 ₹NIL) to the statutory reserve u/s 29C of NHB Act and ₹29,00.00 lakhs (March 31, 2019 - ₹34,17.00 lakhs) to the Special Reserve in terms of Section 36 (1) (viii) of the Income-tax Act, 1961.

As per our report of even date attached
For **Sundaram & Srinivasan**
Chartered Accountants
FRN 004207S
S. Usha
Partner
Membership No. 211785
Chennai
20th May 2020

T.T. Srinivasaraghavan
Chairman

Lakshminarayanan Duraiswamy
Managing Director

V. Swaminathan
Company Secretary

P.N. Venkatachalam
Director

G. Sundararajan
Chief Financial Officer

Cash Flow Statement

(₹ in lakhs)

Particulars		April 2019 - March 2020	April 2018 - March 2019
CASH FLOW FROM OPERATING ACTIVITIES:			
Net Profit		157,90.33	145,47.84
Provision for Taxation (Including Deferred Tax)		60,17.60	78,69.32
Add : Financial Costs		691,37.10	622,25.67
Depreciation		13,77.76	5,81.18
Impairment on Financial Instruments		49,87.23	47,29.03
Share based payments		30.70	34.93
Profit on sale of Property Plant & Equipment (Net)		(18.33)	(4.91)
(Profit)/ Loss on sale of Investments		(23,59.22)	(15,63.85)
Interest / Dividend Income		(18,24.41)	(1148.55)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		931,38.76	872,70.66
(Increase)Decrease in Trade Receivables		0.88	(16.84)
(Increase) Decrease in Loans		(458,78.07)	(826,11.79)
(Increase) Decrease in Bank Deposits		(35,36.38)	165,44.22
(Increase) Decrease in Other Financial Assets		(16.18)	21.22
Increase (Decrease) in Other Non Financial Assets		50.22	9,30.64
Increase (Decrease) in Trade Payables		4,52.49	(1,59.06)
Increase (Decrease) in Other Financial Liabilities		4,22.81	(2,20.65)
Increase (Decrease) in Other Non Financial Liabilities		1,01.22	29.46
Increase (Decrease) in Provisions		51.57	(42.38)
Cash Generated From Operations		447,87.32	217,45.48
Financial Costs		(692,88.28)	(688,19.99)
Direct Taxes Paid		(63,79.67)	(79,42.63)
NET CASH FROM OPERATING ACTIVITIES	(A)	(308,80.63)	(550,17.14)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets - Tangible & Intangible		(5,68.79)	(20,51.25)
Sale of Fixed Assets - Tangible		52.89	22.27
Purchase/Sale of Investments		(201,54.73)	(158,94.00)
Interest Received		17,13.13	11,52.36
NET CASH FROM INVESTING ACTIVITIES	(B)	(189,57.50)	(167,70.62)

(₹ in lakhs)

Particulars		April 2019 - March 2020	April 2018 - March 2019
CASH FLOW FROM FINANCING ACTIVITIES			
Share Capital - Equity		—	—
Securities Premium received		—	—
Increase (Decrease) in Debt Securities		(352,04.69)	113,96.36
Increase (Decrease) in Borrowings other than debt securities		488,88.53	528,86.08
Increase (Decrease) in Public Deposits		421,90.90	107,82.06
Repayment of lease liabilities		(6,22.56)	—
Dividend paid (including Corporate Dividend Tax)		(57,37.17)	(42,72.37)
NET CASH FROM FINANCING ACTIVITIES	(C)	495,15.01	707,92.13
Effect of Foreign Exchange rates on Cash and Cash Equivalents, net	(D)	—	—
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)+(D)		(3,23.12)	(9,95.63)
Cash and cash equivalents at the Beginning of the Year		24,77.35	34,72.98
Cash and cash equivalents at the End of the Year		21,54.23	24,77.35
COMPONENTS OF CASH AND CASH EQUIVALENTS			
AT THE END OF THE YEAR			
Current Account with Banks		18,77.49	18.84
Cheques Drafts on Hand		2,73.43	23,15.89
Cash, Stamps and Stamp Papers on Hand		3.31	1,42.62
Cash & Cash equivalents		21,54.23	24,77.35

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

As per our report of even date attached
For **Sundaram & Srinivasan**
Chartered Accountants
FRN 004207S
S. Usha
Partner
Membership No. 211785
Chennai
20th May 2020

T.T. Srinivasaraghavan
Chairman

Lakshminarayanan Duraiswamy
Managing Director

V. Swaminathan
Company Secretary

P.N. Venkatachalam
Director

G. Sundararajan
Chief Financial Officer

NOTES TO THE ACCOUNTS

1. Corporate Information

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

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

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

2. Basis of preparation and presentation

2.1 Accounting Convention

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

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

2.2 Measurement of fair values

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

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

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

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

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

3. Significant Accounting Policies

3.1 Revenue recognition

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

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

3.2 Financial instruments

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

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

3.2.a. Financial assets

Classification

The Company classifies its financial assets as subsequently measured at either amortized cost or at fair value depending on the Company’s business model for managing the financial

NOTES TO THE ACCOUNTS (Contd.)

assets and the contractual cash flow characteristics of the financial assets.

At Amortised Cost

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

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

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

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

Any financial instrument, which does not meet the criteria for categorization as at amortized cost or as Fair Value through Other Comprehensive Income (FVOCI), is classified as at FVTPL. In addition, the Company may elect to classify a debt instrument, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so

reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

3.2.b. Impairment of Financial Assets

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

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

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

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

3.2.c. Financial liabilities

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

3.2.d. Derecognition of financial assets and financial liabilities

Financial Asset

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

The right to receive contractual cash flows from the asset has expired, or the Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through'

NOTES TO THE ACCOUNTS (Contd.)

arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Financial liabilities

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

3.2.e. Offsetting of financial instruments

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

3.3 Employee Benefits:

Short Term Employee Benefits

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

Post-Employment Benefits

A. Defined contribution plans

I. Superannuation

The Company contributes to the Superannuation fund administered by Trustees and managed by

the Life Insurance Corporation of India (LIC). The contributions are charged to the Statement of Profit and Loss.

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

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

B. Defined benefit plans

Gratuity

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

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

Actuarial gains and losses;

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

C. Other Long-Term Employee Benefits

Leave Encashment:

The Company contributes to a staff leave encashment scheme managed by SBI Life Insurance Company Limited. The company accounts its liability based on an actuarial valuation, as at the balance sheet date,

NOTES TO THE ACCOUNTS (Contd.)

using the Projected Unit Credit method. The expenses and the actuarial gain or loss on account of the above benefit plans are recognized in the Statement of Profit and Loss on the basis of actuarial valuation.

3.4 Share Based Payments:

Employee Stock Options

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

3.5 Taxation

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

Current tax

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

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

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and

liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. It is measured using tax rates enacted or substantively enacted at the reporting date.

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

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

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

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

Current and Deferred tax for the year

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

NOTES TO THE ACCOUNTS (Contd.)

3.6 Property, plant and equipment

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

Property, plant and equipment are stated in the balance sheet at cost (net of duty/ tax credit availed) less accumulated depreciation and accumulated impairment losses. Cost of acquisition is inclusive of freight, non-refundable duties & taxes and other directly attributable cost incurred for bringing the asset to its working condition for the intended use.

Freehold land is not depreciated.

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

Computers and Data Processing Units

- Servers and Networks	10 Years
- End User Devices	7 Years
Office Equipment	8 Years
Furniture and Fixtures	10 Years
Electrical installations	15 years
Vehicles	5 Years

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

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

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

3.7 Leases

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

3.8 Intangible assets

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

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

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

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

NOTES TO THE ACCOUNTS (Contd.)

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

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

3.9 Impairment of Assets :

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

3.10 Dividend

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

3.11 Cash Flow Statement

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

3.12 Provisions and Contingent Liabilities

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

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

Contingent liabilities

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

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

3.13 Earnings Per Share

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

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

4. Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1st 2020.

NOTES TO THE ACCOUNTS (Contd.)

Note 5: Cash and cash equivalents:

₹ in lakhs

Particulars	31st March 2020	31st March 2019
(i) Cash on hand	3.31	1,42.62
(ii) Balances with Banks	18,77.49	18.84
(iii) Cheques, drafts on hand	2,73.43	23,15.89
Total	21,54.23	24,77.35

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

₹ in lakhs

Particulars	31st March 2020	31st March 2019
Bank Deposits *	109,04.35	73,61.62
Earmarked balances with Bank (Interest Warrant)	78.79	75.69
Total	109,83.14	74,37.31

* Bank Deposit accounts include ₹39,05.00 lakhs (31st March 2019 - ₹31,93.00 lakhs) provided as collateral for assets securitised / assigned.

Note 7: Trade Receivables

₹ in lakhs

Particulars	31st March 2020	31st March 2019
Receivables considered Good- Unsecured	1,06.74	1,07.62
Total	1,06.74	1,07.62

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

₹ in lakhs

Particulars	31st March 2020	31st March 2019
Loans (In India)		
Secured Term Loans - At Amortised Cost		
Housing Loans		
Individuals	6391,88.41	6068,44.13
Others	150,19.36	99,74.04
Non-Housing Loans		
Individuals	2539,74.31	2509,63.35
Others	398,02.25	365,12.98
Loans Against Deposits	7,57.85	84.90
Total - Gross	9487,42.18	9043,79.40
Less :Impairment loss allowance - Stage I & II	3,40.95	2,14.00
Less :Impairment loss allowance - Stage III	304,16.60	270,26.54
Total - Net	9179,84.63	8771,38.86

Refer Note 17(a) and Note 18

- Housing / Non-Housing Loans granted by the Company are secured by mortgage of properties/ hypothecation of loan receivables.
- ₹87.45 lakhs (31st March 2019 - ₹1,10.00 lakhs) due from the Managing Director/Whole-time Director of the company.
- ₹81.12 lakhs (31st March 2019 - ₹87.64 lakhs) due from the Officers of the Company.
- Insurance on Housing Loans to the extent of ₹61,45.19 lakhs (31st March 2019 ₹57,89.49 lakhs) is regrouped under Non-Housing Loans.
- There is no exposure by way of Loans granted against Gold Jewellery as Security.

NOTES TO THE ACCOUNTS (Contd.)

