



SUNDARAM BNP PARIBAS
— HOME FINANCE —



Annual Report
2008-09

HIGHLIGHTS

	2008-09	2007-08	2006-07	2005-06	2004-05
OPERATIONAL HIGHLIGHTS:	(Rs. in Crore)				
Approvals	600	721	556	487	489
Disbursements	532	596	477	435	429
Loans outstanding	1592	1433	1169	999	868
FINANCIAL HIGHLIGHTS:	(Rs. in Crore)				
Paid-up capital	80.15	80.15	70.00	70.00	70.00
Reserves and surplus	123.30	105.86	43.92	29.50	23.63
Networth	203.45	186.01	113.92	99.50	93.63
Total borrowings	1732.27	1366.19	1144.53	947.38	824.18
Deposits	358.80	165.49	46.32	36.06	47.57
Net interest income	45.38	37.97	20.55	16.05	13.00
Other Income	17.11	13.90	14.71	10.24	11.22
Operating Income	62.49	51.87	35.26	26.29	24.22
Operating Cost	19.87	17.19	14.15	14.10	15.09
Operating Profit	42.62	34.68	21.11	12.19	9.13
Profit Before Tax	39.26	31.44	18.31	7.72	5.03
Profit After Tax	26.81	22.10	14.60	5.86	4.01
Return on average networth (%)	13.77	14.74	13.68	6.07	5.10
Book value per share (Rs.)	25.38	23.21	16.27	14.21	13.38
Earnings per share (Rs.)	3.35	2.97	2.09	0.84	0.67
Capital Adequacy Ratio (%)	14.36	18.64	14.91	17.43	17.84
Cost-to-income ratio (%)	31.79	33.14	40.13	53.63	62.31
Gross non-performing loans	4.83	5.24	7.09	9.72	14.59
Gross non-performing loans (%)	0.30	0.37	0.61	0.97	1.68

Board of Directors

S. Viji	Chairman
T.T. Srinivasaraghavan	
Srinivas Acharya	
Frederic Bernard Robert Amoudru	
Bernard Michel	
John Christopher Woodhouse	
N. Ganga Ram	
M.S. Parthasarathy	
Nitin Palany	Managing Director

Audit Committee

M.S. Parthasarathy	Chairman
N. Ganga Ram	
Srinivas Acharya	
Bernard Michel	
John Christopher Woodhouse	

Executive Committee

T.T. Srinivasaraghavan	Chairman
Srinivas Acharya	
Bernard Michel	
John Christopher Woodhouse	
Nitin Palany	

Asset Liability Risk Management Committee

Nitin Palany	Chairman
Bernard Michel	
John Christopher Woodhouse	
M. Ramaswamy	
G. Sundararajan	
S. Rajagopalan	

Senior Executives

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

Company Secretary

V. Swaminathan

Auditors

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

Computer Security Assurance Services

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

Registered Office

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

Corporate Office

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

Website

www.sundarambnpparibashome.com

Senior Managers

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

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

Bankers

State Bank of India
IndusInd Bank Limited
HDFC Bank Limited
Dhanalakshmi Bank Limited
Corporation Bank

IDBI Bank Limited
Bank of India
Central Bank of India
Bank of Baroda
Axis Bank

Debenture Trustees

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

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

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Directors' Report

To the Members

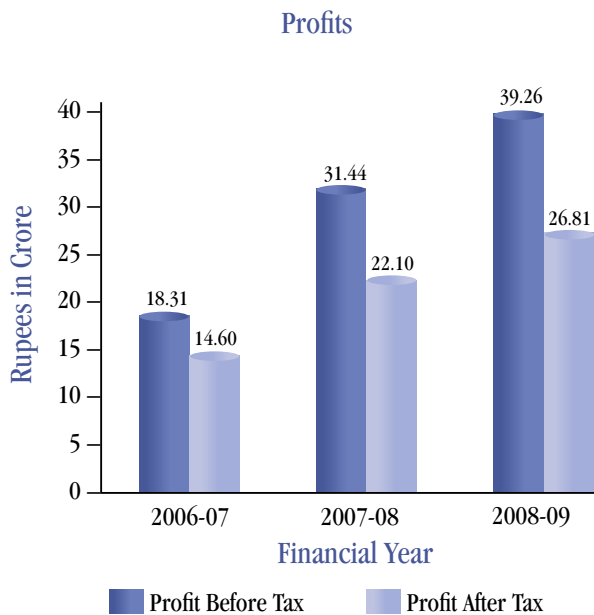
The Directors have pleasure in presenting the Tenth Annual Report of the Company together with the audited accounts for the year ended 31st March 2009.

FINANCIAL RESULTS:

(Rs. in Lakh)

Particulars	For the Year ended March 31, 2009	For the Year ended March 31, 2008
Profit Before Tax	39,26.31	31,44.05
Less: Provision for Tax	12,45.11	9,34.01
Profit After Tax	26,81.20	22,10.04
Add: Balance brought forward from the previous year	2,06.63	1,46.59
Amount available for appropriation	28,87.83	23,56.63
Appropriations proposed:		
1. Transfer to Special Reserve under Section 36(1)(viii) of the Income-tax Act, 1961	5,37.00	4,50.00
2. Transfer to General Reserve	11,00.00	17,00.00
3. Proposed Dividend	8,01.52	—
4. Dividend Tax	1,36.22	—
5. Surplus carried to Balance Sheet	3,13.09	2,06.63
Total	28,87.83	23,56.63

FY09 has been another year of good performance for the Company. Net profit for the last three years has shown a compounded annual growth rate (CAGR) of 22%.



DIVIDEND

The Directors recommend a maiden dividend of Re.1 per share (10%) for the financial year ended 31st March 2009. The total dividend outgo including dividend tax will be Rs. 937.74 Lakh.

MATERIAL CHANGES AFTER THE BALANCE SHEET DATE (31ST MARCH 2009)

There are no material changes and commitments between 31st March 2009 and the date of this report having an adverse bearing on the financial position of the Company.

CORPORATE GOVERNANCE

The debt securities issued by the Company through private placement are listed on the National Stock Exchange of India Ltd. (NSE). Although the provisions relating to corporate governance contained in Part III of the Listing Agreement with NSE are not mandatory for companies issuing such securities, the Company has voluntarily adopted them as brought out in the attached Report. Compliance reports in respect of laws applicable to the Company have been reviewed by the Board of Directors.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMIC OVERVIEW

Conducive global and domestic environments helped the Indian economy achieve robust growth in the last few years. After the growth momentum stretched into the first half of FY09, the economy

encountered a sharp unforeseen set back in the second half. This was largely a consequence of the traumatic turbulence that originated in the US and destabilised its financial system, and rapidly spread to other developed countries. The financial sector turmoil quickly impacted real estate sector on a global scale. The severity of the crisis and the need to arrest the downward spiral forced governments and central banks of several developed countries to step in with aid and stimulus packages of unprecedented scope and size.

The Indian financial market was comparatively less affected by the international crisis, thanks to the stricter prudential regulation of banks and their relatively better health. However, the international financial crisis and the consequent liquidity crunch witnessed by mid-year led to increased risk aversion by banks in India, too. The main plank of the Government's response was fiscal stimulus while the Reserve Bank's action comprised monetary accommodation and counter-cyclical regulatory measures.

The Indian economy was, however, not completely insulated from the impact of the global turmoil. GDP growth during FY09 slipped in the second and third quarters, lowering RBI's estimate of GDP growth in the year as a whole to 7% in FY09, down from 8.9% in FY08.

Inflation, as measured by the wholesale price index, reached a high of 12.91% in August 2008, but thereafter declined steeply, recording 0.26% in the week ended 27th March 2009. Base effect, and lower fuel and metal prices caused the fall.

RBI was quick to shift gears, moving from an anti-inflation stance in the first half of the year to reduce key policy rates during the latter half. The repo rate was cut by 400 bps to 5% and the reverse repo rate by 250 bps to 3.50%. CRR was also brought down from a high of 9% to the present 5% to infuse additional liquidity in the system.

After a strong surge by mid-year, as other sources of funding seem to have dried up, bank credit growth slackened. There was also a deceleration in the growth of bank deposits.

In FY09, money supply expanded by 18.4% by 27th March 2009, compared with 20.71% in FY08. M3 growth stayed relatively elevated. Foreign exchange reserves declined from US\$310 billion by end-March 2008 to US\$252 billion by end-March 2009, still comfortable to pay for about nine months' imports.

A categorical prognosis of the economic trends in the near term is risky. However, hopefully, once the global economy begins to recover, India's turnaround may be sharper and swifter, rebuilding

on the strong fundamentals and the vast untapped growth potential. Meanwhile, the challenge before the Government and the RBI is the management of the adjustment with as little pain and within as short a time as is practicable.

INDUSTRY OVERVIEW

The sharp upturn in the real estate sector in recent years was stimulated by rapid economic growth and rising incomes, and in particular, by the burgeoning real estate needs of the information technology sector. Many multinationals established operations in India to take advantage of lower staff and operating costs. This added to the demand for new commercial and residential space. Easy availability of institutional housing finance at low interest rates fuelled the property boom. Real estate prices moved beyond levels of affordability of large sections of the population.

The slowdown of the Indian economy during the second half of FY09 has had a sobering impact on the real estate market and housing finance. Property prices, still beyond the reach of many prospective home buyers especially in the middle and lower-income groups, together with employment uncertainties and lower incomes, have depressed the demand. In this scenario, both sellers and buyers seem to have adopted a wait-and-watch approach; while potential buyers expect to see a further decline in prices, developers and sellers are holding on in the hope that prices may turn round. In some locations, prices seem to have dropped substantially. Some real estate developers have rightly switched to the development of low-cost affordable housing projects, for which there is a huge pent-up demand.

A CRISIL study estimates that housing loan disbursements during FY09 grew by just around 5%.

Growth prospects of the housing finance industry over the medium term, however, appear to have brightened due to several factors:

- housing loans represent just about 7% of GDP, still lower than in several other Asian countries;
- the age profile of borrowers is falling, as double-income households are growing;
- property prices in major cities are going through corrections, and prices in tier-II and tier-III cities seem to be affordable; and
- affordable housing has received a thrust from recent measures of the Government and the RBI.

The National Housing Bank (NHB) has taken significant initiatives to commission studies, including on: residential housing demand and housing loans in India; price structure of housing properties; and development of an appropriate mechanism for collecting data on, and monitoring, property price movements. An NHB study has reinforced the belief that housing demand is sensitive to both price and income. A 10% increase in house prices is estimated to result in a 4.60% decrease in housing demand as affordability declines. A 10% increase in the borrower's monthly income seems to raise housing demand by about 6%.

