

Board of Directors	S. Viji T.T. Srinivasaraghavan Srinivas Acharya Frederic Bernard Robert Amoudru Bernard Michel John Christopher Woodhouse N. Ganga Ram M.S. Parthasarathy Nitin Palany	Chairman Managing Director
Audit Committee	M.S. Parthasarathy N. Ganga Ram Srinivas Acharya Bernard Michel John Christopher Woodhouse	Chairman
Executive Committee	T.T. Srinivasaraghavan Srinivas Acharya Bernard Michel John Christopher Woodhouse Nitin Palany	Chairman
Asset Liability Risk Management Committee	Nitin Palany Bernard Michel John Christopher Woodhouse M. Ramaswamy G. Sundararajan S. Rajagopalan K. Arun	Chairman
Senior Executives	G. Sundararajan S. Rajagopalan V. Janaki K. Arun Satish Menon	Vice President & Head - Audit & Compliance General Manager & Head - Operations Deputy General Manager - Information Systems Head - Finance & Accounts Head - Receivables
Company Secretary	V. Sriraman	
Auditors	M/s. Brahmayya & Co., Chartered Accountants, Chennai	
Registered Office	21, Patullos Road, Chennai - 600 002. Phone : 044 2852 1181, Fax : 044 2858 6641	
Corporate Office	1st 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

Srinivasan R	AGM - Operations
Ramu GSV	AGM - Operations
Raghavan S	AGM - Inspections
Jaishankar S	Area Manager - Kerala
Krishna Kumar V	Area Manager - Karnataka
Srinivas Chakravarthy P	Area Manager - Andhra Pradesh
Anandhan G	Area Manager - Tamil Nadu South
Manikandan KP	Area Manager - Tamil Nadu North

Bankers

Axis Bank Ltd.
Development Credit Bank Ltd.
HDFC Bank Ltd.
ICICI Bank Ltd.
Indus Ind Bank Ltd.
State Bank of Hyderabad
State Bank of Saurashtra
Tamilnad Mercantile Bank Ltd.
UCO Bank

Computer Security Assurance Services

Tejas Brainware Systems (P) Ltd., Chennai.

Debenture Trustee

IL & FS Trust Company Ltd.
IL & FS Financial Centre,
Plot C-22, Bandra-Kurla Complex,
Bandra (E), Mumbai - 400 051.

Trustee for Public Deposits

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

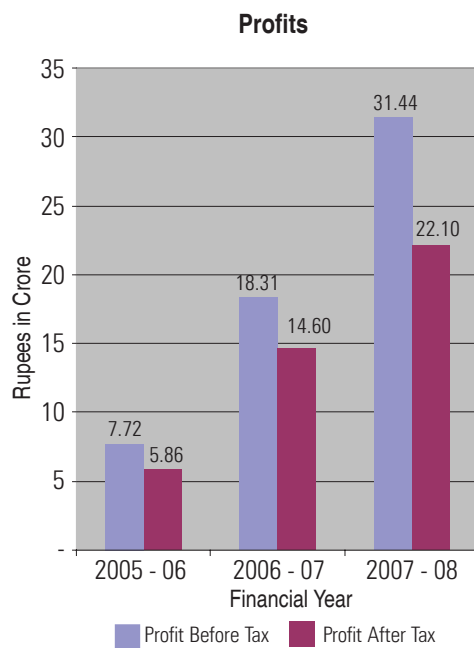
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Directors' Report



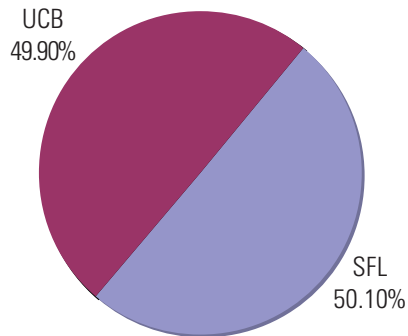
To the Members

The Directors have pleasure in presenting the Ninth Annual Report of the Company together with the audited accounts for the year ended 31st March 2008.