Note 9: Investments

₹ in lakhs

Particulars	31st March 2020	31st March 2019
At Fair value through Profit or Loss		
Mutual funds	352,45.29	251,13.35
Alternate Investment Fund - Sundaram Alternative Opportunities Series – High Yield Secured Debt Fund II	25,66.93	–
At Amortised Cost		
Government securities	148,31.42	105,36.38
Others - Investments in Senior Pass Through Certificates	11,98.26	5,22.32
Investment in Subordinated Debt of related party	49,45.96	–
Total – Gross (A)	587,87.86	361,72.05
(i) Investments outside India	–	–
(ii) Investments in India	587,87.86	361,72.05
Total (B)	587,87.86	361,72.05
Less: Allowance for Impairment loss	21.03	2.13
Total – Net	587,66.83	361,69.92

- a) 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 ₹142,33.60 lakhs (Cost ₹148,31.42 lakhs) (31st March 2019 - face value ₹102,53.60 lakhs (cost ₹105,36.38 lakhs)) and bank deposits of ₹6950.00 lakhs (mentioned in Note - 6 Bank Balances) (31st March 2019 - ₹41,00.00 Lakhs) in favour of Trustees representing the public depositors of the company.
- b) During the year, the Company has invested in subordinated debt of Royal Sundaram General Insurance Co Ltd. for face value of ₹50,00.00 lakhs. (Cost - ₹49,45.96 lakhs)

Note 10: Other Financial Assets

₹ in lakhs

Particulars	31st March 2020	31st March 2019
Rental Deposits	3,89.26	3,68.48
Other Advances	9.10	13.69
Subtotal	3,98.36	3,82.17
Less: Impairment loss allowance	27.85	47.84
Total	3,70.51	3,34.33

NOTES TO THE ACCOUNTS (Contd.)
Note 11: Current tax assets (Net)

₹ in lakhs

Particulars	31st March 2020	31st March 2019
Advance Income - tax and TDS (Net)	63,25.94	52,06.27
Total	63,25.94	52,06.27

Note 12 Property, Plant And Equipment

₹ in lakhs

Description	Gross Block at Cost				Depreciation				Carrying Value	
	Up to 31.03.2019	Additions	Deductions	As at 31.03.2020	Up to 31.03.2019	For the Year	Deductions	Up to 31.03.2020	As at 31.03.2020	As at 31.03.2019
Tangible Assets										
Freehold Land	16,21.77	–	–	16,21.77	–	–	–	–	16,21.77	16,21.77
	(7,50.75)	(8,71.02)	–	(16,21.77)	–	–	–	–	(16,21.77)	(7,50.75)
Buildings	1,30.49	–	–	1,30.49	12.40	5.75	–	18.15	1,12.34	1,18.09
	(1,30.49)	–	–	(1,30.49)	(6.35)	(6.05)	–	(12.40)	(1,18.09)	(1,24.14)
Buildings - Temporary Structure	2,01.97	–	–	2,01.97	22.44	59.84	–	82.28	1,19.69	1,79.53
	–	(2,01.97)	–	(2,01.97)	–	(22.44)	–	(22.44)	(1,79.53)	–
Electrical Installations and Equipment's	1,27.14	11.51	0.56	1,38.09	25.45	15.24	0.13	40.56	97.53	1,01.69
	(92.78)	(39.59)	(5.23)	(1,27.14)	(11.22)	(14.53)	(0.30)	(25.45)	(1,01.69)	(81.56)
Furniture and Fixtures	1,80.55	15.14	1.30	1,94.39	60.37	33.01	0.61	92.77	1,01.62	1,20.18
	(1,22.16)	(59.27)	(0.88)	(1,80.55)	(27.67)	(32.97)	(0.27)	(60.37)	(1,20.18)	(94.49)
Vehicles	4,16.79	1,71.59	51.01	5,37.37	1,42.81	95.83	19.89	2,18.75	3,18.62	2,73.98
	(2,90.32)	(1,39.20)	(12.73)	(4,16.79)	(76.89)	(76.28)	(10.36)	(1,42.81)	(2,73.98)	(2,13.43)
Office Equipment	1,72.49	9.23	0.31	1,81.41	65.84	28.66	0.14	94.36	87.05	1,06.65
	(1,42.68)	(30.23)	(0.42)	(1,72.49)	(36.73)	(29.23)	(0.12)	(65.84)	(1,06.65)	(1,05.95)
Computers and Data Processing Units - Networks & Servers	2,02.60	1.45	–	2,04.05	57.34	48.01	–	1,05.35	98.70	1,45.26
	(72.56)	(1,43.80)	(13.76)	(2,02.60)	(23.32)	(39.83)	(5.81)	(57.34)	(1,45.26)	(49.24)
Computers and Data Processing Units - End user devices	3,36.80	2,39.42	6.09	5,70.13	1,33.19	1,47.30	3.94	2,76.55	2,93.58	2,03.61
	(1,76.18)	(1,62.41)	(1.79)	(3,36.80)	(58.07)	(75.72)	(0.60)	(1,33.19)	(2,03.61)	(1,18.11)
Grand Total	33,90.60	4,48.34	59.27	37,79.67	5,19.84	4,33.65	24.71	9,28.78	28,50.89	28,70.76
Previous Year	(17,77.92)	(16,47.49)	(34.81)	(33,90.6)	(2,40.25)	(2,97.05)	(17.46)	(5,19.84)	(28,70.76)	(15,37.67)

Figures in brackets refer to previous year

Refer Note 17(a)

NOTES TO THE ACCOUNTS (Contd.)

Note 13 : Right of Use Assets

₹ in lakhs

Description	Gross Block at Cost				Depreciation				Carrying Value
	Up to 31.03.2019	Additions	Deductions	As at 31.03.2020	Up to 31.03.2019	For The Year	Deductions	Up to 31.03.2020	As at 31.03.2020
Right of use asset	–	12,26.52	3,44.43	8,82.09	–	5,91.43	2,62.60	3,28.83	5,53.26
Grand Total	–	12,26.52	3,44.43	8,82.09	–	5,91.43	2,62.60	3,28.83	5,53.26

Additions include ₹9,59.75 lakhs relating to lease contracts existed as on transition date of INDAS116 i.e 1st April 2019.

Note 14 Other Intangible Assets

₹ in lakhs

Description	Gross Block at Cost				Depreciation				Carrying Value	
	Up to 31.03.2019	Additions	Deductions	As at 31.03.2020	Up to 31.03.2019	For The Year	Deductions	Up to 31.03.2020	As at 31.03.2020	As at 31.03.2019
Intangible Assets										
Computer Software	13,12.46	1,20.45	–	14,32.91	5,25.53	3,52.68	–	8,78.21	5,54.70	7,86.93
	(9,08.7)	(4,03.76)	–	(13,12.46)	(2,41.4)	(2,84.13)	–	(5,25.53)	(7,86.93)	(6,67.30)
Grand Total	13,12.46	1,20.45	–	14,32.91	5,25.53	3,52.68	–	8,78.21	5,54.70	7,86.93
	(9,08.7)	(4,03.76)	–	(13,12.46)	(2,41.4)	(2,84.13)	–	(5,25.53)	(7,86.93)	(6,67.30)

Note 15: Other Non Financial Assets

₹ in lakhs

Particulars	31st March 2020	31st March 2019
Capital Advances	47.62	7.65
Other Advances (includes Security deposits & prepaid expenses)	3,07.82	4,13.84
Prepaid expenses	6,61.49	6,45.66
Total	10,16.93	10,67.15

NOTES TO THE ACCOUNTS (Contd.)

Note 16: Trade Payables

₹ in lakhs

Particulars	31st March 2020	31st March 2019
Creditors for Expenses	7,23.83	4,53.37
Creditors for Other Finance	3,53.49	1,71.46
Total	10,77.32	6,24.83

Note 17: Debt Securities

₹ in lakhs

Particulars	31st March 2020	31st March 2019
At Amortised Cost		
In India		
Secured		
Non-Convertible Debentures		
- From Related Party	126,37.88	63,28.95
- Others	1567,50.31	1720,80.88
Unsecured		
Non-Convertible Debentures		
- Others	209,43.01	104,68.18
Commercial Paper	705,49.40	1005,48.26
Total	2608,80.60	2894,26.27

- (a) The Secured Non-Convertible Debentures are secured by a first mortgage over a specific immovable property belonging to the Company and negative lien on the loan assets of the Company to the extent of ₹1608,00 lakhs as at March 31, 2020. (31st March 2019 - ₹1704,90.00 lakhs)
- (b) The formalities connected with creation of security and registration of charge in respect of ₹200,00.00 lakhs (31st March 2019 - ₹100,00 lakhs) is in progress.
- (c) Face Value of commercial paper outstanding as on March 31, 2020 was ₹725,00 lakhs (31st March 2019 - ₹1045,00 lakhs) Maximum amount of face value of commercial paper outstanding at any time during the period was ₹1230,00 lakhs (31st March 2019 - ₹1233,00 lakhs).

NOTES TO THE ACCOUNTS (Contd.)

Note 18: Borrowings (Other than Debt Securities)

₹ in lakhs

Particulars	31st March 2020	31st March 2019
In India		
Secured Loans		
(a) Term loans		
(i) from Banks	2350,47.72	1300,08.29
(ii) from National Housing Bank	1824,72.19	2357,71.46
(b) Working capital demand loans and Cash Credit with Banks	27,50.31	64,32.44
Unsecured Loans		
(a) Credit facilities with Banks	–	5.58
Total	4202,70.22	3722,17.77

- (a) The Term Loans from Scheduled Banks are secured by a negative lien on the loan assets of the Company.
- (b) The Refinance from NHB is secured by a negative lien on assets of the Company other than (i) a specific immovable property and (ii) Statutory Liquid Assets having floating charge in favour of Public Deposit Trustees against the public deposits and are repayable in quarterly instalments.
- (c) The Secured Overdraft facilities/ Cash Credit with Scheduled Banks are secured by a negative lien on the loan assets of the Company.

Note 19: Deposits

₹ in lakhs

Particulars	31st March 2020	31st March 2019
At Amortised Cost		
Fixed Deposits		
(i) Public	1630,79.89	1190,07.11
(ii) From Companies	5,10.81	25,22.54
(iii) From Directors	2,09.45	2,93.60
Total	1638,00.15	1218,23.25

Note 20: Subordinated Liabilities

₹ in lakhs

Particulars	31st March 2020	31st March 2019
At Amortised Cost		
Subordinated Non-Convertible Debentures		
- From a related party	–	5,39.19
- Others	132,52.10	185,43.31
Total	132,52.10	190,82.50

The Unsecured Non-Convertible Debentures are subordinated to the existing and future unsecured borrowings of the Company and qualify as Tier II Capital under the Housing Finance Companies (NHB) Directions, 2010, (“NHB Directions 2010”) issued by NHB.

NOTES TO THE ACCOUNTS (Contd.)