It is widely recognised that housing finance helps generate economic growth through employment creation and economic linkages. It also enables individuals and families to acquire both a shelter and a real asset, which in many cases may well be the largest investment in an individual's lifetime. Housing finance activities also spur financial and capital markets.

To help reverse the slowdown in the housing sector, the Government and the RBI have taken significant initiatives. Bank loans, including indirect lending through HFCs, upto Rs. 20 Lakh (increased from Rs. 5 Lakh) are now treated as part of their priority sector lending. NHB has raised, from Rs. 20 Lakh to Rs. 30 Lakh, the size range of housing loans of housing finance companies (HFCs) eligible for a concessional risk weight of 50%, provided the loan-to-value ratio does not exceed 75%. As part of the measures to support HFCs to overcome liquidity crunch, RBI has allocated Rs. 4,000 crore to NHB for offering refinance to HFCs at lower rates for a specified period. These steps will help promote affordable housing for the low and mid-income households.

NHB is playing a significant role in developing a healthy and efficient housing finance industry by taking several commendable initiatives, including those towards:

- a) creation of a national mortgage registry to enhance transparency and prevent frauds in property transactions;
- b) introduction of a title indemnity product;
- c) setting up of mortgage credit companies;
- d) extension of RESIDEX, a new index of housing prices, to several major towns; and
- e) launching of a Housing Information Portal.

Formulation of special refinance plans for rural housing and the economically weaker households will go a long way in addressing the housing needs of underserved mortgage markets.

A major, persistent problem faced by HFCs is the heavily skewed structure of their assets and liabilities. The absence of wider access to long-term funds corresponding to loan maturities has resulted in severe term mismatches of their assets and liabilities. NHB refinance has helped minimise this incongruity, but there are limits to the availability of such funding. It would greatly help HFCs in overcoming the imbalance if they are permitted to tap the long-term resources of provident and pension funds and insurance companies, of course within prudent limits.

OPERATING AND FINANCIAL PERFORMANCE

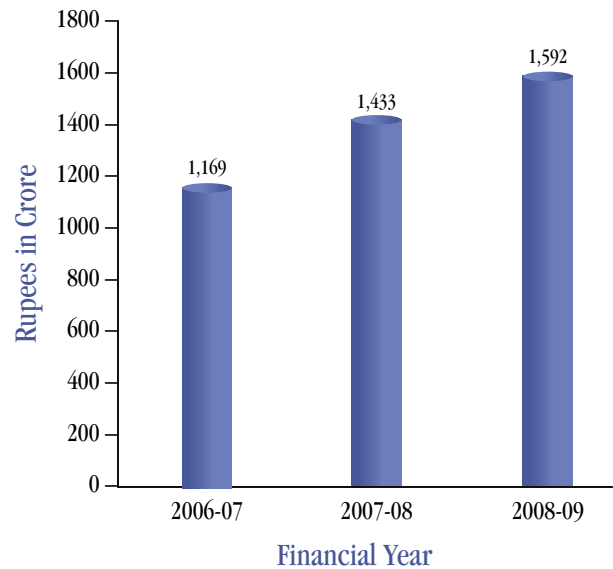
The Company’s loan approvals totalling Rs. 600 crore during the year were about 20% lower compared to Rs. 721 crore in the previous year, depressing the compounded annual growth during the last three years to just 3%.

However, loan disbursements of Rs. 532 crore during FY09 were only 12% down from Rs. 596 crore in the previous year, the decline reflecting the economic downturn during the second half of FY09 and its impact on the housing finance industry.

The average size of loans disbursed to individuals during the year was Rs. 10 Lakh.

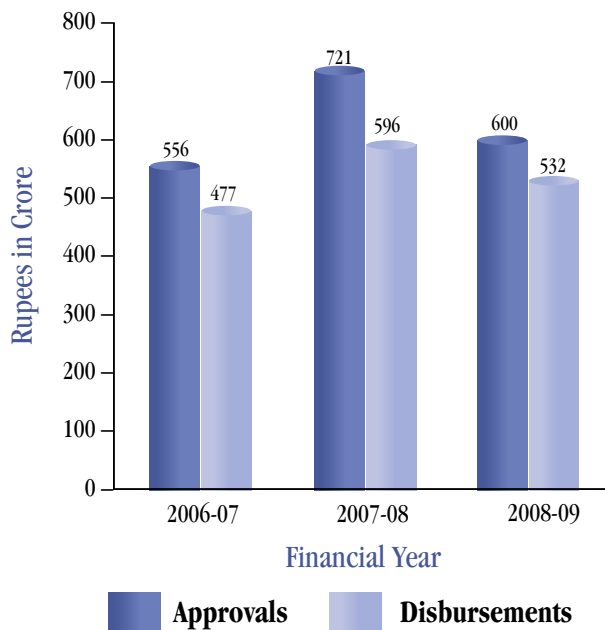
The Company has revised the interest rates on existing housing and non-housing loans in line with the market trend.

Loan Outstanding
(Net of Securitised Loan)

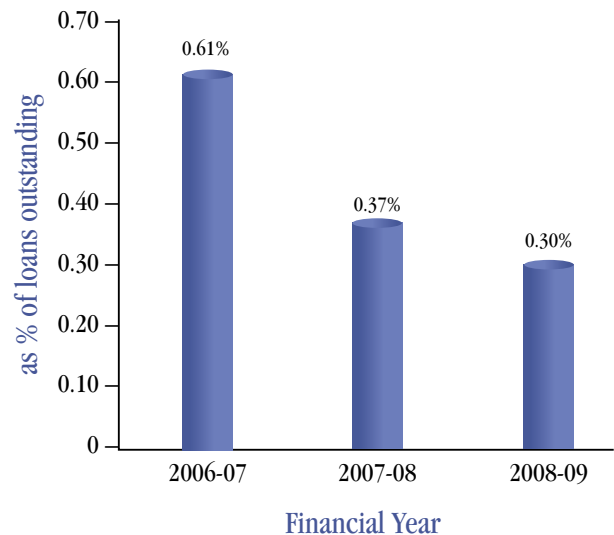


Despite a high interest rate regime coupled with uncertainties on account of the economic slowdown, the Company has been able to maintain a very strong and healthy loan portfolio. Gross non-performing loans (NPLs) where servicing was in arrears for over 90 days, amounting to Rs. 4.83 crore as on 31st March 2009 constituted 0.30% of the loan portfolio as against 0.37% in the previous year. Net NPLs as on 31st March 2009 stood at 0.10% as against 0.08% in the previous year.

Approvals & Disbursements



Non-Performing Loans
(Gross)



In terms of NHB's prudential norms, the Company is required to carry a specific provision of Rs. 2.23 crore as on 31st March 2009 in respect of NPLs and a general provision of Rs. 1.64 crore against standard non-housing loans. However, as a measure of prudence, the Company has made additional provision of Rs. 1.00 crore towards NPLs, taking the available provisions as at 31st March 2009 to Rs. 4.87 crore. Amounts of provision aggregating Rs. 92.50 Lakh in respect of loans written off during the year were written back.

Gross income during the year amounted to Rs. 208 crore, recording a growth of 30% over Rs. 160 crore in the previous year. Profit before tax was Rs. 39.26 crore, up by 25% over the previous year. Profit after tax was Rs. 26.81 crore, registering an increase of 21% as compared to the previous year.

The Company's net worth stood at Rs. 203 crore as on 31st March 2009 while the capital adequacy ratio (CAR) was 14.36%, higher than the minimum regulatory requirement of 12%.

RESOURCE MOBILISATION

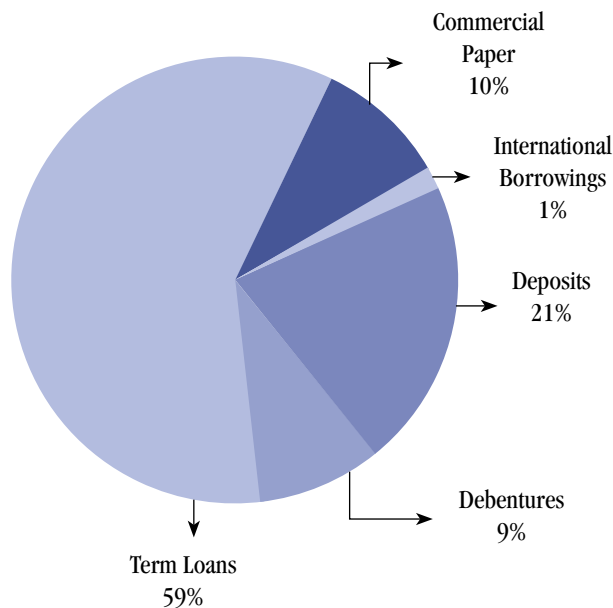
CREDIT RATINGS

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

ICRA has assigned a "stable" outlook, whereas CRISIL has assigned "negative" outlook to its ratings of one-to-two year period.

Total loan funds as on 31st March 2009 amounted to Rs. 1,732 crore, as against Rs. 1,366 crore, a year earlier, an increase of 27%. Of the total borrowings, NHB refinance constituted 39%, term loans from banks 20%, deposits 21% and commercial paper 10%.

Loan Funds



During the year, the Company availed itself of NHB refinance aggregating Rs. 100 crore and repaid Rs. 230 crore. The Company raised fresh term loans from banks amounting to Rs. 345 crore.

The Company also issued commercial paper aggregating Rs. 329 crore during the year. The maximum amount of commercial paper outstanding at any time during the year was Rs. 229 crore.

During the year, the Company mobilised fresh deposits aggregating Rs. 211 crore. Renewal of deposits that matured during the year amounted to Rs. 13 crore, representing 57% of the matured deposits. Deposits outstanding at the year-end were at Rs. 358 crore, representing a growth of 116% over the previous year's level.

The Company notifies the depositors at least two months ahead of maturity, and thereafter issues periodical reminders if the deposits are not claimed or renewed on or after maturity. As of 31st March 2009, deposits totalling Rs. 57.85 Lakh from 102 depositors had matured but had not been claimed or renewed.

The Company has been closely following up these cases to ensure early repayment or renewal of the deposits. As a result of such efforts, their quantum has since declined to Rs. 51.21 Lakh.

During the year, the Company sold loans amounting to Rs. 88.30 crore to a bank. However, the Company will continue to service the loans as the bank's agent for a fee.

INTERNAL AUDIT

The Company has put in place an effective Internal Audit system with the Internal Audit Department of Sundaram Finance Limited (SFIAD) as Internal Auditors. SFIAD periodically reviews all the internal control measures, reports areas requiring attention, and recommends improvements, where needed.