Financial Results

	For the year ended	
	31st March 2008	31st March 2007
	Rs. in Lakh	Rs. in Lakh
Profit Before Tax	31,44.05	18,30.80
Less: Provision for Tax	9,34.01	3,70.61
Profit After Tax	22,10.04	14,60.19
Add: Balance brought forward from the previous year	1,46.59	1,54.51
Amount available for appropriation	23,56.63	16,14.70
Appropriations have been made as under :		
1. Transfer to Special Reserve under Section 36(1)(viii) of the Income-tax Act, 1961	4,50.00	4,00.00
2. Transfer to General Reserve	17,00.00	10,68.11
3. Surplus carried to Balance Sheet	2,06.63	1,46.59
Total	23,56.63	16,14.70

Shareholding Pattern



Dividend

With a view to conserving resources for future operations and strengthening the capital base, the Directors do not recommend payment of dividend for the year.

Ownership change

During the year, Sundaram Finance Ltd. (SFL), the Company's sponsor and holding company, entered into a strategic alliance with Union de Credit pour le Batiment (UCB), a wholly-owned subsidiary of BNP Paribas, France, in the area of housing finance in India. Pursuant to an agreement concluded among SFL, UCB, and the Company on 24th October 2007, UCB acquired 49.90% stake in the Company. SFL continues to be the holding company, retaining 50.10% of the enhanced paid-up capital of the Company.

Capital Infusion

In terms of the Share Subscription cum Share Purchase Agreement, the Company issued and allotted 1,01,52,288 equity shares of Rs.10/- each to UCB on a preferential basis at Rs.49.25 (Rs.10 + Rs.39.25) per share. Consequently, the paid-up equity share capital of the Company increased to Rs.80.15 crore from Rs.70 crore.

Change of Name

In terms of the aforesaid agreement, and with the approval of the Central Government, the name of the Company has been changed from Sundaram Home Finance Limited to **Sundaram BNP Paribas Home Finance Limited** with effect from 28th November 2007.

Directors

Mr. G.K. Raman, who was associated with the Sundaram Finance Group for over five decades in various capacities, passed away on 27th August 2007. He had been closely associated with the establishment of the Company and had been a member of the Company's Board and the Audit Committee and the Chairman of its Executive Committee from its inception. The Board expresses its deep regret at the loss of Mr. Raman, and places on record the Board's appreciation of his outstanding contribution to the progress and development of the Company.

The Board, at its meeting held on 29th April 2008 determined Mr. Nitin Palany's present term of appointment as of 31st March 2008 and, subject to shareholders' approval, reappointed him as the Managing Director of the Company for a further period of two years commencing from 1st April 2008 on revised terms.

At a meeting on 24th October 2007, the Board appointed Mr. Frederic Bernard Robert Amoudru, Mr. Bernard Michel and Mr. John Christopher Woodhouse, all nominated by UCB, as additional Directors to hold office till the conclusion of the ensuing Ninth Annual General Meeting of the Company. The Company has received notices under Section 257 of the Companies Act, 1956, proposing their appointment as Directors at the meeting. The Board recommends their appointment.

Mr. S. Viji, Mr. M. S. Parthasarathy and Mr. N. Ganga Ram, Directors of the Company, retire by rotation and, being eligible, offer themselves for reappointment. The Board recommends their reappointment.

Auditors

The Company's statutory auditors, M/s. Brahmayya & Co., Chartered Accountants, retire at the Ninth Annual General Meeting and are eligible for reappointment. They have confirmed that their reappointment, if made, will be within the limits prescribed in Section 224(1-B) of the Companies Act, 1956.

Management Discussion and Analysis

The attached Management Discussion and Analysis forms part of this Report.

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.

Rating of Deposits and Debentures

Deposits

During the year, the public deposits accepted by the Company continued to be rated MAA+/stable by ICRA Ltd., indicating a high degree of safety regarding timely servicing of interest and principal. CRISIL's rating of such deposits continued to be FAA+, indicating a strong degree of safety regarding timely payment of interest and principal, but with the outlook revised from "stable" to "negative."

Debt Securities

The Company's debentures continued to be rated MAA/stable by ICRA and FAA by CRISIL, signifying high degree of safety. CRISIL, however, revised its outlook from "stable" to "negative". The Company's short-term debt programme for Rs. 100 crore continued to enjoy CRISIL's highest rating of P1+.

Bank Limit

ICRA has assigned 'LAA' rating to the Rs.203 crore long-term bank limit programme of the Company, indicating high-credit-quality and low credit risk.

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 has incurred expenditure in foreign exchange aggregating Rs 12.82 lakh on account of interest and travelling expenses.

Personnel

During the year, no employee of the Company was in receipt of remuneration in excess of the limit prescribed in 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 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 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

The Directors sincerely thank all the stakeholders—shareholders, borrowers, depositors, banks and financial institutions—for their continued support and co-operation during the year.