Maturity of Secured Non Convertible Debenture

₹ in lakhs

Implicit Interest Rate (%) / Maturities	<1 year	1 - 3 years	Total
>7 to 8%	279,85.37 (442,88.98)	202,06.57 (251,29.27)	481,91.94 (694,18.25)
8% to 9%	315,80.91 (265,18.37)	592,23.17 (250,44.06)	908,04.08 (515,62.43)
9% to 10%	71,64.37 (282,65.74)	232,27.80 (291,63.40)	303,92.17 (574,29.14)
10% to 11%	– –	– –	– –
Total	667,30.65 (990,73.09)	1026,57.55 (793,36.73)	1693,88.19 (1784,09.83)

Maturity of Secured Term Loans from NHB

₹ in lakhs

Implicit Interest Rate (%)	< 1 year	1-3 years	3-5 years	> 5 years	Grand Total
<=7%	65,78.09 (46,23.35)	120,93.27 (94,79.36)	115,90.22 (93,70.06)	51,53.93 (118,94.76)	35415.51 (35367.53)
7% to 8%	131,49.30 (7,59.28)	225,29.37 (5,56.63)	195,46.81 (3,06.80)	159,11.26 (77.43)	71136.74 (1700.14)
8% to 10%	179,58.46 (311,16.48)	286,16.73 (503,60.33)	185,15.91 (435,12.39)	108,28.84 (737,14.58)	75919.94 (198703.78)
Total	376,85.85 (364,99.11)	632,39.37 (603,96.32)	496,52.94 (531,89.25)	318,94.03 (856,86.77)	182472.19 (235771.46)

Maturity of Unsecured Non Convertible Debentures

₹ in lakhs

Implicit Interest Rate (%) / Maturities	<5 yrs	> 5 yrs	Total
8% to 9%	– –	209,43.01 (104,68.18)	209,43.01 (104,68.18)

NOTES TO THE ACCOUNTS (Contd.)

Maturity of Un-Secured Subordinated Non Convertible Debenture

₹ in lakhs

Implicit Interest Rate (%) / Maturities	<1 year	> 1 to 3 yrs	3-5 yrs	> 5 yrs	Total
>9 to 10%	–	40,07.32	65,53.38	–	105,60.70
	–	–	(39,98.74)	(65,44.11)	(105,42.85)
10% to 11%	–	26,91.40	–	–	26,91.40
	(58,50.53)	–	(26,89.12)	–	(85,39.65)
Total	–	66,98.72	65,53.38	–	132,52.10
	(58,50.53)	–	(66,87.86)	(65,44.11)	(190,82.50)

Maturity of Term Loans from Banks

₹ in lakhs

Implicit interest rate / Residual maturity	<1 year	> 1 to 3 yrs	3-5 yrs	> 5 yrs	Total
<7%	24,60.09	48,04.27	45,15.50	128,24.56	246,04.42
	–	–	–	–	–
>=7 to 8%	700,02.27	590,79.91	–	–	1290,82.18
	(121,27.39)	(180,00.00)	–	–	(301,27.39)
8% to 9%	351,11.16	362,49.96	100,00.00	–	813,61.12
	(477,97.56)	(520,83.33)	–	–	(998,80.89)
Total	1075,73.52	1001,34.14	145,15.50	128,24.56	2350,47.72
	(599,24.95)	(700,83.33)	–	–	(1300,08.28)

Previous year figures are given in brackets

Note 21: Other Financial Liabilities

₹ in lakhs

Particulars	31st March 2020	31st March 2019
Unclaimed Matured Deposits and Interest accrued thereon*	19,19.90	11,89.45
Amounts due on assets securitised/assigned	5,65.32	9,13.58
Employees related liabilities	7,83.66	7,81.42
Unclaimed Interest On Deposits*	6.62	10.01
Total	32,75.50	28,94.46

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

NOTES TO THE ACCOUNTS (Contd.)

Note 22: Provisions

₹ in lakhs

Particulars	31st March 2020	31st March 2019
Provision for Employee Benefits	1,63.77	74.44
- Leave Encashment	57.53	32.08
- Other benefits	1,06.24	42.36
Provision for ECL - undisbursed portion of loans	1.49	3.70
Total	1,65.26	78.14

Note 23: Deferred tax Assets / (Liabilities)

₹ in lakhs

Particulars	31st March 2020	31st March 2019
Deferred Tax Liabilities		
Property, plant and Equipment	–	36.38
Adjustment on account of Effective Interest Rate for Financial Assets & Liabilities recognised at amortised cost & Net interest on credit impaired loans	17,51.64	21,67.42
Fair value change on investment in Mutual Funds	70.92	39.57
Others - Employee Benefits	5.50	16.53
U/s 36(1) (vii) of Income-tax Act, 1961	12,88.23	13,46.42
U/s 36(1) (viii) of Income-tax Act, 1961	–	60,24.86
Total	31,16.29	96,31.18
Deferred Tax Assets		
Provision for Expected Credit Loss	65,50.31	77,99.41
COVID 19 Provision	8,17.22	–
Property, plant and Equipment	1.10	–
Others - Lease Liability	9.86	–
Total	73,78.49	77,99.41
Deferred Tax Assets/(Liabilities) - (Net)	42,62.20	(18,31.77)

Note 24 Other Non-Financial Liabilities

₹ in lakhs

Particulars	31st March 2020	31st March 2019
Statutory Dues (TDS, GST, ESI & PF)	4,15.91	3,01.82
Advance received from sale of properties	93.75	1,06.62
Total	5,09.66	4,08.44

NOTES TO THE ACCOUNTS (Contd.)

Note 25: Equity Share Capital

₹ in lakhs

Particulars	31st March 2020	31st March 2019
Authorised Capital:		
Equity Shares, ₹10/- Par Value		
15,00,00,000 (15,00,00,000) Equity Shares	150,00.00	150,00.00
Issued:		
Equity Shares, ₹10/- Par Value		
10,62,54,438 (10,62,54,438) Equity Shares	106,25.44	106,25.44
Subscribed and Fully Paid - up:		
Equity Shares, ₹10/- Par Value		
10,12,54,438 (10,12,54,438) Equity Shares	101,25.44	101,25.44
	101,25.44	101,25.44

Name of the Shareholder	Status	No. of Shares	% held as at March 31, 2020	No. of Shares	% held as at March 31, 2019
Sundaram Finance Limited*	Holding Company	10,12,54,438	1,00.00	5,07,28,473	50.10
BNP Paribas Personal Finance S.A.		—	—	5,05,25,965	49.90

* include 6 (5 as on 31-03-2019) equity shares held by nominees of Sundaram Finance Limited

Particulars	April 2019 - March 2020		April 2018 - March 2019	
	No of Shares	₹ in lakhs	No of Shares	₹ in lakhs
Opening number of shares outstanding	10,12,54,438	101,25.44	10,12,54,438	101,25.44
Add : Shares issued	—	—	—	—
Less: Shares bought back	—	—	—	—
Closing number of shares outstanding	10,12,54,438	101,25.44	10,12,54,438	101,25.44

NOTES TO THE ACCOUNTS (Contd.)
Note 26: Other Equity

₹ in lakhs

Particulars	31st March 2020	31st March 2019
Reserves & Surplus		
Statutory Reserves	29,65.94	15,02.90
General Reserve	610,00.00	610,00.00
Securities Premium	204,74.56	204,74.56
Special Reserve U/s 36(1) (viii) of Income Tax Act,1961	281,74.00	252,74.00
Retained Earnings	160,26.04	67,40.89
ESOP Reserve	1,31.37	1,00.67
COVID-19 Reserve	32,47.05	–
Other Comprehensive Income	(37.65)	(9.39)
Total	1319,81.31	1150,83.63

A. Equity Share Capital

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

Note 27 Interest Income

₹ in lakhs

Particulars	April - March 2020	April - March 2019
Interest on Loans	1012,22.74	953,52.96
Interest income from investments	18,82.26	12,05.60
Interest on deposits with Banks	2,37.43	2,97.84
Other Interest Income	89.22	1,75.85
Total	1034,31.65	970,32.25

Interest income from investments includes ₹57.85 lakhs (April 2017 - March 2018 ₹70.52 lakhs) from investment in Mortgage - Backed Securities.

NOTES TO THE ACCOUNTS (Contd.)

Note 28 Net Gain on Fair Value Changes

₹ in lakhs

Particulars	April - March 2020	April - March 2019
Net gain/ (loss) on financial instruments at fair value through profit or loss		
(i) On financial instruments designated at fair value through profit or loss	23,59.22	15,63.85
Total	23,59.22	15,63.85
Fair Value changes:		
- Realised	21,90.67	14,50.50
- Unrealised	1,68.55	1,13.35

Note 29 Finance Costs

₹ in lakhs

Particulars	April - March 2020	April - March 2019
Interest on deposits	121,27.53	94,34.34
Interest on Term Loans	155,07.85	98,53.32
Interest on NHB refinance	176,90.39	176,30.55
Interest on debt securities - NCD	148,91.18	160,85.15
Interest on debt securities - Commercial Paper	70,84.95	68,75.71
Interest on subordinated liabilities	15,09.12	21,22.94
Interest On Lease Liability	70.31	–
Other Borrowing Cost	2,55.77	2,23.66
Total	691,37.10	622,25.67

Note 30 Impairment on financial instruments

₹ in lakhs

Particulars	April - March 2020	April - March 2019
Loans	50,32.30	47,32.68
Investments	18.90	(1.16)
Others	(63.97)	(2.49)
Total	49,87.23	47,29.03

NOTES TO THE ACCOUNTS (Contd.)

Note 31 Employee Benefits Expenses

₹ in lakhs

Particulars	April - March 2020	April - March 2019
Salaries and wages	57,46.25	49,60.50
Contribution to provident and other funds	3,82.48	3,67.54
Share Based Payments to employees	30.70	34.93
Staff welfare expenses	2,38.82	2,08.87
Others - Concessional loans to Staffs	87.78	98.97
Total	64,86.03	56,70.81

Note 32 Other expenses

₹ in lakhs

Particulars	April - March 2020	April - March 2019
Rent*, taxes and electricity costs	1,89.23	8,11.09
Communication Costs	1,68.77	1,88.65
Printing and stationery	78.14	87.13
Travelling and Conveyance	2,58.68	4,78.81
Advertisement and publicity	2,23.63	2,64.56
Outsourcing Cost	5,46.44	7,42.01
Director's fees, allowances and expenses	38.80	41.09
Insurance	30.94	24.97
Repairs and maintenance	2,49.23	3,61.19
Software Charges	6,59.02	5,59.53
Database and Networking Expenses	4,88.27	5,10.98
CSR contributions	5,14.09	4,91.95
Legal and Professional charges	2,93.65	1,17.16
Other expenditure (Including Donation)	3,52.17	3,24.44
Total	40,91.06	50,03.56

* Rent - on account of adoption of IND AS 116 - Leases effective from 1st April 2019. Hence not comparable.