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

Computer security assurance services is provided by Tejas Brainware Systems (P) Limited (TBSL). The Company has implemented a number of control measures both in operational, accounting and security-related areas, on the basis of TBSL's recommendations.

RISK MANAGEMENT

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

The Asset Liability Risk Management Committee (ALCO), functioning under the supervision of the Board of Directors, lays down policies

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

HUMAN RESOURCES

Efficient human capital management (HCM) is essential for improved organisational performance. Accordingly, the Company's performance management system is used effectively to improve staff capabilities in areas such as leadership, team building, knowledge accessibility and productivity enhancement. In-house, on-the-job coaching and training programmes on credit, legal and technical appraisals and various other functional areas were conducted during the year to upgrade the skills of employees and achieve functional effectiveness. In addition, executives were seconded to various external training programmes and seminars on risk management, regulatory know-your-customer guidelines and the Fair Practices Code. Regular training programmes helped sales staff to sharpen their domain knowledge and negotiating skills.

STATUTORY AND REGULATORY COMPLIANCE

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

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report describing the company's objectives, expectations or predictions may be forward-looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the company's operations include global and domestic supply and demand conditions affecting revenue realizations, availability of skilled work force, changes in government regulations, tax laws, economic developments and other related factors.

DIRECTORS

Mr. Nitin Palany and Mr. T.T. Srinivasaraghavan, Directors of the Company, retire by rotation and, being eligible, offer themselves for re-appointment. The Board recommends their re-appointment.

AUDITORS

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

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

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

During the year, the Company did not have any foreign currency earnings. However, the Company incurred expenditure in foreign exchange aggregating Rs 70.47 Lakh on interest and travelling expenses.

PERSONNEL

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board of Directors

Chennai
28th April 2009

S.Viji
Chairman



Report on Corporate Governance

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

Although not mandatory, the Company has been voluntarily following the Corporate Governance Code. While striving to enhance shareholder value, the Company has adopted sound corporate-governance and financial-disclosure policies and practices.

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

BOARD OF DIRECTORS

Size and Composition

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

The Articles of Association (AOA) of the Company provide for a Board of Directors with a maximum strength of nine members. Currently, the Board is at its full strength with Mr. S. Viji as Non-Executive Chairman and Mr. Nitin Palany, as the Managing Director. Mr. S. Viji, Mr. T. T. Srinivasaraghavan, and Mr. Srinivas Acharya are the nominees of SF and Mr. Frederic Bernard Robert Amoudru, Mr. Bernard Michel and Mr. John Christopher Woodhouse, the nominees of BNP Paribas Personal Finance on the Board. Mr. N. Ganga Ram and Mr. M.S. Parthasarathy are Independent Directors. Mr. Nitin Palany, Managing Director is the only whole-time Director. No member of the Board is a nominee of a public financial institution or Government.

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

No Director is related to any other Director.

Directors' term

The AOA require that at least two-thirds of the Directors retire by rotation. One-third of such Directors is required to retire every year and, if eligible, may be reappointed.

Membership of other Boards

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

Details of directorships held by the Directors in other Indian public limited companies as on 31st March 2009 are given below:

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

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

BOARD PROCEDURE AND RESPONSIBILITIES

The Board plays a pivotal role in enhancing the best Corporate Governance culture in the Company and towards this, all relevant information is placed before the Board. The Board has a formal schedule of matters reserved for its consideration and decision. The main items on the agenda for the meetings are advised to the Directors along with the notice of the meetings. This is followed by detailed agenda papers, which are sent to each Director in advance of the Board Meetings. The Board of Directors meets at regular intervals and takes decisions at the meetings after detailed discussions. After the Board meetings, the Company has a formal system for follow-up and review. The action taken on the decisions and directions at a Board meeting is

reported at the next meeting for review by the Board. Amongst other things, the Board considers the following matters:

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

In accordance with the code of corporate governance and based on the requirements to focus on special areas, the Board has constituted certain Committees to deal with specific matters and delegated powers for different functions.

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

BOARD MEETINGS

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

During the year ended 31st March 2009 (FY09), the Board met 11 times as noted below:

2008 - 2009		
29 April 2008	22 August 2008	29 January 2009
23 May 2008	29 September 2008	23 February 2009
26 June 2008	23 October 2008	5 March 2009
24 July 2008	5 January 2009	

The meetings were attended by Directors as shown below:

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

BOARD COMMITTEES

The Board has constituted three Committees to focus on certain functions of the Company.

Executive Committee

The Executive Committee comprises four non-executive Directors, viz., Mr. T. T. Srinivasaraghavan, Mr. Srinivas Acharya, Mr. Bernard Michel and Mr. John Christopher Woodhouse, and the Managing Director, Mr. Nitin Palany. Mr T. T. Srinivasaraghavan is the Chairman of the Committee.

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

The Executive Committee met 59 times during the year.

Audit Committee

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

Mr. M.S. Parthasarathy is the Chairman of the Committee. Mr. N. Ganga Ram, Mr. Srinivas Acharya, Mr. Bernard Michel and Mr. John Christopher Woodhouse are its other members.

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

The statutory and the internal auditors of the Company and the Managing Director and senior executives are invited to the meetings of the Audit Committee.

The Audit Committee:

- oversees the Company's financial reporting and disclosure to ensure that the financial statements are correct, sufficient, and credible;
- reviews the annual, half-yearly, and quarterly financial statements and recommends them to the Board for being taken on record;
- reviews the effectiveness and adequacy of the Company's internal control systems, and its compliance with the applicable statutory requirements and regulatory directives or guidelines;
- recommends the appointment of external auditors for clearance by the Board and approval of the shareholders;

- reviews the audit scope and plans (statutory, internal, and systems), and later discusses the main audit findings and comments with the management and auditors to focus on any significant area of concern and ensure expeditious rectification of shortcomings noticed; and
- recommends the fees payable to auditors for audit and for any other services rendered to the Company.

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

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

Asset Liability Risk Management Committee (ALCO)

The ALCO comprises six members, viz, Mr. Nitin Palany - Managing Director, Mr. Bernard Michel, Mr. John Christopher Woodhouse - two nominees from BNPP, Mr. M. Ramaswamy, Senior Vice-President & Head (Treasury) - nominee from SF and Mr. G. Sundararajan, Vice-President & Head (Finance & Accounts), Mr. S. Rajagopalan, General Manager & Head (Operations) senior officers of the Company.

The ALCO, functioning under the supervision of the Board of Directors, lays down policies and tolerance levels that involve assessment of various types of risks and effecting shifts in assets and liabilities to manage such risks.

The ALCO met six times during the year.

REMUNERATION OF DIRECTORS

Independent Directors were paid remuneration by way of sitting fees for attending Board/Committee meetings during FY09 as noted below:

Name	Sitting Fees (Board and Audit Committee)
1. Mr. N. Ganga Ram	Rs. 1.10 Lakh
2. Mr. M.S. Parthasarathy	Rs. 1.80 Lakh

Besides sitting fees, Independent Directors are proposed to be paid commission of Rs. 1 Lakh each for the year ended 31st March 2009, subject to the approval of the shareholders and the Central Government.

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

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

As on 31st March 2009, the amount of deposits placed with the Company by Directors aggregated Rs. 17.10 Lakh. The interest paid on these deposits during the year amounted to Rs. 8.69 Lakh.

RELATED-PARTY TRANSACTIONS

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

Distribution of Shareholding as on 31st March 2009

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

* Nominees of SF

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

SHARE PRICE PERFORMANCE

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

SHARE TRANSFER AND INVESTOR GRIEVANCES COMMITTEE

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

LISTED DEBENTURES

The Company has issued, through private placement, ten series of secured/unsecured non-convertible debentures (NCDs) aggregating Rs. 350 crore including NCDs for Rs 100 crore issued during the year. The NCDs have been listed with the National Stock Exchange of

India Ltd. (NSE) for trading in compulsory dematerialised form. The Company has duly paid the NSE listing fees for FY09 for the purpose of trading.

During FY09, NCDs of Series III and V aggregating Rs. 75 crore were redeemed.

COMMERCIAL PAPER

During FY09, the Company privately placed commercial paper aggregating Rs. 329 crore with mutual funds and banks. Of this, Rs. 179 crore was outstanding as on 31st March 2009.

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.

'Subramanian Building'

1, Club House Road, Chennai 600 002.

Phone : 044 - 28460390

Fax : 044 - 28460129

Email : Cameo@Cameoindia.com

Contact Person : Mr R.D. Ramasamy, Director

ANNUAL GENERAL MEETINGS

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

For Financial Year	Date	Time	Venue
2007-08	24 July 2008	2.00 pm	Registered Office
2006-07	25 July 2007	2.30 pm	Registered Office
2005-06	03 August 2006	2.30 pm	Registered Office

No resolutions were passed during the year ended 31st March 2009 through Postal Ballot. None of the resolutions being placed at the ensuing Annual General Meeting is covered by the Postal Ballot Rules.

DISCLOSURE

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

SUNDARAM BNP PARIBAS HOME FINANCE LIMITED

MEANS OF COMMUNICATION

In accordance with the provisions of the Listing Agreement with NSE, unaudited half-yearly financial results of the Company in respect of FY09 were forwarded to NSE in the prescribed form. Further, the results were published in newspapers as required by the said Agreement and displayed on the Company's website, www.sundarambnpparibashome.com.

CORPORATE IDENTITY NUMBER

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

Address for correspondence and any assistance or clarification:

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

Mr. V. Swaminathan, Compliance Officer

Sundaram BNP Paribas Home Finance Ltd.

First Floor, Sundaram Towers, 46, Whites Road, Chennai 600 014

Phone: 044-28582234

e-mail: swaminathan@sundarambnpparibashome.com

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This report forms part of the Directors' Report.

GENERAL SHAREHOLDER INFORMATION

Tenth Annual General Meeting

Date	Time	Venue
23rd July 2009	10.30 AM	No.21, Patullos Road Chennai 600 002.

FINANCIAL CALENDAR

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

Financial Year – 1st April 2008 to 31st March 2009: 28th April 2009

Unaudited results for the half-year ending 30th September 2009: End of October 2009.

Auditors' Report

To the Members of Sundaram BNP Paribas Home Finance Limited

1. We have audited the attached Balance Sheet of Sundaram BNP Paribas Home Finance Limited as at 31st March 2009, the Profit and Loss Account and the Cash Flow Statement of the company for the year ended on that date, annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, (the Act) and based on the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) in our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - iii) the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - iv) in our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable.
 - v) on the basis of written representations received from the directors, as on 31st March 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
 - vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2009;
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For BRAHMAYYA & CO.,
Chartered Accountants

P. BABU

Partner

Membership No.203358

Place : Chennai
Date : 28th April, 2009

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

1. a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
b) Fixed assets have been physically verified by the management during the year, in accordance with an annual plan of verification which in our opinion is reasonable having regard to the size of the company and the nature of fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets have not been disposed off by the company during the year.
2. In our opinion and according to the information and explanations given to us, the company has neither granted nor taken any loans secured or unsecured to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, clauses (iii)b, (iii)c, (iii)d, (iii)f and (iii)g of paragraph 4 of the Order are not applicable to the company for the year.
3. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, no major weaknesses have been noticed in the internal controls and therefore the reporting of the same does not arise.
4. a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered in the register maintained under Section 301 of the Act have been so entered.
b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Act and exceeding the value of rupees five lakhs in respect of any party during the year, prima facie, have been made at prices which are reasonable having regard to the nature of the services and prevailing market prices at the relevant time.
5. In our opinion and according to the information and explanations given to us, the company has complied with the directions issued by the National Housing Bank and the provisions of Section 58A, Section 58AA or any other relevant provisions of the Act and the rules framed thereunder with regard to the deposits accepted from the public.
6. The company has an internal audit system, which in our opinion, is commensurate with the size and the nature of its business.
7. The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act.
8. According to the records of the company and the information and explanations given to us, undisputed statutory dues, including Provident Fund, Employees State Insurance, Income tax, Wealth tax and Service tax and other material statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, there are no arrears of statutory dues which are outstanding as at 31st March, 2009 for a period of more than six months from the date they became payable.
9. According to the records of the company and the information and explanations given to us, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Excise duty and Cess which have not been deposited on account of any dispute.
10. The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the current and immediately preceding financial years.
11. Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

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

For BRAHMAYYA & CO.,
Chartered Accountants

P. BABU
Partner

Place : Chennai
Date : 28th April, 2009

Membership No.203358

Balance Sheet as at 31st March 2009

	Schedule	31.03.2009		31.03.2008	
		Rs. in Lakh		Rs. in Lakh	
I SOURCES OF FUNDS					
1 Shareholders' Funds					
a) Capital	1	80,15.23		80,15.23	
b) Reserves and Surplus	2	123,29.86	203,45.09	105,86.40	186,01.63
2. Loan Funds					
a) Secured Loans	3	1144,47.64		1070,80.12	
b) Unsecured Loans	4	587,79.93	1732,27.57	295,38.88	1366,19.00
Total		1935,72.66		1552,20.63	
II APPLICATION OF FUNDS					
1. Loans	5		1591,88.96		1432,51.28
2. Fixed Assets:					
Gross Block		7,04.85		5,44.03	
Less: Depreciation		4,11.70		3,87.25	
Net Block			2,93.15		1,56.78
3. Investments	7		186,52.33		73,15.70
4. Deferred Tax Asset (Net)	8		2,35.14		2,44.75
5. Current Assets, Loans and Advances					
a) Current Assets	9	151,33.19		67,02.83	
b) Loans and Advances	10	69,10.89		19,33.10	
	(A)	220,44.08		86,35.93	
Less : Current Liabilities and Provisions					
a) Current Liabilities	11	52,93.88		37,77.31	
b) Provisions	12	15,47.12		6,10.46	
	(B)	68,41.00		43,87.77	
Net Current Assets	(A - B)		152,03.08		42,48.16
6. Miscellaneous Expenditure					
(to the extent not written off or adjusted)	13				
Discount on issue of debentures			-		3.96
Total			1935,72.66		1552,20.63
Notes to the Accounts	20				

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

As per our report of even date attached
For Brahmayya & Co.
Chartered Accountants
P. Babu
Partner
Membership No. 203358
Chennai
28th April 2009

S. Viji
Chairman
Nitin Palany
Managing Director
G. Sundararajan
VP & Head - Finance & Accounts
V. Swaminathan
Company Secretary

Directors
T.T. Srinivasaraghavan
Srinivas Acharya
John Woodhouse
N. Ganga Ram
M.S. Parthasarathy

Profit and Loss Account for the year ended 31st March 2009

	Schedule	2008-2009 Rs. in Lakh	2007-2008 Rs. in Lakh
INCOME			
Income from Operations	14	199,01.89	152,41.78
Loan Processing and Other Fees (net)		1,60.78	2,78.46
Other Income	15	7,50.74	4,47.41
Total	(A)	208,13.41	159,67.65
EXPENDITURE			
Financial Expenses	16	145,64.63	107,81.06
Establishment Expenses	17	8,23.67	7,33.99
Administrative and Other Expenses	18	11,63.01	9,84.75
Provisions and Write-offs	19	2,74.83	2,60.87
Miscellaneous Expenditure Written off	13	3.96	15.83
Total	(B)	168,30.10	127,76.50
Profit Before Depreciation and Tax	(A - B)	39,83.31	31,91.15
Less: Depreciation		57.00	47.10
Profit Before Tax		39,26.31	31,44.05
Less: Provision for Taxation			
Current		12,20.00	9,50.00
Deferred Tax		9.61	(30.99)
Wealth Tax		0.50	0.50
Fringe Benefit Tax		15.00	14.50
Profit After Tax		26,81.20	22,10.04
Balance brought forward from the previous year		2,06.63	1,46.59
Amount available for Appropriation		28,87.83	23,56.63
APPROPRIATIONS			
Dividend Proposed		8,01.52	-
Dividend Distribution Tax		1,36.22	-
Special Reserve		5,37.00	4,50.00
General Reserve		11,00.00	17,00.00
Surplus - Balance carried to Balance Sheet		3,13.09	2,06.63
		28,87.83	23,56.63
Notes to the Accounts	20		
Earnings per Equity Share			
Number of Equity Shares (Face Value of Rs. 10/- per share)		8,01,52,288	8,01,52,288
Weighted Average Number of Equity Shares considered (Face Value of Rs. 10/- per share)		8,01,52,288	7,44,38,159
Basic and Diluted Earnings per Share (in Rupees)		3.35	2.97

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

As per our report of even date attached
 For Brahmayya & Co.
 Chartered Accountants
P. Babu
 Partner
 Membership No. 203358
 Chennai
 28th April 2009

S. Viji
 Chairman
Nitin Palany
 Managing Director
G. Sundararajan
 VP & Head - Finance & Accounts
V. Swaminathan
 Company Secretary

Directors
T.T. Srinivasaraghavan
Srinivas Acharya
John Woodhouse
N. Ganga Ram
M.S. Parthasarathy

Schedules forming part of the Accounts

	31.03.2009		31.03.2008	
	Rs. in Lakh		Rs. in Lakh	
Schedule 1				
Capital				
Authorised :				
10,00,00,000 Equity Shares of Rs. 10/- each		<u>100,00.00</u>		<u>100,00.00</u>
Issued :				
8,51,52,288 Equity Shares of Rs. 10/- each		<u>85,15.23</u>		<u>85,15.23</u>
Subscribed and Fully Paid - up :				
8,01,52,288 Equity Shares of Rs. 10/- each		80,15.23		80,15.23
[Of the above 4,01,56,296 equity shares are held by Sundaram Finance Limited (the Holding Company) and its nominees]		<u>80,15.23</u>		<u>80,15.23</u>
Schedule 2				
Reserves and Surplus				
Special Reserve				
Per last Balance Sheet	17,95.00		13,45.00	
Add : Transfer from Profit and Loss Account	<u>5,37.00</u>	23,32.00	<u>4,50.00</u>	17,95.00
Securities Premium Account				
Per last Balance Sheet	45,84.77		6,00.00	
Add : Received during the year	<u>-</u>		<u>39,84.77</u>	
		45,84.77		45,84.77
General Reserve				
Per last Balance Sheet	40,00.00		23,00.00	
Add : Transfer from Profit and Loss Account	<u>11,00.00</u>	51,00.00	<u>17,00.00</u>	40,00.00
Surplus - Balance in Profit and Loss Account		3,13.09		2,06.63
		<u>123,29.86</u>		<u>105,86.40</u>

Schedules forming part of the Accounts

	31.03.2009		31.03.2008	
	Rs. in Lakh		Rs. in Lakh	
Schedule 3				
Secured Loans				
Non-Convertible Debentures		100,00.00		75,00.00
From Scheduled Banks :				
Rupee Term Loans		354,22.61		167,13.42
From Others :				
Term Loans :				
National Housing Bank (NHB)	679,83.36		809,91.70	
International Finance Corporation, Washington	10,41.67	690,25.03	18,75.00	828,66.70
		<u>1144,47.64</u>		<u>1070,80.12</u>
Schedule 4				
Unsecured Loans				
Fixed Deposits				
From Public	357,88.04		164,21.26	
From Directors	91.89	358,79.93	1,27.89	165,49.15
Subordinated Non-Convertible Debentures		50,00.00		50,00.00
Foreign Currency Loan from a Scheduled Bank		-		9,89.73
Commerical Paper		179,00.00		70,00.00
		<u>587,79.93</u>		<u>295,38.88</u>
Schedule 5				
Loans				
Housing Loans				
Individuals	1181,85.10		1089,29.07	
Others	32.28	1182,17.38	72.43	1090,01.50
Non-Housing Loans				
Individuals	328,05.59		271,64.08	
Others	81,65.99	409,71.58	70,85.70	342,49.78
		<u>1591,88.96</u>		<u>1432,51.28</u>