NOTES TO THE ACCOUNTS (Contd.)

33 General

- 33.1 The main business of the Company is to provide long-term finance for acquisition /construction of residential properties in India. Accordingly, there is no separate reportable segment as per Indian Accounting Standard 108: Segment Reporting.
- 33.2 Securitisation :
- Details of securitised assets outstanding as on March 31, 2020 are as follows
- | | |
|--|-----------------|
| Pass Through Certificates subscribed by the Company: | ₹11,97.88 lakhs |
| Bank Deposits provided as collateral: | ₹39,05.00 lakhs |
- 33.3 Expenditure in Foreign Currency (on payment basis)
- On account of others - Membership fees – 0.66 lakh (March 31, 2019 - ₹0.63 lakh)
- 33.4 Non-Performing Loans and Provisions:
- In accordance with NHB Directions 2010, the Company has identified Non-Performing Loans amounting to ₹351,86.66 lakhs as on 31st March 2020. (31st March 2019 – ₹261,82.29 lakhs).
- 33.5 The Company did not contract any foreign currency loan during the year.
- 33.6 The Company has spent an amount of ₹5,14.09 lakhs (2018-19 ₹4,91.95 lakhs) towards Corporate Social Responsibility (CSR) under Sec 135 of the Companies Act, 2013, in the various areas covered under the regulatory provisions like healthcare, education, environment and protection of art and culture.
- 33.7 Interim dividend paid during the year is ₹1.20 per share. Final dividend of ₹3.00 per share have been recommended by the Board for the year ended 31st March 2020 in May 2020.
- 33.8 During the year, National Housing Bank (NHB) levied a penalty of ₹15,000/- for non-compliance of the provisions of Para 30 of the Housing Finance Companies (NHB) Directions, 2010 and para 10(2) of the Non-Convertible Debentures Directions, 2014. The same was paid by the Company with applicable GST within the due date.
- 33.9 During the year, Sundaram Finance Ltd, the holding Company has incurred ₹30.70 lakhs (31st March 2019 ₹34.93 lakhs) towards the cost of Employee stock option scheme issued under Sundaram Finance Employee Stock Option Scheme 2008 to the Managing Director, the Whole -Time Director and two Senior Executives of the Company.
- 33.10 Based on the current status of the loan accounts, the Company has made adequate provisions for loan losses, where required.
- 33.11 No amount was due to small-scale industries in terms of the Micro, Small and Medium Enterprises Development Act, 2006.
- 33.12 **Operating lease as lessee**
- Effective 1st April 2019, the company has adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on 1st April 2019 using modified retrospective approach with the option given under para C8(b)(ii) of the standard. We have

NOTES TO THE ACCOUNTS (Contd.)

applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application. The weighted average incremental borrowing rate is applied to lease liabilities as at 1st April 2019.

On the transition date, the application of the new accounting standard resulted in recognition of "Right of use assets" and corresponding "lease liability" to the extent of ₹9,59.75 lakhs.

₹ in lakhs

Particulars	2019-20
Adoption of Ind AS 116 - Transition date	9,59.75
Additions	2,66.77
Lease termination	81.83
Repayment (a)	5,52.25
Closing Lease Liability	5,92.44
Interest Expenses in Finance Cost (b)	70.31
Hitherto accounted as	
Rental expenses (c)=(a+b)	6,22.56
Depreciation on Right of Use Assets (d)	5,91.43
Impact of adoption of Ind AS 116 in Profit and Loss Account (d+b-c)	39.18

Rental Income from right-of-use assets is ₹0.66 lakhs.

₹ in lakhs

Particulars	31.03.2020	31.03.2019
Carrying value of Right of Use of Assets	5,53.26	—

33.13 Estimated amount of contracts remaining to be executed on capital account

(₹ in lakhs)

Particulars	31st March 2020	31st March 2019
Estimated Amount of contracts remaining to be executed on capital account (net of advance)	43.69	2.06
Commitments remaining uncalled in Alternatives Investment Fund Schemes	25,00.00	—

NOTES TO THE ACCOUNTS (Contd.)

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

Details of Related Parties:

Promoter Sundaram Finance Ltd. as on 31st March 2020
(100% of the paid-up share capital)

During the year, BNP Paribas Personal Finance S.A. was treated as a Joint Venture Promoter till 29th September 2019.

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

Key Management Personnel:

Mr. T T Srinivasaraghavan	Chairman
Mr. Harsha Viji	Director
Mr. Srinivas Acharya	Managing Director
Mr. Lakshminarayanan Duraiswamy	Whole Time Director (Effective 25th October 2019)

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

Mr. Viji	Father of Mr. Harsha Viji
Mrs Chitra Viji	Mother of Mr. Harsha Viji
Mrs Vimala Rangaswamy	Mother of Mr. T.T. Srinivasaraghavan
Mrs Bagyam Raghavan	Wife of Mr. T.T. Srinivasaraghavan
Mrs. Revathi Srinivas	Wife of Mr. Srinivas Acharya
Mr. Rahul Srinivas Acharya	Son of Mr. Srinivas Acharya
Mrs. Sheela Lakshminarayanan	Wife of Mr. Lakshminarayanan Duraiswamy

All the agreements and transactions entered into by the Company with related parties, during the financial year 2019-20 were in ordinary course of business and on arm's length price.

The required statements and documents with respect to the related party transactions were placed before the Audit Committee and the Board of Directors.

NOTES TO THE ACCOUNTS (Contd.)
Details of Related Party Transactions as on 31st March 2020

(₹ in lakhs)

Particulars	Promoter	Other Related Parties	Key Management Personnel	Relative of Key Management Personnel	April 2019 - March 2020	April 2018 - March 2019
Income						
Interest on Housing Loan	–	–	3.30	17.41	20.71	2.50
Rent						
Sundaram Finance Ltd.	0.66	–	–	–	0.66	0.22
Brokerage						
Sundaram Finance Ltd.	0.90	–	–	–	0.90	3.44
Expenses						
Rent						
Sundaram Finance Ltd.	2,22.11	–	–	–	2,22.11	2,35.09
Brokerage, Commission, Deposit processing services and Tele calling Services						
Sundaram Finance Ltd.	5,65.35	–	–	–	5,65.35	6,11.61
Sundaram Finance Holdings Ltd.	–	49.34	–	–	49.34	46.20
Intranet/ Web Maintenance, Scanning Image Charges						
Sundaram Finance Ltd.	1.69	–	–	–	1.69	3.44
Internal Audit, Branch Inspection fees and Docket Verification fees						
Sundaram Finance Ltd.	97.79	–	–	–	97.79	88.43
Connectivity and Other Charges						
Sundaram Finance Ltd.	6,21.47	–	–	–	6,21.47	5,27.72
Interest On NCDs						
Royal Sundaram General Insurance Co Ltd.	–	6,99.34	–	–	6,99.34	7,62.11
Interest On Public Deposits						
	–	–	5.00	25.93	30.93	26.93
Insurance Premium						
Royal Sundaram General Insurance Co Ltd.	–	33.28	–	–	33.28	27.49
Remuneration						
	–	–	3,49.87	–	3,49.87	2,55.12

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Particulars	Promoter	Other Related Parties	Key Management Personnel	Relative of Key Management Personnel	April 2019 - March 2020	April 2018 - March 2019
Dividend Paid						
Sundaram Finance Ltd.	17,75.50	–	–	–	17,75.50	17,75.50
BNP Paribas Personal Finance S.A.	17,68.41	–	–	–	17,68.41	17,68.41
Interim Dividend						
Sundaram Finance Ltd.	6,08.74	–	–	–	6,08.74	–
BNP Paribas Personal Finance S.A.	6,06.31	–	–	–	6,06.31	–
Assets						
Purchase of Asset - Software						
Sundaram Finance Ltd.	1,17.11	–	–	–	1,17.11	2,21.29
Investment in Subordinated Debts	–					
Royal Sundaram General Insurance Co Ltd.	–	49,45.96	–	–	49,45.96	–
Other Deposits						
Sundaram Finance Ltd.	1,43.44	–	–	–	1,43.44	1,43.44
Royal Sundaram General Insurance Co Ltd.	–	15.17	–	–	15.17	10.74
Income Receivable						
Sundaram Finance Ltd.	0.18	–	–	–	0.18	0.25
Housing Loan - at the end of the year	–	–	87.45	1,87.00	2,74.46	3,10.00
Insurance Premium Prepaid						
Royal Sundaram General Insurance Co Ltd.	–	7.83	–	–	7.83	16.86
Liabilities (as on 31st March 2020)						
Fixed Deposits	–	–	66.12	3,25.35	3,91.47	3,53.22
Issue of Non-Convertible Debentures						
Royal Sundaram General Insurance Co Ltd.	–	126,37.88	–	–	126,37.88	68,68.14
Other Liabilities						
Sundaram Finance Ltd.	7.66	–	–	–	7.66	0.07
Commission Payable	–	–	1,25.00	–	1,25.00	75.00

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

NOTES TO THE ACCOUNTS (Contd.)
33.15 Earnings per share (Basic and Diluted)

Particulars	2019-20	2018-19
Profit for the year after taxation (₹ in lakhs)	218,15.19	145,47.84
Weighted Average number of Equity Shares	10,12,54,438	10,12,54,438
Basic & Diluted Earnings per share	21.54	14.37

33.16 Details of Dividend remitted in foreign Currency

Particulars	2019-20	2018-19
Number of Non Resident Shareholders	One*	One
Number of Shares	5,05,25,965	5,05,25,965
Amount of Final Dividend Remitted (₹ in lakhs)	17,68.41	17,68.41
Financial year to which the Final dividend relates	2018-19	2017-18
Amount of Interim Dividend Remitted (₹ in lakhs)	6,06.31	
Financial year to which the Interim dividend relates	2019-20	

*up to 29th September 2019

33.17 Other expenditures in Note 32 include payment to Auditors towards:

(₹ in lakhs)

Particulars	2019-20	2018-19
Statutory Audit	30.00	22.00
Tax Audit	6.00	6.00
Certification	20.00	5.00
Reimbursement of expenses	1.50	1.50

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

33.19 COVID-19, a global pandemic has spread across our Country and there is an unprecedented level of disruption on socio-economic front due to this. The Government of India declared a lock down effective from March 25, 2020 which was initially till April 14, 2020 and then extended till May 31, 2020. There is a high level of uncertainty as to when the lockdown would be lifted and the time required to restore normalcy.