Schedule : 6

Schedules forming part of the Accounts

Fixed Assets	Rs. in Lakh									
	Gross Block at Cost				Depreciation			Net Block		
	As at 01.04.2008	Additions	Deductions	As at 31.03.2009	Up to 01.04.2008	For The Year	Deductions	Up to 31.03.2009	31.03.2009	31.03.2008
Tangible Assets										
Land	1.92 (1.92)	- (-)	- (-)	1.92 (1.92)	- (-)	- (-)	- (-)	- (-)	1.92 (1.92)	1.92 (1.92)
Plant and Machinery	46.92 (45.99)	3.11 (0.93)	2.07 -	47.96 (46.92)	28.33 (25.29)	3.25 (3.04)	1.46 -	30.12 (28.33)	17.84 (18.59)	18.59 (20.70)
Vehicles	76.64 (1,10.45)	34.25 (0.60)	25.36 (34.41)	85.53 (76.64)	44.00 (58.89)	15.16 (12.08)	14.29 (26.97)	44.87 (44.00)	40.66 (32.64)	32.64 (51.56)
Furniture and Fixtures	1,42.98 (1,37.78)	7.46 (5.20)	13.16 -	1,37.28 (1,42.98)	105.42 (96.79)	8.56 (8.63)	10.03 -	1,03.95 (1,05.42)	33.33 (37.56)	37.56 (40.99)
Computers - Hardware	1,73.32 (1,52.10)	17.61 (21.22)	6.04 -	1,84.89 (1,73.32)	1,38.51 (1,19.94)	17.52 (18.57)	5.68 -	1,50.35 (1,38.51)	34.54 (34.81)	34.81 (32.16)
Office Equipment	62.15 (55.63)	0.95 (6.66)	1.39 (0.14)	61.71 (62.15)	30.89 (26.13)	4.43 (4.78)	1.09 (0.02)	34.23 (30.89)	27.48 (31.26)	31.26 (29.50)
Intangible Assets										
Computer Software	40.10 (40.10)	1,45.46 (-)	- (-)	1,85.56 (40.10)	40.10 (40.10)	8.08 -	- -	48.18 (40.10)	1,37.38 -	- -
Total	5,44.03	2,08.84	48.02	7,04.85	3,87.25	57.00	32.55	4,11.70	2,93.15	1,56.78
Previous year	(5,43.97)	(34.61)	(34.55)	(5,44.03)	(3,67.14)	(47.10)	(26.99)	(3,87.25)	(1,56.78)	(1,76.83)

Figures in brackets pertain to the previous year

Schedules forming part of the Accounts

	Face Value Rs. in Lakh	31.03.2009 Rs. in Lakh	31.03.2008 Rs. in Lakh
Schedule 7			
Investments (At Cost)			
I Long Term			
In Government / Trust Securities			
Non Trade			
A Quoted:			
Government Securities			
Central Government Loans	20,01.27	20,63.10	12,14.01
(Face value of Rs. 10,45.00 Lakh purchased during the year and Rs. 2,01.20 Lakh redeemed during the year)			
B Unquoted			
In Trust Securities			
(i) Investments in Mutual Funds - As per Annexure : 1	-	-	8,00.00
(ii) In Mortgage Backed Securities (on Securitisation) in SHFL Housing Finance Trust August 2004			
Investment in Senior Pass Through Certificate (PTC) (A2) Securities		2,51.22	2,84.22
Investment in Subordinate Tranche Securities		2,82.21	2,97.95
II Current			
Un-Quoted			
In Trust Securities			
Investments in Mutual Funds - As per Annexure : 2		160,55.80	47,19.52
Grand Total		186,52.33	73,15.70
		Cost	Market Value
		Rs. in Lakh	Rs. in Lakh
Aggregate of Quoted Investments		20,63.10	21,74.94
Aggregate of Unquoted Investments		165,89.23	
Total		186,52.33	

**Long Term Investments
Investment in Mutual Funds**

Schedules forming part of the Accounts

Annexure : 1
Rs. in Lakh

Particulars	Face Value		Opening as on 01.04.2008		Purchases during the year		Redeemed during the year		Closing as on 31.03.2009	
	Rs.	Units in Lakh	Value	Units in Lakh	Value	Units in Lakh	Value	Units in Lakh	Value	
Sundaram BNP Paribas Fixed Term Plan - Growth	10	30.00	3,00.00	-	-	30.00	3,00.00	-	-	
Reliance Fixed Horizon Fund Growth	10	50.00	5,00.00	-	-	50.00	5,00.00	-	-	
Total		80.00	8,00.00	-	-	80.00	8,00.00	-	-	

Current Investments

Investment in Mutual Funds

Annexure : 2
Rs. in Lakh

Particulars	Face Value		Opening as on 01.04.2008		Purchases during the year		Redeemed during the year		Closing as on 31.03.2009	
	Rs.	Units in Lakh	Value	Units in Lakh	Value	Units in Lakh	Value	Units in Lakh	Value	
Birla Cash Plus - Institutional Premium Plan - Dividend	10	46.57	4,66.63	1,26.28	12,65.23	1,72.85	17,31.86	-	-	
ING Liquid Fund - Institutional Plan - Dividend	10	90.01	9,01.20	0.02	0.15	90.03	9,01.35	-	-	
DWS Ultra Short Term Fund - Institutional Growth	10	-	-	1,94.06	20,00.39	-	-	1,94.06	20,00.39	
Mirae Asset Ultra Short Term Fund - Super Institutional Plan - Dividend	1,000	0.50	5,02.38	1.01	10,15.28	1.51	15,17.66	-	-	
Mirae Asset Liquid Fund - Super Institutional Plan - Dividend	1,000	0.50	5,00.94	-	0.10	0.50	5,01.04	-	-	
DSPBR Money Manager Fund - IP - Growth	1,000	-	-	3.76	46,05.79	2.13	25,95.47	1.63	20,10.32	
SBI Premier Liquid Fund - Super Institutional Plan - Dividend	10	84.36	8,46.39	0.02	0.18	84.38	8,46.57	-	-	
Sundaram BNP Paribas Ultra Short Fund - Super Institutional Plan - Growth	10	-	-	6,54.98	76,51.76	4,85.61	56,58.38	1,69.37	19,93.38	
Templeton India Treasury Management Account - Super IP - Dividend	1,000	1.50	15,01.98	1.51	15,15.10	3.01	30,17.08	-	-	
SBI Magnum Insta Cash Fund Liquid Floater Plan - Growth	10	-	-	1,51.21	23,00.00	-	-	1,51.21	23,00.00	
Templeton India Ultra Short Bond Fund - SIP - Growth	10	-	-	1,88.94	20,80.52	76.13	8,37.14	1,12.81	12,43.38	
Templeton India Floating Rate Income Fund - Short Term Plan - Retail - Growth	10	-	-	18.75	2,95.00	-	-	18.75	2,95.00	
Templeton India Floating Rate Income Fund - Short Term Plan - Institutional - Growth	10	-	-	38.03	5,00.00	-	-	38.03	5,00.00	
Tata Floating Rate Short Term Institutional Plan - Growth	10	-	-	4,43.56	60,25.00	2,96.31	39,99.17	1,47.25	20,25.83	
Religare Short Term Plan - Institutional - Growth	10	-	-	1,09.44	13,00.06	92.52	10,98.93	16.92	2,01.13	
Religare Ultra Short Term Fund - Institutional - Growth	10	-	-	2,44.52	29,40.51	1,26.84	15,24.14	1,17.68	14,16.37	
Canara Robeco Liquid Fund - Super Institutional Growth	10	-	-	1,93.52	20,70.00	-	-	1,93.52	20,70.00	
Total		2,23.44	47,19.52	23,69.61	355,65.07	14,31.82	242,28.79	11,61.23	160,55.80	

Schedules forming part of the Accounts

Units of Mutual Funds Purchased and Redeemed during the year

Particulars	Face Value	Units	Amount
	Rs.	Rs. in Lakh	Rs. in Lakh
Birla Cash Plus - Institutional Premium Plan - Growth	10	4,23.07	57,75.00
Birla Sun life Floating Rate Fund - Short Term - Growth	10	11.07	1,50.00
Birla Sun life Floating Rate Fund - Short Term -IP - Growth	10	2,54.41	28,00.00
Birla Sunlife Cash Manager - IP - Growth	10	22.74	3,25.00
Birla Sunlife Liquid Plus - Institutional Premium Plan - Growth	10	2,08.32	34,05.84
DWS Insta Cash Plus Fund - Super Institutional Plan - Growth	10	4,82.72	53,50.00
DSP BR Money Manager - IP - Daily Dividend Reinvestment	1,000	1.51	15,09.99
DSP BR Floating Rate Fund - Institutional Plan - Growth	1,000	1.57	19,00.07
DSP BR Cash Plus Fund - Institutional Plan - Growth	1,000	2.68	29,95.00
DSP BR Liquidity Fund - Regular Plan - Growth	10	9.95	2,10.00
DSP BR Liquidity Fund - Institutional Plan - Growth	1,000	1.42	18,00.00
HSBC Liquid plus -Institutional Plan- Daily Dividend	10	1,50.55	15,07.37
HSBC - Floating Rate Fund - Long Term Plan - Institutional - Growth	10	52.85	6,90.00
HDFC Liquid Premium Plan - Daily Dividend Reinvestment	10	41.18	5,04.84
ING Liquid Fund Institutional - Growth	10	4,25.11	56,00.00
ING Liquid Plus Fund Institutional - Growth	10	2,41.99	28,19.55
Mirae Asset Liquid Fund - Super Institutional - Growth	1,000	2.56	26,60.00
Prudential ICICI Liquid Plan - Super Ins. Daily Dividend	10	87.41	8,74.17
Prudential ICICI Liquid Plan - Super Institutional Plan - Growth	10	4,28.84	52,24.00
Prudential ICICI Liquid Plan - Institutional Plus Plan - Daily Dividend Reinvestment	10	38.34	4,54.38
Reliance Medium Term Fund - Retail Plan - Growth Plan - Growth	10	1,21.67	21,00.00
Reliance Liquid Fund Treasury - Institutional - Growth Plan	10	47.78	10,00.00
Reliance Liquidity Fund - Growth Plan	10	2,74.51	35,90.00
Reliance Liquid Plus Fund - Institutional - Growth Plan	1,000	3.85	44,85.82
Sundaram BNP Paribas Money Fund - Super IP - Daily Dividend Reinvestment	10	3,14.31	31,73.04
Sundaram BNP Paribas Money Fund - Super Institutional Plan - Growth	10	11,45.64	205,46.00
Sundaram BNP Paribas - Ultra Short Bond Fund - IP - Growth	10	42.14	4,85.21
SBI Premier - Liquid Fund - Super Institutional - Growth	10	60.17	7,80.00
Templeton India Treasury Management Account - Super Institutional Plan - Growth	1,000	3.30	41,70.00
Tata Floating Rate Short Term Plan- Daily Dividend	10	1,59.64	15,97.33
Tata Liquid Super high Institutional Plan - Growth	10	2.24	35,60.00
Tata Floater Fund - Growth	10	1,55.89	20,00.48
Kotak Liquid (Institutional Premium) - Growth	10	1,47.05	24,70.00
Uti Liquid Cash Plan - Institutional Growth	1,000	1.40	20,00.00
Uti Floating Rate Fund Short Term Plan - Growth	1,000	1.42	20,00.41
Religare Liquid Fund - Institutional - Growth	10	3,37.32	40,60.00
Canara Robeco Floating Rate - Short Term - Growth	10	1,48.15	20,00.00
Edelweiss Liquid Fund - Institutional - Growth Plan	10	10.00	1,00.00
Total			1066,73.50