NOTES TO THE ACCOUNTS (Contd.)

The impact of the COVID-19 on the Company's business disbursements and the asset quality depends on the time taken for economic activities to resume to normal levels, which remains uncertain. In accordance with the COVID-19 Regulatory Package announced by the Reserve Bank of India on March 27, 2020, the Company has extended to its customers, the option of moratorium for instalments falling due between March 1, 2020 and May 31, 2020. In line with the RBI notification issued on April 17, 2020, for all accounts wherein the moratorium has been extended, the standstill provision for asset classification as on February 29, 2020 has been followed. In line with the said notification, the details of loans, where moratorium was extended and Covid-19 related provision is given below:

Particulars	Amount (₹ in lakhs)
(i) Amount due in respect of overdue contracts	793,82.48
(ii) Amount due on contracts where asset classification benefits was extended on 31st March 2020	342,48.20
(iii) Provision held against (ii) above, as on 31st March 2020	34,24.82

- 33.20 The Company has opted for reduced rate of Income tax pursuant to section 115BAA of Income-tax Act, 1961.
- 33.21 Contingent Liabilities in respect of
- Sanctioned and Undisbursed loans as at 31st March 2020 : ₹305,98.49 lakhs. (31st March 2019 ₹347,10.37 lakhs).
 - Partly undisbursed amounts of loans sanctioned as at 31st March, 2020 : ₹196,87.81 lakhs (31st March 2019: ₹217,26.44 lakhs)
 - Disputed Income-tax liability contested in appeal before appellate authorities - ₹ Nil lakhs.
- 33.22 Pursuant to NHB Circular on Guidelines on Reporting and Monitoring of Frauds in Housing Finance Companies dated 05-02-2019, the Company has reported fraudulent transactions (including transaction pertaining to earlier years) to NHB. The cumulative amount related to frauds reported since inception is ₹17,36.69 lakhs.
- 33.23 The pending litigations as on 31st March 2020 have been estimated by the Company. The current position of the litigations has been evaluated and the effect thereof has been disclosed in the financial statements, where appropriate.
- 33.24 The appointment and remuneration payable to Whole-time director which was approved by Board of Director's is subject to approval by a resolution at the ensuing Annual General Meeting.
- 33.25 Previous year's figures have been regrouped/ reclassified / restated wherever necessary, to conform to the current year's presentation.

34. Financial Instruments

34.1 Financial Instruments - Capital Management

For the purpose of the Company's capital management, capital includes issued capital and other equity reserves. The primary objective of the Company's Capital Management is to maximise shareholders value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

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

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Debt securities	2608,80.60	2894,26.27
Borrowings (other than debt securities)	4202,70.22	3722,17.77
Deposits	1657,20.05	1230,12.70
Sub Debt	132,52.10	190,82.50
Gross Debt	8601,22.97	8037,39.24
Less - Cash and Cash Equivalents	21,54.23	24,77.35
Adjusted Net debt	8579,68.74	8012,61.89
Total equity	1421,06.75	1252,09.07
Adjusted Net debt to equity ratio	6.04	6.40

34.2: Financial instruments – Fair values and risk management

Fair value hierarchy

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

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

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

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

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial instruments measured at fair value, by level of fair value hierarchy.

₹ in lakhs

Financial Asset at Fair value through P&L	Fair Value Hierarchy	March 31, 2020	March 31, 2019
Financial Assets			
Investments			
Mutual Funds	Level 1	352,45.29	251,13.35
Alternate Investment Fund	Level 1	25,66.93	–
Total		378,12.22	251,13.35

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

₹ in lakhs

	Carrying amount		Fair Value Hierarchy	Fair Value Hierarchy	
	March 31, 2020	March 31, 2019		March 31, 2020	March 31, 2019
Financial Assets					
Investments					
Government securities	148,31.42	105,36.38	Level 1	157,69.96	10967.25
Pass through certificates	11,97.02	5,20.19	Level 3	11,97.02	520.19
Subordinated Debt	49,26.17	–	Level 3	48,96.02	–
Cash and cash equivalents	21,54.23	24,77.35	Level 1	21,54.23	2477.35
Bank Balances	109,83.14	74,37.31	Level 3	109,83.14	7437.31
Receivables	1,06.74	1,07.62	Level 3	1,06.74	107.62
Loans	9487,42.18	9043,78.72	Level 3	9477,54.69	903593.67
Other Financial assets	3,70.51	3,34.33	Level 3	3,70.51	334.33
Sub-total	9833,11.40	9257,91.90		9832,32.30	925437.73
Financial Liabilities					
Payables	10,77.32	6,24.83	Level 3	10,77.32	6,24.83
Non-convertible debentures	2035,83.30	2079,60.51	Level 3	2075,28.06	2143,78.93
NHB Refinance	1824,72.19	2357,71.46	Level 3	1865,25.63	2383,96.70
Long term loan from banks	2350,47.72	1300,08.29	Level 3	2362,18.95	1305,99.93
Fixed Deposit	1657,20.05	1230,12.70	Level 3	1675,88.35	1284,28.35
Working capital demand loans and cash credits	27,50.31	64,38.03	Level 3	27,50.31	64,38.03
Commercial paper	705,49.40	1005,48.26	Level 3	705,50.76	1008,22.36
Other Financial Liabilities	13,55.59	17,05.01	Level 3	13,55.59	17,05.01
Lease Liability	5,92.44	–	Level 3	5,92.44	–
Sub-total	8631,48.33	8060,69.09		8741,87.39	8213,94.13
Net	1201,63.07	1197,22.81		1090,44.91	1040,43.60

NOTES TO THE ACCOUNTS (Contd.)

34.3 Financial instruments – Risk management

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

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

1. Credit Risk

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

The company has in place a robust credit policy which clearly defines the credit filters and the terms of acceptance of proposals for financing different categories of borrowers and asset classes. The credit appraisal process, inter alia, includes filters for stratification of customers, compliance with know your customer (KYC) norms, Field investigation, Credit bureau verification, exposure ceilings, asset risk and segment and geography risks. The risk metrics also address Loan to Value, loan tenure, based on the useful life of the asset, end-use of the asset and credit enhancements, as appropriate. The Company's exposure is primarily to retail customers, thereby making for a well diversified risk portfolio. The time tested monitoring and recovery mechanism ensures timely recovery of instalments and where required, necessary action for resolution of delinquent accounts is initiated, including legal proceedings. Finally, physical presence and in-depth knowledge of the markets in which the Company operates enables early identification of emerging risks thereby facilitating prompt remedial action.

Impairment - Expected credit loss (ECL):

The application of Ind AS 109 has involved fundamental changes to the accounting for expected customer specific default risk (risk provisioning). Specifically, the incurred loss model has been replaced with the Expected Credit Loss model (ECL). The Company determines the Expected Credit losses by allocating the financial instruments into three stages.

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

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

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

NOTES TO THE ACCOUNTS (Contd.)

The accounting standard, Ind AS 109 does not specifically prescribe any methodology for computing ECL. However, entities are expected to adopt sound and market acceptable methodologies which are in line with the size, complexity and risk-profile of the financial entity for computing the ECL. The Company uses three main components to measure ECL. These are Exposure at Default (EAD), Probability of Default (PD) and Loss Given Default (LGD).

Exposure at Default (EAD) is the sum of Principal outstanding, Interest outstanding and interest accrued at the reporting date.

PD is defined as the probability of borrowers defaulting their obligations.

The company categorises loan assets into different stages as under:

Stage 1: Current and 1-30 days overdue, **Stage 2:** 31 days – 90 days overdue and **Stage 3:** Beyond 90 days overdue.

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

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

As prescribed under para 5.5 in Ind AS 109, Financial instruments, for assets which are in stage 1, 12-months PD is required to be computed and for stage 2 & 3 assets life time PD is required to be computed. 12 months PD is the chance of borrower defaulting in the next 12 months from the reporting date and life time PD is the chance of borrower defaulting in the residual tenor.

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

LGD

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

NOTES TO THE ACCOUNTS (Contd.)

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

a) Loans

₹ in lakhs

Particulars	Carrying amount							
	31.03.2020				31.03.2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the year	8207,67.31	485,17.18	350,94.91	9043,79.40	7457,89.89	435,37.81	343,35.95	8236,63.65
New Business - net of recoveries	478,03.93	(33,19.56)	11,08.59	455,92.96	846,17.21	(37,09.98)	13,30.13	822,37.36
Transfers due to change in creditworthiness	(72,67.80)	(34,32.13)	106,99.93	–	(99,76.24)	86,70.27	13,05.97	0.00
Financial assets that have been derecognised	2,47.54	34.24	3.34	2,85.12	3,36.45	19.08	22.06	3,77.59
Write off during the year	(25.21)	(14.18)	(14,75.91)	(15,15.30)	–	–	(18,99.20)	(18,99.20)
Balance at the end of the year	8615,25.77	417,85.55	454,30.86	9487,42.18	8207,67.30	485,17.18	350,94.91	9043,79.40

₹ in lakhs

Particulars	Expected Credit Loss							
	31.03.2020				31.03.2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the year (A)	26.28	1,87.72	270,26.55	272,40.55	23.00	1,64.04	242,20.03	244,07.07
Add/(Less)								
New Business - net of recoveries (i)	26.40	27.52	44,03.01	44,56.93	4.71	(17.68)	53,20.14	53,07.17
Transfers due to change in creditworthiness (ii)	0.16	1,03.72	27,18.27	28,22.15	(0.43)	61.31	16,75.50	17,36.39
Financial assets that have been derecognised (iii)	24.31	(15.77)	(22,55.32)	(22,46.78)	(1.00)	(19.95)	(22,89.93)	(23,10.88)
Impairment Loss for the year (B)- (i+ii+iii)	50.87	1,15.47	48,65.96	50,32.30	3.28	23.68	47,05.72	47,32.68
Less: Write off during the year - C	(25.21)	(14.18)	(14,75.91)	(15,15.30)	–	–	(18,99.20)	(18,99.20)
Balance at the end of the year (A)+(B)+(C)	51.94	2,89.01	304,16.60	307,57.55	26.28	1,87.72	270,26.55	272,40.55

NOTES TO THE ACCOUNTS (Contd.)

Concentration of credit risk %

i) Concentration by Geographical risk

Particulars	31.03.2020				31.03.2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
South	95.02%	94.78%	94.73%	95.00%	95.10%	95.73%	91.91%	95.01%
West	2.28%	1.83%	2.27%	2.26%	2.54%	1.57%	2.55%	2.49%
East	2.01%	2.32%	2.60%	2.05%	1.86%	2.46%	5.36%	2.02%
North	0.69%	1.07%	0.40%	0.69%	0.50%	0.24%	0.17%	0.48%
Total	100.00%							

ii) Concentration by Asset class

Particulars	31.03.2020				31.03.2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Housing	72.28%	46.51%	41.82%	69.68%	71.04%	49.54%	44.32%	68.85%
Non Housing	27.72%	53.49%	58.18%	30.32%	28.96%	50.46%	55.68%	31.15%
Total	100.00%							

b) Other financial assets

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

₹ in lakhs

Other financial assets	31.03.2020				31.03.2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	4,04.22	–	10.26	4,14.48	3,74.23	–	9.80	3,84.03
Expected Credit Loss	17.59	–	10.26	27.85	38.04	–	9.80	47.84
Net Carrying amount	3,86.63	–	–	3,86.63	3,36.19	–	–	3,36.19

c) Loan Commitments and Financial Guarantees

₹ in lakhs

Other financial assets	31.03.2020				31.03.2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	485,07.27	17,79.04	–	502,86.31	561,90.74	2,46.07	–	56,436.81
Expected Credit Loss	0.51	0.98	–	1.49	2.43	1.27	–	3.70
Net Carrying amount	485,06.76	17,78.06	–	502,84.82	561,88.31	2,44.80	–	564,33.11

Credit risk management practices

(i) Policy on write off

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

(ii) Narrative description of collateral:

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

d) Debt Securities

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

₹ in lakhs

Stages ->	31.03.2020					31.03.2019				
	Gross Carrying amount					Gross Carrying amount				
	FVTPL	At Amortised Cost				FVTPL	At Amortised Cost			
	1	2	3	Total		1	2	3	Total	
Government securities	–	148,31.42	–	–	148,31.42	–	105,36.38	–	–	105,36.38
Mutual Fund	352,45.29	–	–	–	352,45.29	251,13.35	–	–	–	251,13.35
Alternate Investment Fund	25,66.93	–	–	–	25,66.93	–	–	–	–	–
Pass through certificates	–	11,98.26	–	–	11,98.26	–	5,22.32	–	–	5,22.32
Subordinated Debt	–	49,45.96	–	–	49,45.96	–	–	–	–	–
Total	378,12.22	209,75.64	–	–	587,87.86	251,13.35	110,58.70	–	–	361,72.05
Less: Expected Credit Loss	–	21.03	–	–	21.03	–	2.13	–	–	2.13
Net Carrying amount	378,12.22	209,54.61	–	–	587,66.84	251,13.35	110,56.57	–	–	361,69.92

Stages	Expected Credit Loss							
	31.03.2020				31.03.2019			
	1	2	3	Total	1	2	3	Total
Balance at the beginning of the year	2.13	–	–	2.13	3.29	–	–	3.29
New investments - net of recoveries	18.9	–	–	18.90	(1.16)	–	–	(-1.16)
Transfers due to change in creditworthiness	–	–	–	–	–	–	–	–
Financial assets that have been derecognised	–	–	–	–	–	–	–	–
Write off during the year	–	–	–	–	–	–	–	–
Balance at the end of the year	21.03	–	–	21.03	2.13	–	–	2.13

34.4 Financial instruments – Fair values and risk management (continued)
ii. Liquidity risk

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

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

NOTES TO THE ACCOUNTS (Contd.)

₹ in lakhs

Contractual cash flows											
31 March 2020	Upto 30/ 31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Non-derivative Financial Liabilities											
Payables	39.90	37.96	3,64.37	56.40	2,94.83	2,28.71	20.22	20.93	14.00	–	10,77.32
Debt Securities	147,00.43	275,00.00	51,92.27	351,08.26	682,86.55	1167,10.59	35,72.00	53,58.00	53,58.00	271,44.00	3089,30.09
Borrowings (Other than Debt Securities)	241,17.06	34,14.20	326,76.49	315,97.51	820,00.73	1934,99.70	767,53.71	343,94.52	120,73.54	39,87.88	4945,15.32
Deposits	54,65.69	35,81.92	43,06.65	168,93.85	314,20.17	1063,12.89	118,87.04	–	–	–	1798,68.21
Subordinated Liabilities	–	–	2,63.22	–	10,02.33	90,25.70	77,10.51	–	–	–	180,01.76
Other Financial Liabilities	11,69.42	1,69.43	0.54	0.49	12.47	2.82	0.43	–	–	–	13,55.60
Lease Liability	31.07	0.00	28.49	75.66	1,28.04	2,53.06	50.45	23.58	2.09	–	5,92.44

Contractual cash flows											
31 March 2020	Upto 30/ 31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Non-derivative Financial Assets											
Cash and cash equivalents	21,54.23	–	–	–	–	–	–	–	–	–	21,54.23
Bank Balances	109,83.14	–	–	–	–	–	–	–	–	–	109,83.14
Loans	98,48.42	7571.24	289,08.74	429,73.63	852,09.46	3241,76.58	2842,31.86	2460,32.94	2702,43.69	2885,89.42	15877,85.98
Loan against deposits	55.46	13.10	29.22	38.61	65.11	6,79.89	–	–	–	–	8,81.40
Investments	350,91.26	12.40	1,40.57	4,29.67	12,72.03	96,71.73	51,42.83	76,02.23	51,92.86	32,10.14	677,65.71
Trade Receivables	20.78	85.56	–	0.40	–	–	–	–	–	–	1,06.74
Other Financial Assets	2,28.51	1.54	23.35	14.56	46.89	88.55	13.29	6.16	0.60	–	4,23.45

NOTES TO THE ACCOUNTS (Contd.)

₹ in lakhs

31 March 2019	Contractual cash flows										Total	
	Upto 30/ 31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years		
Non-derivative Financial Liabilities												
Payables	444.65	12.70	12.70	38.11	9.42	53.61	53.64					624.83
Debt Securities	5,224.98	26,086.15	29,574.36	77,945.87	72,810.15	88,193.18	-	-	-	10,000.00		3,09,834.67
Borrowings (Other than Debt Securities)	18,190.98	2,521.47	871.33	16,586.23	87,093.15	1,63,556.73	72,593.77	40,048.32		8,143.23		4,65,048.17
Deposits	4,676.68	3,965.81	3,612.04	10,855.65	29,395.37	75,318.75	3,790.71	-	-	-		1,31,615.00
Subordinated Liabilities	-	-	814.86	5,914.01	999.59	4,313.50	10,158.32	8,887.94	2,679.00	4,465.00		38,232.21
Other Financial Liabilities	2894.46											2,894.46

31 March 2019	Contractual cash flows										Total	
	Upto 30/ 31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years		
Non-derivative Financial Assets												
Cash and cash equivalents	2,477.35											2,477.35
Bank Balances	7,382.67											7,382.67
Loans	14,753.07	15,630.19	14,360.17	58,984.07	80,658.45	3,10,868.28	2,73,027.21	2,65,405.57	2,79,069.53			15,45,595.10
Loan against deposits	3.03	45.78	2.44	11.06	9.39	18.32	-	-	-	-		90.03
Investments	25,025.50	154.08	43.14	309.29	587.57	1,875.75	3,654.46	4,196.69	-	-		35,846.48
Trade Receivables	162.26											162.26
Other Financial Assets	177.34	2.80	0.92	41.21	33.92	136.51	18.31	9.22	-	-		420.23

NOTES TO THE ACCOUNTS (Contd.)

34.5 Financial instruments – Fair values and risk management (continued)

Market Risk

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

a. Interest rate risk

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

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

(₹ in lakhs)

	As at March 31, 2020	As at March 31, 2019
Financial assets		
Fixed-rate instruments		
Loans	499,45.79	405,10.57
Investments	209,54.61	110,56.57
Bank Balances	109,83.14	74,37.31
	818,83.54	590,04.45
Variable rate instruments		
Loans	8987,96.41	8638,68.83
Total	9806,79.95	9228,73.28
Financial liabilities		
Fixed-rate instruments		
Debt securities	2741,32.70	3085,08.77
Borrowings (Other than debt securities)	637,02.67	373,85.51
Deposits	1657,20.05	1230,12.70
	5035,55.42	4689,06.98
Variable rate instruments		
Financial liabilities with floating interest rate	3565,67.55	3348,32.27
	8601,22.97	8037,39.25

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

	Profit or loss		Profit or loss	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	31st March 2020		31st March 2019	
Variable rate instruments	66,31.70	(66,32.68)	60,69.28	(60,71.19)
Cross currency Interest Rate swap	–	–	–	–
Cash flow sensitivity (net)	66,31.70	(66,32.68)	60,69.28	(60,71.19)

Interest rate sensitivity

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

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

Currency Risk

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

Note 34.6: Employee benefits
Post-employment benefits: Defined Contribution Plans

(₹ in lakhs)

Amount recognised as expense in Employee benefit expense	2019-20	2018-19
Superannuation	8.56	7.93
Provident Fund	1,37.18	1,16.12
Pension fund	1,17.66	1,12.34
Employee State Insurance scheme	3.93	10.72
Total	2,67.33	2,47.11

NOTES TO THE ACCOUNTS (Contd.)

Defined benefit plans

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

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

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

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

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

A. Gratuity (Funded)

Expected contribution to the plan for the next year is ₹63.13 Lakhs.

B. Leave encashment & Compensated absences (Funded):

Expected contribution to the plan for the next year is ₹57.53 Lakhs.