Schedules forming part of the Accounts

	31.03.2009		31.03.2008	
	Rs. in Lakh		Rs. in Lakh	
Schedule 8				
Deferred Tax Asset (Net)				
Deferred Tax Asset:				
Provision Against Non-Performing Loans		1,09.79		1,41.23
Provision Against Standard Non-Housing Assets		55.82		47.59
Others - Employee benefits and depreciation		72.69		55.93
		<u>2,38.30</u>		<u>2,44.75</u>
Less : Deferred Tax Liability - Depreciation		3.16		-
		<u>2,35.14</u>		<u>2,44.75</u>
Schedule 9				
Current Assets				
Interest Accrued on Investments		55.49		34.23
Cash and Bank Balances				
Cash on Hand	42.84		25.83	
Balances with Scheduled Banks in				
Current Accounts	17,44.84		29,87.75	
Deposit Accounts	132,90.02	150,77.70	36,55.02	66,68.60
		<u>151,33.19</u>		<u>67,02.83</u>
Schedule 10				
Loans and Advances				
Secured, Considered Good :				
Instalments due from Borrowers	3,63.00		2,25.73	
Loan Against Deposits	<u>99.38</u>	4,62.38	<u>23.61</u>	2,49.34
Unsecured, Considered Good :				
Advances and Deposits recoverable in cash or in kind or for value to be received		57,79.95		13,03.85
Advance Income - Tax and Tax Deducted at Source - (Net of provision for taxation)		6,45.95		3,66.55
Advance Fringe Benefit Tax - (Net of provision for FBT)		10.05		7.55
Income Receivable		<u>12.56</u>		<u>5.81</u>
		<u>69,10.89</u>		<u>19,33.10</u>

Schedules forming part of the Accounts

	31.03.2009 Rs. in Lakh	31.03.2008 Rs. in Lakh
Schedule 11		
Current Liabilities		
Sundry Creditors		
For expenses	3,39.50	3,56.41
For others	11,72.40	9,14.72
Interest accrued but not due	37,81.98	25,06.18
	<u>52,93.88</u>	<u>37,77.31</u>
i) There are no amounts due and outstanding to be credited to Investor Education and Protection Fund		
ii) There are no outstanding dues to micro and small enterprises for more than 45 days		
Schedule 12		
Provisions		
Provision Against Non Performing Loans	3,23.00	4,15.50
Provision Against Standard Non Housing Loans	1,64.22	1,40.00
Provision Against Investments	1,22.16	54.96
Dividend	8,01.52	-
Dividend Distribution Tax and Surcharge	1,36.22	-
	<u>15,47.12</u>	<u>6,10.46</u>
Schedule 13		
Miscellaneous Expenditure (to the extent not written off or adjusted)		
Discount on issue of debentures	3.96	19.79
Less : Written off during the year	3.96	15.83
	<u>-</u>	<u>3.96</u>

Schedules forming part of the Accounts

	2008-09 Rs. in Lakh	2007-08 Rs. in Lakh
Schedule 14		
Income from Operations		
Interest on Loans (Tax Deducted at Source Rs. 1,37.97 Lakh)	191,02.87	145,77.46
Other Operating Income (Tax Deducted at Source Rs. 38.88 Lakh)	7,99.02	6,64.32
	<u>199,01.89</u>	<u>152,41.78</u>
Schedule 15		
Other Income		
Dividend Income	1,20.15	2,91.71
Interest Receipts (Tax Deducted at Source Rs. 10.63 Lakh)	83.90	73.77
Profit on sale of Investments	5,21.07	61.30
Profit on sale of Fixed Assets	1.20	0.82
Miscellaneous Income	24.42	19.81
	<u>7,50.74</u>	<u>4,47.41</u>
Schedule 16		
Financial Expenses		
Interest - Fixed Loans	85,40.20	81,89.36
- Fixed Deposits	27,61.83	8,12.30
- Debentures	13,05.19	12,36.85
- Others	30.98	9.70
Other Financial Expenses	19,26.43	5,32.85
	<u>145,64.63</u>	<u>107,81.06</u>
Schedule 17		
Establishment Expenses		
Salaries, Allowances, Commission and Bonus	7,35.36	6,49.34
Company's Contribution to Provident Fund and Superannuation Schemes	39.09	33.91
Staff Welfare Expenses	25.04	27.35
Training Expenses	9.25	2.95
Gratuity	14.93	20.44
	<u>8,23.67</u>	<u>7,33.99</u>

Schedules forming part of the Accounts

	2008-09 Rs. in Lakh	2007-08 Rs. in Lakh
Schedule 18		
Administrative and Other Expenses		
Rent	1,50.20	1,37.27
Rates and Taxes	5.59	2.74
Communication Expenses	68.98	69.06
Electricity	26.95	30.45
Travelling and Conveyance	94.03	76.49
Advertisement and Publicity	1,52.43	1,28.07
Directors' Sitting Fees	2.90	4.00
Insurance	95.99	72.81
Repairs and Maintenance		
Buildings	12.14	10.69
Others	51.07	47.29
Printing and Stationery	39.36	38.71
Database and Networking Expenses	1,08.60	87.75
Professional and Consultancy Fees	88.51	79.09
Donations	-	1.50
Software charges	1,13.94	71.49
Miscellaneous Expenses (Net)	1,52.32	1,27.34
	<u>11,63.01</u>	<u>9,84.75</u>
Schedule 19		
Provisions and Write-offs		
Bad Debts	2,24.13	2,02.40
Loss on Sale of Investments	47.18	2.99
Loss on Sale of Fixed Assets	0.57	0.69
Provision Against Standard Non Housing Loans	24.22	1,20.00
Provision Against Investments	1,14.38	15.14
Assets discarded	4.03	-
	<u>4,14.51</u>	<u>3,41.22</u>
Less: Reversal of Provision against Non-Performing Loans (net)	92.50	77.50
Reversal of Provision against Investments	47.18	2.85
	<u>2,74.83</u>	<u>2,60.87</u>

Notes to the Accounts

1. Significant Accounting Policies

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

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

1.2 Income Recognition:

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

1.3 Fixed Assets and Depreciation / Amortisation:

Fixed Assets are carried at historical cost less accumulated depreciation.

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

1.4 Valuation of investments :

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

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

1.5 Foreign Currency Transactions:

Transactions in Foreign Currencies are accounted at the prevailing rates of exchange on the date of the transaction.

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

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

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

1.6 Employee Benefits:

A) Short Term Employee Benefits:

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

B) Post employment benefits:

Defined Contribution Plan

(i) Provident Fund

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

(ii) Superannuation

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

Defined Benefit Plan

(i) Gratuity

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

(ii) Leave Encashment

Liability on account of encashment of leave to employees is provided on the basis of actuarial valuation.

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

1.7 Taxation :

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

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

1.8 Intangible Assets :

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

1.9 Impairment of Assets :

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

1.10 Provisions :

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

1.11 Miscellaneous Expenditure :

Discount on issue of Debentures is amortised over the tenure of the debentures.

2. Balance Sheet

2.1 Reserves and Surplus :

(i) Special Reserve:

The appropriation of profit of Rs. 5,37.00 Lakh (31.03.2008 – Rs. 4,50.00 Lakh) to the Special Reserve, is in accordance with the provisions of Section 36(1) (viii) of the Income-tax Act, 1961 and Section 29C of the National Housing Bank Act, 1987.

2.2 Secured Loans:

2.2.1 Non Convertible Debentures:

Details of privately placed secured redeemable Non-Convertible Debentures:

Date of Allotment	Face Value (Rs. in Lakh)		Date of Redemption
	31.03.2009	31.03.2008	
30th September 2003	–	25,00.00	Redeemed during the year
8th July 2005	–	50,00.00	Redeemed during the year
22nd August 2008	15,00.00	–	13th April 2010
15th September 2008	45,00.00	–	15th March 2010
29th September 2008	40,00.00	–	29th September 2011
Total	100,00.00	75,00.00	

The Non Convertible Debentures of Rs. 100,00.00 Lakh are secured by a first mortgage over a specific immovable property belonging to the Company and a negative lien on its assets.

2.2.2 From Scheduled Banks:

Rupee Term Loans

Term Loans of Rs. 354,22.61 Lakh (31.03.2008 - Rs. 167,13.42 Lakh) are secured by a negative lien on properties acquired by the borrower(s) from loans granted by the Company and mortgaged to it.

2.2.3 From Others:

National Housing Bank :

Rupee Term Loans of Rs. 679,83.36 Lakh (31.03.2008 - Rs. 809,91.70 Lakh) by way of refinance are secured by a negative lien on the assets of the Company.

International Finance Corporation, Washington:

Rupee Term Loan of Rs. 10,41.67 Lakh (31.03.2008 - Rs. 18,75.00 Lakh) is secured by a negative lien on the assets of the Company.

2.3 Derivative Instruments:

The notional principal amount of derivative transactions outstanding as on 31st March 2009 for interest rate swaps is Nil (31.03.2008 – Rs. 25,00.00 Lakh) for hedging against fixed interest rates.

2.4 Unsecured Loans:

2.4.1 Subordinated Non Convertible Debenture :

During the year 2005 – 06, the Company issued Unsecured Subordinated Redeemable Non Convertible Debentures of the face value of Rs. 50,00.00 Lakh. These debentures are subordinated to the existing and future unsecured loan funds of the Company and qualify as Tier II Capital under The Housing Finance Companies (NHB) Directions, 2001 issued by The National Housing Bank. The debentures are outstanding to the full extent as on 31st March 2009.

2.4.2 Foreign Currency Loan from a Scheduled Bank :

During the year 2007-08, the Company availed an unsecured foreign currency loan from a scheduled bank. Balance outstanding as on 31st March 2009 was Nil (31.03.2008 – Rs. 9,89.73 Lakh)

2.5 Commercial Paper :

Maximum amount of commercial paper outstanding at any time during the year was Rs. 229,00.00 Lakh (31.03.2008 – Rs. 95,00.00 Lakh). Outstanding as on 31st March 2009 was Rs. 179,00.00 Lakh (31.03.2008 – Rs. 70,00.00 Lakh).

2.6 Loans :

(a) Loans granted by the Company are generally secured by equitable mortgage of properties.

(b) Loans secured by equitable mortgage of properties include:

Rs. 65.83 Lakh (31.03.2008 – Rs. 65.60 Lakh) due from the Managing Director of the Company. Maximum amount outstanding in respect of the loan at any time during the year Rs. 66.87 Lakh (31.03.2008 - Rs. 66.56 Lakh).