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

	(₹ in lakhs)	
Particulars	31.03.2020	31.03.2019
Amounts recognised in profit or loss		
Current service cost	90.15	111.76
Past Service cost	-	-
Net interest expense/(income)	(0.08)	(9.40)
Total amount included in employee benefits expense	90.08	102.36
Amounts recognised in other comprehensive income		
Re measurement (gains)/losses:		
Actuarial (gains)/losses arising from changes in		
- Financial assumptions	46.57	70.32
- Experience adjustments	(28.11)	(56.59)
Return on plan assets, excluding amount included in net interest expense/ (income)	19.30	(25.46)
Total amount recognised in other comprehensive income	37.76	(11.73)

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Particulars	31.03.2020	31.03.2019
Changes in the defined benefit obligation		
Opening defined benefit obligation	5,24.17	3,86.65
Add/(less) on account of business combination/transfers	–	–
Current service cost	90.15	1,11.76
Interest expense	43.75	30.17
Re measurement (gains)/losses arising from changes in		
- Demographic assumptions	–	–
- Financial assumptions	46.57	70.32
- Experience adjustments	(28.11)	(56.59)
Effect of Business Combinations / Disposals	20.60	–
Benefits paid	(5.40)	(18.14)
	6,91.73	5,24.17
Closing defined benefit obligation		
Opening fair value of plan assets	5,88.88	4,66.64
Return on plan assets excluding interest income	43.82	39.58
Contribution by employer	–	75.34
Benefits paid	(5.40)	(18.14)
Actuarial gain / (loss) on plan assets	(19.30)	25.46
Effect of Business Combinations / Disposals	20.60	–
Closing fair value of plan assets	6,28.60	5,88.88
Net asset / (liability) recognised in balance sheet		
Defined benefit obligation	6,91.73	5,24.17
Fair value of plan assets	6,28.60	5,88.88
Particulars	31.03.2020	31.03.2019
I. Actuarial assumptions		
Discount rate	6.66%	7.74%
Expected Return on plan assets	6.66%	7.74%
Attrition rate (Age based)		
From Age 18 - 20 years	3%	3%
From Age 21 - 40 years	2%	2%
From Age 41 - 58 years	1%	1%
Salary escalation	7.50%	8%

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Particulars	31.03.2020	31.03.2019
II. Quantitative sensitivity analysis for impact of significant assumptions on defined benefit obligation are as below		
Impact of		
0.5% decrease in discount rate	7,37.35	5,57.71
0.5% increase in discount rate	6,50.01	4,93.53
0.5% decrease in salary growth rate	6,51.76	4,94.53
0.5% increase in salary growth rate	7,34.64	5,55.98
0.5% decrease in Attrition rate	6,92.19	5,24.35
0.5% increase in Attrition rate	6,91.27	524.00
Weighted average duration of the Defined benefit obligation (in years)	17.57	18.29

(₹ in lakhs)

Particulars	31.03.2020	31.03.2019
III. Maturity profile of defined benefit obligation		
Year 1	39.08	57.11
Year 2	18.75	8.18
Year 3	36.32	15.14
Year 4	13.07	33.86
Year 5	34.97	11.01
Next 5 years	2,30.08	1,71.57

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

NOTES TO THE ACCOUNTS (Contd.)
Note 34.7: Income Tax
A. The Major components of Income Tax expense for the year are as under:
i) Tax Expense recognised in statement of Profit or Loss

(₹ in lakhs)

	Year ended 31st March 2020	Year ended 31st March 2019
Current tax		
Current period	52,69.50	73,57.90
Deferred tax		
Current period	7,48.10	5,11.42
Tax expense recognised in the Statement of Profit and Loss	60,17.60	78,69.32

ii) Income tax recognised in other comprehensive income

(₹ in lakhs)

	31st March 2020	31st March 2019
Re-measurements of defined benefit liability (asset)	(9.50)	4.10
Tax Expense recognised in other comprehensive income	(9.50)	4.10

B. Reconciliation of effective tax rate

(₹ in lakhs)

	31st March 2020	31st March 2019
Profit before tax	218,17.93	224,17.16
Statutory Tax Rate	25.168%	34.944%
Tax expense based on statutory tax rate	54,91.14	78,33.45
Effect of:		
Non-deductible expenses	87.92	1,05.07
Deductions Under Income-tax Act 1961	(7,34.52)	(69.20)
Effect of change in Tax rates	11,73.06	–
Tax expense recognised in Statement of Profit & Loss	60,17.60	78,69.32

(₹ in lakhs)

	31 March 2020	31 March 2019
Deferred Tax Liabilities / (Assets) (Net)		
Deferred Tax Liabilities	31,16.29	77,99.41
Less: Deferred Tax Asset	73,78.49	(96,31.18)
Net deferred tax (assets) liabilities	42,62.20	(18,31.77)

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Movement In temporary differences	Balance as at 1 April 2018	Recognised in profit or loss during the year	Recognised in OCI during the year	Balance as at 31 March 2019
Property, plant and Equipment	(44.66)	8.27	—	(36.38)
Provision for Expected Credit Loss	(85,07.40)	(7,07.99)	—	77,99.41
Adjustment on account of Effect Interest Rate for Financial Assests & Liabilities recognised at amortised cost & Net interest on credit impaired loans	(23,91.26)	2,23.84	—	(21,67.42)
Fair value change on investment in Mutual Funds	(4.02)	(35.55)	—	(39.57)
Others - Employee Benefits	(16.53)	—	—	(16.53)
U/s 36(1)(viiia) & 36(1)(viii) of Income-tax Act, 1961	(73,71.28)	—	—	(73,71.28)
	(13,20.35)	(5,11.42)	—	(18,31.77)

(₹ in lakhs)

Movement In temporary differences	Balance as at 1 April 2019	Recognised in profit or loss during the year	Recognised in OCI during the year	Recognised through retained earnings	Balance as at 31 March 2020
Property, plant and Equipment	(36.38)	37.49	—	—	1.10
Provision for Expected Credit Loss	77,99.41	(12,49.10)	—	—	6,550.31
Adjustment on account of Effect Interest Rate for Financial Assets & Liabilities recognised at amortised cost & Net interest on credit impaired loans	(21,67.42)	4,15.78	—	—	(1,751.64)
Fair value change on investment in Mutual Funds	(39.57)	(31.35)	—	—	(70.92)
Lease Rentals	—	9.86	—	—	9.86
Others - Employee Benefits	(16.53)	11.03	—	—	(5.50)
U/s 36(1)(viiia) & 36(1)(viii) of Income-tax Act, 1961	(73,71.28)	60,83.05	—	—	(1,288.23)
COVID-19 Provision	—	—	—	8,17.22	817.22
	(18,31.77)	52,76.76	—	—	4,262.20

NOTES TO THE ACCOUNTS (Contd.)

Note 35 Disclosure as per Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016.

35.1 Capital to Risk (Weighted) Assets Ratio

(₹ in Crore)

	Particulars	31st March 2020	31st March 2019
i.	CRAR (%)	23.00%	23.54%
ii.	CRAR – Tier I Capital (%)	21.25%	21.14%
iii.	CRAR – Tier II Capital (%)	1.75%	2.40%
iv.	Amount of subordinated debt raised as Tier- II Capital	–	–
v.	Amount raised by issue of Perpetual Debt Instruments	–	–

35.2 Reserve Fund u/s 29C, of NHB Act 1987: Disclosed separately under Note 26 other equity.

35.3 Investments

(₹ in Crore)

	Particulars	31st March 2020	31st March 2019
Value of Investments			
(i)	Gross value of Investments		
	(a) In India	5,87.88	3,61.71
	(b) Outside India	Nil	Nil
(ii)	Provisions for Depreciation		
	(a) In India	(0.21)	(0.02)
	(b) Outside India		
(iii)	Net value of Investments		
	(a) In India	5,87.67	3,61.69
	(b) Outside India		
Movement of provisions held towards - depreciation on investments			
(i)	Opening balance	0.02	0.03
(ii)	Add: Provisions made during the year	0.20	Nil
(iii)	Less: Write-off / Write-back of excess provisions during the year	0.01	0.01
(iv)	Closing Balance	0.21	0.02

NOTES TO THE ACCOUNTS (CONTD.)

35.4 Derivatives: NIL

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

35.4.2 Exchange Traded Interest Rate (IR) Derivative: NIL

35.4.3 Disclosures on Risk Exposure in Derivatives: NA

35.5 Securitisation

(₹ in Crore)

	Particulars	31-03-2020	31-03-2019
1.	No of SPVs sponsored by the HFC for Securitisation transactions*	2	1
2.	Total amount of securitised assets as per books of the SPVs Sponsored	2,91.17	62.03
3.	Total amount of exposures retained by the HFC towards the MRR as on the date of balance sheet		
	(I) Off-balance sheet exposures towards Credit Concentration		
	(II) On-balance sheet exposures towards Credit Concentration		
	a) Cash Collateral	23.42	7.79
	b) Others	11.15	1.87
4.	Amount of exposures to securitisation transactions other than MRR	Nil	Nil
	(I) Off-balance sheet exposures towards Credit Concentration	Nil	Nil
	(II) On-balance sheet exposures towards Credit Concentration	Nil	Nil

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

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

35.5.2 Details of Assignment transactions undertaken by HFCs: Nil

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

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

(₹ in Crore)

Particulars	1 day to 30/31 days	Over 1 month to 2 months	Over 2 month to 3 months	Over 3 month to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Liabilities											
Deposits	46.27	27.68	35.29	1,46.67	2,73.20	9,67.55	1,09.09	-	-	-	16,05.75
Borrowings from Banks*	1,90.85	18.64	3,10.32	2,43.94	6,93.62	16,32.39	6,39.36	2,94.88	1,00.11	34.40	41,58.51
Market Borrowings	1,34.91	2,72.51	30.00	2,95.22	5,99.05	10,47.00	65.00	-	-	2,00.00	26,43.69
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
TOTAL	3,72.03	3,18.83	3,75.61	6,85.83	15,65.87	36,46.94	8,13.45	2,94.88	1,00.11	2,34.40	84,07.95
Assets											
Advances	34.19	34.49	64.68	1,90.22	3,87.92	16,03.02	15,52.89	15,01.02	18,30.72	21,29.83	93,28.98
Investments #	3,61.39	0.12	42.62	0.37	40.69	78.41	32.05	61.11	41.23	28.56	6,86.55
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-
TOTAL	3,95.58	34.61	1,07.30	1,90.59	4,28.61	16,81.43	15,84.94	15,62.13	18,71.95	21,58.39	100,15.53

*includes Borrowings from NHB

#Breakup

	₹ in crore
Investments	
Government Securities	140.96
In units of Mutual Funds	375.77
Subordinated Debt	49.29
PTC investments	11.98
Total (A)	578.00
Cash & Bank balances	
SLR Bank Deposits	69.50
Bank deposits held as Collateral for assets securitized /assigned	39.05
Total (B)	108.55
Total (A)+(B)	686.55

NOTES TO THE ACCOUNTS (Contd.)

35.7 Exposure

35.7.1 Exposure to Real Estate Sector

Category		31.03.2020 (₹ in Crore)	31.03.2019 (₹ in Crore)
a)	Direct exposure #		
	(i) Residential Mortgages *		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;		
	• Individual Housing Loans up to ₹15 Lakhs	1333.87	1321.04
	• Others	6812.56	6471.86
	Total	8146.43	7792.90
	(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;	1183.42	1116.97
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
	a. Residential	11.98	5.21
	b. Commercial Real Estate	–	–
b)	Indirect Exposure		
	Fund Based and Non-Fund Based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	87.30	39.19

Notes:

Consists of future Principal and Principal component of EMI outstanding.