2.7 Investments

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

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

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

2.8 Loans and Advances :

(a) Advances and deposits recoverable in cash or in kind or for value to be received include a deposit of Rs. 88.00 Lakh (31.03.2008 – Rs. 88.00 Lakh) offered as collateral for the securitisation of assets.

(b) Advance Income Tax and Tax Deducted at Source is net of Provision for Taxation of Rs. 32,32.54 Lakh (31.03.2008 – Rs. 20,12.04 Lakh) and includes Rs. 74.20 Lakh towards income tax paid under dispute.

Advance Fringe Benefit Tax is net of provision for tax of Rs. 54.84 Lakh (31.03.2008 - Rs. 39.84 Lakh).

(c) Advances and deposits recoverable in cash or in kind or for value to be received include unamortized forward premium to an extent of Rs. Nil (31.03.2008 – Rs. 14.59 Lakh).

2.9 Current Liabilities:

(a) Sundry Creditors for expenses includes Rs. 29.00 Lakh (31.03.2008: Rs. 15.00 Lakh) payable to Directors.

(b) Interest accrued but not due includes interest of Rs. 5.45 Lakh (31.03.2008 – Rs. 7.49 Lakh) on deposits from Directors.

3. Profit and Loss Account

3.1 Income from Operations :

Other Operating Income includes revenue of Rs. 2,18.50 Lakh (Previous year : Rs. 3,57.86 Lakh) from the sale of loan portfolio of Rs. 88,30.05 Lakh (Previous year : Rs. 120,07.05 Lakh).

3.2 Loan Processing and Other Fees :

Loan Processing and other fees are net of sourcing commission of Rs. 4,67.10 Lakh (Previous year : Rs. 3,21.87 Lakh).

3.3 Other Income :

Interest Receipts include Rs. 39.23 Lakh from investment in Mortgaged Backed Securities in "SHFL Housing Finance Trust – August 2004." (Previous year – Rs. 42.85 Lakh).

3.4 Profit / Loss on sale of investments comprises :

Rs. in Lakh

	2008-09		2007-08	
	Profit	Loss	Profit	Loss
Long Term Investments	81.68	47.18	57.85	2.85
Current Investments	4,39.39	–	3.45	0.14
Total	5,21.07	47.18	61.30	2.99

3.5 Financial Expenses :

Interest – fixed deposits includes interest of Rs. 10.21 Lakh on fixed deposits paid / credited on deposits accepted from Directors (Previous year – Rs. 8.67 Lakh).

3.6 Establishment Charges include Remuneration to Directors:

Rs. in Lakh

Particulars	2008-09	2007-08
Salary and Allowances	31.80	41.50
Commission – Managing Director	27.00	--
– Non Wholetime Directors	2.00	--
Contribution to Provident Fund, Superannuation Fund and Gratuity	5.93	4.77
Other Allowances and Perquisites	6.22	3.95
Total	72.95	50.22

Computation of Net Profit for calculation of Commission to Directors

	Rs. in Lakh	
Net Profit		26,81.20
Add:		
Director's Remuneration	72.95	
Director's Sitting fees	2.90	
Depreciation as per Books	57.00	
Loss on sale of investments	47.18	
Loss on sale of Fixed Assets	0.57	
Assets discarded	4.03	
Provision Against Investments	1,14.38	
Provision Against Standard Non Housing Loans	24.22	
Provision for Taxation (including wealth tax)	12,45.11	
		15,68.34
		42,49.54
Less:		
Depreciation as per Section 350 of the Companies Act 1956	57.00	
Profit on sale of Investments	5,21.07	
Provision for Investments (Reversal of Provision)	47.18	
Provision for NPA (Reversal of Provision)	92.50	7,17.75
Net Profit as per Section 198 of the Companies Act, 1956		35,31.79
1% thereof		35.32
Commission to Managing Director		27.00
Commission to Non-Whole time Directors		2.00

3.7 A sum of Rs. 2.00 Lakh (31.03.2008- Nil) has been provided in the accounts towards payment of Commission to Non-Whole time Directors of the Company, which is subject to the approval of the members and the Central Government.

3.8 Employee Benefits:

i) Defined Contribution Plans :

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

	Rs. in Lakh	
Contribution to	2008-09	2007-08
Superannuation fund	5.35	3.84
Provident fund	30.17	26.76
Employees State Insurance	0.59	1.05

ii) Defined Benefit Plan:

Gratuity

A. Reconciliation of opening and closing balances of present value of the defined benefit obligation		Rs. in Lakh	
	2008-09	2007-08	
Present value of obligations as at the beginning of the year	36.64	20.50	
Interest cost	2.51	1.32	
Current service cost	7.37	6.99	
Benefits paid	10.54	5.99	
Actuarial loss on obligation	7.78	13.82	
Present value of obligations as at the end of the year	43.74	36.64	
B. Reconciliation of opening and closing balances of fair value of Plan Assets			
Fund Maintained by LIC		Rs. in Lakh	
	2008-09	2007-08	
Fair value of plan assets as at beginning of the year	21.30	21.91	
Expected return on plan assets	2.58	1.56	
Contributions	32.44	3.69	
Benefits paid	10.54	5.99	
Actuarial gain on plan assets	0.14	0.13	
Fair value of plan assets as at the end of the year	45.92	21.30	
C. Reconciliation of present value of defined benefit obligation and fair value of plan assets to the assets and liabilities			
		Rs. in Lakh	
	2008-09	2007-08	
Present value of obligations as at the end of the year	43.74	36.64	
Fair value of plan assets as at the end of the year	45.92	21.30	
Net (asset)/liability recognised in the Balance Sheet	(2.18)	15.34	
D. Expenses recognised in the Profit and Loss Account			
		Rs. in Lakh	
	2008-09	2007-08	
Current Service cost	7.37	6.99	
Interest Cost	2.51	1.32	
Expected return on plan assets	2.58	1.56	
Net Actuarial loss recognized in the year	7.64	13.69	
Expenses to be recognized in the Profit and Loss Account	14.93	20.44	
E. Details showing fair value of Plan assets			
		Rs. in Lakh	
	2008-09	2007-08	
Fair value of plan assets as at the beginning of the year	21.30	21.91	
Actual return on plan assets	2.72	1.68	
Contributions	32.44	3.69	
Benefit Paid	10.54	5.99	
Fair value of plan assets as at the end of the year	45.92	21.30	

F. Actuarial Gain / Loss recognized	Rs. in Lakh	
	2008-09	2007-08
Actuarial loss on obligation	7.78	13.82
Actuarial gain on plan assets	0.14	0.13
Total loss for the year	7.64	13.69
Actuarial loss recognized in the year	7.64	13.69

G. Actuarial assumption	Rs. in Lakh	
	31-03-2009	31-03-2008
Discount Rate	8.00%	8.00%
Rate of Increase in Compensation levels	8.00%	8.00%
Expected return on plan assets	8.00%	8.00%

3.9 Miscellaneous Expenses under Administrative and Other Expenses (Schedule-18) include remuneration to Auditors towards:	Rs. in Lakh	
	2008-09	2007-08
Statutory Audit	5.00	5.00
Tax Audit	1.50	1.50
Certification	3.87	3.07
Travelling Expenses	0.28	0.11
Service Tax	1.07	1.18
Total	11.72	10.86

3.10 Provisions and Write-offs :

- 3.10.1 Provision against investments of Rs. 1,14.38 Lakh (previous year – Rs. 15.14 Lakh) represents excess of cost over Face Value of investment in Government Securities.
- 3.10.2 The provision of Rs. 24.22 Lakh (previous year – Rs. 1,20.00 Lakh) towards standard non - housing loans has been created on the basis of the National Housing Bank Directions, 2001 to Housing Finance Companies.

4. General

- 4.1 The main business of the Company is to provide long term financing for residential purposes in India. Accordingly there is no separate reportable segment as per Accounting Standard – AS – 17 – ‘Segment Reporting’.
- 4.2 The Company does not owe any sum to a small scale industrial undertaking as on 31st March 2009 (31.03.2008 – Nil).
- 4.3 Securitisation :

The Company securitised assets in the year 2004 - 05 to the extent of Rs. 51,69.18 Lakh and details pertaining to such assets as on 31st March 2009 are as follows:

PTC subscribed by the Company	:	Rs. 5,33.43 Lakh
Bank deposits given as collateral	:	Rs. 88.00 Lakh

4.4 Non Performing Loans and Provisions :

In line with the NHB Directions on classification of assets, the Company has identified Non Performing Loans amounting to Rs. 4,83.06 Lakh as on 31.03.2009 (31.03.2008 - Rs. 5,23.78 Lakh). The Asset classification and provisions made in the books of account are as follows:

Classification of Assets

Rs. in Lakh

Particulars	Standard	Sub Standard	Doubtful	Loss	Total
Housing Loans					
Outstanding	1178,65.13 (1085,09.61)	2,38.87 (85.41)	70.16 (2,31.60)	43.22 (1,02.45)	1182,17.38 (1089,29.07)
Non-Housing Loans					
Outstanding	409,21.27 (343,17.25)	46.19 -	4.12 (4.96)	-	409,71.58 (343,22.21)
Total					
Outstanding	1587,86.40 (1428,26.86)	2,85.06 (85.41)	74.28 (2,36.56)	43.22 (1,02.45)	1591,88.96 (1432,51.28)

Figures in brackets pertain to previous year

Non Performing Loans including arrears

Rs. in Lakh

Particulars	Sub Standard	Doubtful	Loss	Total
Housing Loans				
Outstanding	2,51.61 (93.33)	1,32.52 (3,20.23)	43.79 (1,03.36)	4,27.92 (5,16.92)
Provisions	1,45.47 (20.91)	1,22.05 (2,89.17)	43.79 (1,03.36)	3,11.31 (4,13.44)
Non-Housing Loans				
Outstanding	48.28 -	6.86 (6.86)	-	55.14 (6.86)
Provisions	4.83 -	6.86 (2.06)	-	11.69 (2.06)
Total				
Loans Outstanding	2,99.89 (93.33)	1,39.38 (3,27.09)	43.79 (1,03.36)	4,83.06 (5,23.78)
Provisions	1,50.30 (20.91)	1,28.91 (2,91.23)	43.79 (1,03.36)	3,23.00 (4,15.50)

Figures in brackets pertain to previous year

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

Details of Related Parties:

Joint Venture Promoters	:	Sundaram Finance Limited – (50.10% of the Paid-up share capital) BNP Paribas Personal Finance (Formerly Union de Credit pour le Batiment SA (UCB) – (49.90% of the Paid-up share capital)
Fellow Subsidiaries	:	Sundaram BNP Paribas Asset Management Company Ltd. Sundaram BNP Paribas Trustee Company Ltd. Sundaram Finance Distribution Ltd. LGF Services Ltd. Sundaram Infotech Solutions Ltd. Sundaram Business Services Ltd. Sundaram Securities Services Ltd Infreight Logistics Solutions Ltd. Professional Management Consultants Private Ltd.
Associates	:	Sundaram BNP Paribas Mutual Fund
Key Management Personnel	:	Mr. Nitin Palany – Managing Director

Details of Related Parties Transactions for the year ended 31.03.2009

Rs. in Lakh

	Joint Venture Promoters	Fellow Subsidiaries / Associates	Key Management Personnel	Total
Income				
Interest on Housing Loan	-	-	1.32	1.32
	(-)	(-)	(0.79)	(0.79)
Rent and Connectivity Charges				
Sundaram Finance Ltd	4.71	-	-	4.71
Sundaram BNP Paribas Asset Management Company Ltd	-	1.14	-	1.14
	(2.63)	(1.34)	(-)	(3.97)
Total	4.71	1.14	1.32	7.17
	(2.63)	(1.34)	(0.79)	(4.76)
Expenses				
Rent and Office Maintenance				
Sundaram Finance Ltd	65.96	-	-	65.96
	(66.31)	(-)	(-)	(66.31)
Brokerage, Commission, Deposit and Payroll Processing Charges				
Sundaram Finance Ltd	5,15.19	-	-	5,15.19
Sundaram Business Services Ltd	-	14.88	-	14.88
	(3,60.27)	(-)	(-)	(3,60.27)
Intranet Maintenance charges				
Sundaram Finance Ltd	18.86	-	-	18.86
	(0.67)	(-)	(-)	(0.67)
Guarantee Commission				
Sundaram Finance Ltd	-	-	-	-
	(7.29)	(-)	(-)	(7.29)
Internal Audit fees				
Sundaram Finance Ltd	4.49	-	-	4.49
	(3.37)	(-)	(-)	(3.37)
Connectivity and Other Charges				
Sundaram Finance Ltd	78.16	-	-	78.16
	(71.38)	(-)	(-)	(71.38)
Remuneration				
	-	-	70.95	70.95
			(50.22)	(50.22)
Interest on Fixed Deposits				
	-	-	0.01	0.01
	(-)	(-)	(0.01)	(0.01)
Dividend				
Sundaram Finance Limited	4,01.56	-	-	4,01.56
BNP Paribas Personal Finance	3,99.96	-	-	3,99.96
	(-)	(-)	(-)	(-)
Total	14,84.18	14.88	70.96	15,70.02
	(5,09.29)	(-)	(50.23)	(5,59.52)

Details of Related Parties Transactions for the year ended 31.03.2009

Rs. in Lakh

	Joint Venture Promoters	Fellow Subsidiaries / Associates	Key Management Personnel	Total
Assets				
Sale of Assets				
Sundaram Finance Limited	3.70	-	-	3.70
	(-)	(-)	(-)	(-)
Purchase of Asset				
Sundaram Finance Limited	76.19	-	-	76.19
	(-)	(-)	(-)	(-)
Investment in Trust Securities				
Sundaram BNP Paribas Mutual fund	-	318,56.01	-	318,56.01
	(-)	(165,33.90)	(-)	(165,33.90)
Disinvestments in Trust Securities				
Sundaram BNP Paribas Mutual fund	-	302,62.85	-	302,62.85
	(-)	(165,33.90)	-	(165,33.90)
Investment in Trust Securities - at the end of the year				
Sundaram BNP Paribas Mutual fund	-	19,93.38	-	19,93.38
	(-)	(3,00.00)	(-)	(3,00.00)
Housing Loan - at the end of the year				
	-	-	65.83	65.83
	(-)	(-)	(65.60)	(65.60)
Other Assets				
Sundaram Finance Ltd	-	-	-	-
	(77.22)	(-)	(-)	(77.22)
Total	79.89	641,12.24	65.83	642,57.96
	(77.22)	(333,67.80)	(65.60)	(335,10.62)
Liabilities				
Other Liabilities				
Sundaram Finance Ltd	4,52.91	-	-	4,52.91
	(65.20)	(-)	(-)	(65.20)
Sundaram Business Services Limited	-	2.73	-	2.73
	(-)	(-)	(-)	(-)
BNP Paribas Personal Finance	3,99.96	-	-	3,99.96
	(50,00.00)	-	-	(50,00.00)
Commission Payable	-	-	27.00	27.00
Total	8,52.87	2.73	27.00	882.60
	(50,65.20)	(-)	(-)	(50,65.20)

There are no amounts written off/ written back during the year, relating to the above transaction

Figures in bracket pertain to previous year

4.6	Earnings per Share (Basic and diluted)	2008-09	2007-08
A.	Profit for the period after taxation (Rs. in Lakh)	26,81.20	22,10.04
B. i)	Actual number of equity shares	8,01,52,288	8,01,52,288
ii)	Weighted Average number of equity shares of Face value of Rs. 10 outstanding at the end of the period (in numbers)	8,01,52,288	7,44,38,159
C.	Basic and diluted earnings per share (A/B) (in Rs.)	3.35	2.97

4.7 Expenditure in Foreign Currency (on payment basis)

On account of interest and travel of Rs. 70.47 Lakh. (31.03.2008 – Rs. 12.82 Lakh)

4.8 Estimated amount of contracts remaining to be executed on capital account – Rs. 39.25 Lakh. (31.03.2008– Rs. 115.75 Lakh)

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

As per our report of even date attached

For Brahmayya & Co.
Chartered Accountants

P. Babu

Partner

Membership No. 203358

Chennai

28th April 2009

S. Viji

Chairman

Nitin Palany

Managing Director

G. Sundararajan

VP & Head - Finance & Accounts

V. Swaminathan

Company Secretary

Directors

T.T. Srinivasaraghavan

Srinivas Acharya

John Woodhouse

N. Ganga Ram

M.S. Parthasarathy

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

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

I Registration Details

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

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

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

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

Total Liabilities	1	9	3	5	7	2	6	6	Total Assets	1	9	3	5	7	2	6	6						
Sources of Funds																							
Paid up Capital				8	0	1	5	2	3	Reserves & Surplus			1	2	3	2	9	8	6				
Secured Loans	1	1	4	4	4	7	6	4	Unsecured Loans			5	8	7	7	9	9	3					
Application of Funds																							
Net Fixed Assets					2	9	3	1	5	Investments			1	8	6	5	2	3	3				
Loans	1	5	9	1	8	8	9	6	Net Current Assets			1	5	2	0	3	0	8					
Deferred Tax Asset					2	3	5	1	4	Misc. Expenditure										N	I	L	
										Accumulated Losses											N	I	L

IV Performance of Company (Amount in Rs. Thousands)

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

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

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

Cash Flow Statement

Particulars	For the Year ended		For the Year ended	
	31.03.2009		31.03.2008	
	Rs. in Lakh		Rs. in Lakh	
A) Cash Flow From Operating Activities				
Net Profit as per profit and loss account		26,81.20		22,10.04
Adjustments				
Provision for tax (including Wealth tax & FBT)		12,35.50		9,65.00
Deferred Tax		9.61		(30.99)
Dividend Income		(1,20.15)		(2,91.71)
Assets Discarded		4.03		-
Profit on Sale of Assets		(1.20)		(0.82)
Profit on Sale of Investments		(5,21.07)		(61.30)
Loss on Sale of Investments		47.18		2.99
Loss on Sale of Fixed Assets		0.57		0.69
Provision against Non Performing Loans		(92.50)		(77.50)
Provision against Standard Non Housing Loans		24.22		1,20.00
Provision against SLR Investments (Net)		67.20		12.29
Miscellaneous Expenditure Written Off		3.96		15.83
Depreciation		57.00		47.10
Financial Expenses	145,64.63	152,78.98	107,81.06	114,82.64
Operating Profit before Working Capital Changes		179,60.18		136,92.68
Adjustments for:				
Trade and other receivables		(64,74.11)		(6,57.86)
Excess Interest Spread Asset Account		(5,77.94)		(6,77.80)
Trade payables and other liabilities	15,16.57	(55,35.48)	10,87.58	(2,48.08)
Loans Disbursed(Net)		(159,37.68)		(263,31.40)
Cash Generated From Operations		(35,12.98)		(128,86.80)
Financial Expenses	(145,64.63)		(107,81.06)	
Advance Tax Paid	(13,17.50)	(158,82.13)	(9,90.00)	(117,71.06)
Net Cash from Operating Activity (A)		(193,95.11)		(246,57.86)

Cash Flow Statement

Particulars	For the Year ended	For the Year ended
	31.03.2009	31.03.2008
	Rs. in Lakh	Rs. in Lakh
B) Cash Flow From Investing Activities		
Dividend Received	1,20.15	2,91.71
Sale of Fixed Assets	12.07	7.69
Purchase of Fixed Asset	(2,08.84)	(34.60)
Purchase of Investment	(1432,15.89)	(852,76.13)
Sale of Investments	1323,53.15	800,48.39
Net Cash from Investing Activity (B)	(109,39.36)	(49,62.94)
C) Cash Flow From Financing Activities		
Increase in Share Capital	-	10,15.23
Increase in Securities Premium	-	39,84.77
Increase in Borrowings (Net)	63,77.79	32,49.23
Increase in Fixed Deposits (Net)	193,30.78	119,17.04
Commercial Paper	109,00.00	70,00.00
Net Cash From Financing Activity (C)	366,08.57	271,66.27
Net Increase/(decrease) in cash and Cash Equivalent (A+B+C)	62,74.10	(24,54.53)
Cash and cash Equivalent at the beginning of the period	55,13.58	79,68.11
Cash and cash equivalent at the end of the period	117,87.68	55,13.58
Notes to the Cash Flow Statement		
1) Cash and Cash Equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts.		
Cash on hand	42.84	25.83
Balances with banks- current account	17,44.84	29,87.75
Balances with banks- Short term deposits	100,00.00	25,00.00
Cash and Cash equivalents	117,87.68	55,13.58

2) Total tax paid during the year (Including tax deducted at source) amounted to Rs. 15,06.25 Lakh

As per our report of even date attached

For Brahmayya & Co
Chartered Accountants

P. Babu

Partner

Membership No. 203358

Chennai

28th April 2009

S. Viji

Chairman

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Managing Director

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