* Includes exposures to Non-Housing loans secured by residential mortgages amounting to 1948.49 crore (Previous year – 1635.90 crore)

35.7.2 Exposure to Capital Market: NIL

35.7.3 Details of financing of Parent Company products: NIL

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

35.7.5 Unsecured Advances: Nil

NOTES TO THE ACCOUNTS (Contd.)

35.8 Miscellaneous

35.8.1 Registration obtained from other financial sector regulators - Nil

35.8.2 Disclosure of Penalties imposed by NHB and other regulators

The details of penalty imposed by NHB during the year are disclosed under Note 33.8.

35.8.3 Related party Transactions

The details of transactions with related parties are disclosed under Note 33.14

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

Borrowing through Rating/Outlook and the date of Rating/ Outlook by Rating Agencies

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

There were no changes in any of the ratings or outlook during the year.

35.8.5 Remuneration of Directors

The details of Remuneration of Directors are disclosed in Form No. MGT - 9.

35.8.6 Management

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

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

There are no prior period items accounted and there are no changes in accounting policies. The Statement of Profit & Loss discloses the net profit for the year ended 31st March 2020.

35.8.8 Revenue Recognition

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

35.8.9 Accounting Standard 21 – Consolidated Financial Statements (CFS) – Not Applicable

NOTES TO THE ACCOUNTS (Contd.)

Additional Disclosures

35.9 Provisions and Contingencies

(₹ in Crore)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss Account		2019-20	2018-19
1.	Provision for depreciation on Investment	(0.01)	(0.01)
2.	Provision made towards Income tax	50.58	88.00
3.	Provision towards NPA – Stage III	31.86	(55.01)
4.	Provision for Standard Assets	0.01	1.86
5.	Other Provision and Contingencies (with details) – Covid 19 Reserve as per RBI circular dated 17th April 2020	32.47	–

(₹ in Crore)

Break up of Loan & Advances and Provisions thereon	Housing		Non-Housing	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Standard Assets				
a) Total Outstanding Amount	6461.26	6090.57	2638.13	2629.25
b) Provisions made	20.55	20.53	17.29	16.95
c) Covid 19 Provision	14.45	-	18.02	-
Sub-Standard Assets				
a) Total Outstanding Amount	46.17	40.84	91.19	29.41
b) Provisions made	6.93	6.13	13.68	4.41
Doubtful Assets – Category-I				
a) Total Outstanding Amount	32.32	28.02	21.89	20.78
b) Provisions made	8.14	8.07	5.64	5.21
Doubtful Assets – Category-II				
a) Total Outstanding Amount	32.66	30.69	37.72	42.44
b) Provisions made	15.65	12.51	15.71	17.83
Doubtful Assets – Category-III				
a) Total Outstanding Amount	36.53	23.32	50.83	46.06
b) Provisions made	36.53	23.32	50.83	46.06
Loss Assets				
a) Total Outstanding Amount	2.16	0.26	0.41	-
b) Provisions made	2.16	0.26	0.41	-
TOTAL				
a) Total Outstanding Amount	6611.10	6213.70	2840.16	2767.94
b) Provisions made	89.95	70.82	103.55	90.46
c) Covid 19 Provision	14.45	-	18.02	-

Note:

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

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

NOTES TO THE ACCOUNTS (Contd.)

35.10 Draw Down from Reserves : NIL

35.11 Concentration of Public Deposits, Advances, Exposures and NPAs

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

(₹ in Crore)

Particulars	31.03.2020	31.03.2019
Total Deposits of twenty largest depositors	536.73	408.15
Percentage of Deposits of twenty largest depositors to Total Deposits of the HFC	33.43%	34.72%

35.11.2 Concentration of Loans & Advances

(₹ in Crore)

Particulars	31.03.2020	31.03.2019
Total Loans & Advances to twenty largest borrowers	293.29	267.05
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	3.11%	2.98%

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

(₹ in Crore)

Particulars	31.03.2020	31.03.2019
Total Exposure to twenty largest borrowers /customers	293.40	267.55
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	3.07%	2.93%

35.11.4 Concentration of NPAs

(₹ in Crore)

Particulars	31.03.2020	31.03.2019
Total Exposure to top ten NPA accounts	52.96	37.12

35.11.5 Sector-wise NPAs

I. No.	Sector	Percentage of NPAs to Total Advances in that sector
A.	Housing Loans:	
1.	Individuals	2.23%
2.	Builders/Project Loans	—
3.	Corporates	5.12%
4.	Others (specify)	—
B.	Non-Housing Loans:	
1.	Individuals	8.28%
2.	Builders/Project Loans	—
3.	Corporates	1.60%
4.	Others (specify)	—

35.12 Movement of NPAs

(₹ in Crore)

Particulars	31.03.2020	31.03.2019
(I) Net NPAs to Net Advances (%)	2.14%	1.58%
(II) Movement of NPAs (Gross)		
a) Opening balance	261.82	265.22
b) Additions during the year	139.65	70.30
c) Reductions during the year	49.60	73.70
d) Closing balance	351.87	261.82
(III) Movement of Net NPAs		
a) Opening balance	138.02	86.41
b) Additions during the year	83.83	56.06
c) Reductions during the year	25.64	4.45
d) Closing balance	196.21	138.02
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	123.80	178.81
b) Provisions made during the year	55.82	14.24
c) Write-off/write-back of excess provisions	23.96	69.25
d) Closing balance	155.66	123.80

35.13 Overseas Assets - Nil

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

35.15. Disclosure of Complaints

Customers Complaints

Particulars	2019-20	2018-19
a) No. of complaints pending at the beginning of the year	0	0
b) No. of complaints received during the year	84	44
c) No. of complaints redressed during the year	84	44
d) No. of complaints pending at the end of the year	0	0

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

As per our report of even date attached
For **Sundaram & Srinivasan**
Chartered Accountants
FRN 004207S
S. Usha
Partner
Membership No. 211785
Chennai
20th May 2020

T.T. Srinivasaraghavan
Chairman

Lakshminarayanan Duraiswamy
Managing Director

V. Swaminathan
Company Secretary

P.N. Venkatachalam
Director

G. Sundararajan
Chief Financial Officer



SUNDARAM HOME

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

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

Phone : (044) 28515267, 28515269

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

Website: www.sundaramhome.in

Andhra Pradesh

Anantapur : 08554 243717, Bhimavaram : 08816 226119, Cuddappah : 08562 253366, Eluru : 08812 233432, Gajuwaka : 0891 2573077

Guntur : 0863 2331469, Kakinada : 0884 2351618, Kurnool : 08518 225146, Mangalagiri : 08645-235932, Nellore : 0861 2322269,

Ongole : 08592 283959, Rajahmundry : 0883 2468579, Srikakulam : 08942 229123, Tanuku : 08819 227667,

Tirupathi : 0877 2237378, Vijayawada : 0866 2471717 Visakhapatnam : 0891 2575522, Vizianagaram : 08922 237778

Telangana

Hyderabad - Secunderabad : 040 27806002, Hyderabad - Kukatpally : 040 23162224, Hyderabad - LB Nagar : 040 24126456, Hyderabad – Hitech City: 040 23119847

Karimnagar : 0878 2237676, Khammam : 08742 242160, Mancheril : 08736 255456, Nizamabad : 08462 220224, Warrangal : 0870 2441244

Karnataka

Bengaluru – Seshadripuram: 080 23567911, Bengaluru – Jayanagar: 080 26493737, Bengaluru - Whitefield: 080 28450035,

Bengaluru – Yelahanka : 080 2362 0310, Belgaum: 0831 2471019, Bellary : 0839 2256437,

Davanagere : 0819 2297075, Gulbarga : 0847 2244419, Hubli: 0836 2371954, Mangalore : 0824 2451517, Mysuru : 0821 2425007,

Raichur: 08532 225009, Shimoga: 08182 275719, Vijayapura : 0835 2265639

Kerala

Aluva : 0484 2606577, Calicut : 0495 2722066, Chalakudy : 0487 2970952, Kannur : 0497 2761917,

Kayamkulam : 0479 2441157, Kochi : 0484 2350341, Kollam: 0474 2742490, Kottayam : 0481 2561549, Manjeri: 0483 2760037,

Muvattupuzha: 0485 2812906, Palakkad : 0491 2503610, Pathanamthitta : 0468 222 4289, Payyannur : 0498 5209917, Perinthalmanna : 0493-3225611,

Trichur: 0487 2221191, Thycad: 0471 2333313, Thirupunithura: 0484-2779170, Thiruvananthapuram : 0471 2534686

Puducherry : 0413 2330509

Tamil Nadu

Attur: 04282 253354, Chennai - Ambattur: 044 26521656,

Chennai - Chromepet: 044 22210244, Chennai - Parrys: 044 25241099, Chennai - Porur: 044 48581096, Chennai - T Nagar: 044 28342151,

Chennai - Thiruvanmiyur: 044 24430030, Chengalpet: 044 27432929, Coimbatore – P.N. Palayam : 0422 2246655, Coimbatore - R S Puram: 0422 2545333,

Dharmapuri : 04342 230244, Dindigul : 0451 2422001, Erode : 0424 2262999, Hosur : 04344 223318, Kancheepuram: 044 27233660,

Karaikudi : 04565 233202, Karur: 04324 231235, Kumbakonam : 0435 2433216, Madurai : 0452 4380202, Mettupalayam: 04254 221125, Namakkal : 04286 233454,

Nanganallur : 044-22242204, Neyveli: 04142 260577, Perambalur: 04328 275563, Pollachi: 04259 223552, Pudukottai: 04322 232455, Ranipet: 04172 271979,

Salem : 0427 2334554, Sivakasi: 04562 222262, Tanjore : 04362 233216, Theni: 04546 263004, Thiruvallur: 044 27664590, Thiruvannamalai: 04175 252020,

Thiruvaur: 04366 220293, Tiruchengode: 04288 257381, Tirunelveli : 0462 2574274, Tiruppur : 0421 2474450,

Trichy : 0431 2402150 , Tuticorin : 0461 2328827, Vellore : 0416 2245884

Rest of India

Gujarat - Ahmedabad: 079 66168910, Vadodara: 0265 2355070

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

Nasik: 0253 2501766, Pune: 020 25511575, Thane : 022-25827823, Kolhapur: 0231 2667381

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

Odisha - Bhubaneswar: 0674 2544677, West Bengal – Durgapur : 0343 2542805,

Kolkata: 033 22837877, Kolkata – Lake Town : 033-40606120 Rajasthan - Jaipur: 0141-2379607