The Directors also place on record their appreciation of the dedicated service put in by the employees of the Company at all levels.

For and on behalf of the Board of Directors

Chennai
29th April 2008

S. Viji
Chairman



Management Discussion and Analysis Report

Economic Overview

After a robust growth of 9.60% in FY07, the Indian economy is estimated to record a lower growth of 8.70%, during FY08, reflecting the global slowdown.

The fiscal deficit has been estimated at 3.10% of GDP, lower than the budgeted 3.30%, helped mainly by buoyancy in tax revenues.

The country's foreign exchange reserves rose to US\$309.70 billion by end-March 2008, sharply higher than the US\$199 billion a year earlier.

During FY08, the year-on-year (YOY) growth in money supply (M3) was 20.70%, slightly less than 21.50% in FY07. The growth of scheduled commercial banks' non-food credit declined to 22.30% from 28.50% in the previous year, as high interest rates prevailed in the first half of the year.

Inflation, based on wholesale prices, moved up to 7.41% by end-March 2008, way above the Reserve Bank of India's (RBI) tolerance level of 5.00%. The turbulence in the US financial markets coincided with sharp, global rises in the prices of a wide range of commodities, including oil, metals, and food items, such as edible oil, oil seeds, and food grains.

The Government has initiated several fiscal measures to curb inflation. RBI has raised the statutory cash reserve ratio of banks by 50bp to absorb surplus liquidity and contain inflationary expectations. Inflation may, however, remain relatively high in the next 6-9 months until supply constraints ease. In this scenario, expectations of a reduction in interest rates in the immediate future have diminished.

Industry Overview

Real estate sector

Economic expansion, enhanced disposable incomes, and reduced home loan interest rates led to a boom in the housing sector over the past few years. However, during the same period, real estate prices have risen very sharply, making it unaffordable for large segments of middle-income home buyers. This, coupled with rising interest rates, slower economic growth, and inflationary pressures has resulted in a slowdown of housing stock sale. While there has been no full-blown real-estate price correction as yet, a 10-15% correction has taken place across cities.

Nevertheless, India's real estate sector is nowhere near running out of steam. Information technology (IT) and information technology-enabled service (ITES) companies, which are among the primary drivers of the real estate market, are taking advantage of cheaper real estate in tier-II and tier-III towns. As these companies catalyse residential and other segments of the real estate sector, a new set of hot spots is expected to emerge in the sector.

The 2001 Census forecast that 41% of the country's population would live in urban areas by 2011, up from 27.8% at the start of the decade. According to the National Buildings Organisation data, the aggregate housing shortage in the country increased by 134% from 10.56 million units in 2001 to 24.71 million units in 2007, while the number of urban households increased by 11.5 million during this period.

For the vast majority of Indians, affordable housing is one of the biggest challenges today. Given the pent-up demand for housing, official policies should help bring housing within the reach of larger sections of society. The Government could consider some policy options toward this end. The Government needs to persuade the States to release large amounts of land, now within the confines of the Urban Land Ceiling Act, for urban development. This can reduce the transaction cost of realty by doing away with an archaic legislation. Also, State Governments may consider increasing the floor-space index (FSI) to increase the availability of housing stock.

Over the next few years, India is likely to see significant improvements in the real estate sector. As institutions, besides individuals, become major players, the real estate market is expected to move closer to markets in developed countries. Private equity funds, hedge funds, real-estate investment trusts (REITs), insurance companies, pension funds, and other financial institutions are likely to invest in or manage real estate assets in office, residential and retail spaces.

The Government is reportedly considering the setting up of a regulatory body for the real estate sector to monitor and curb malpractices and make it well organized. Hopefully, there will be further reforms, which will lead to real estate transactions becoming easier and more transparent. This will be facilitated by computerisation of land records, rationalisation of property taxes, reduction of stamp duties, simplification of paperwork, and enforcement of the law.

The housing finance market

Loan disbursements in the housing finance sector, which grew at a robust compounded annual growth rate (CAGR) of 43% between FY01 and FY05, dropped to around 15% in FY06 and FY07. The pace of growth is expected to continue to be moderate

as the affordability of new housing is stretched by rising property prices and higher interest rates.

Facing pressure on interest spreads, housing finance companies (HFCs) need low-cost, long term funds for profitable growth. The Government should encourage provident and insurance funds to provide long-term resources to HFCs. There are several benefits that would accrue to the housing finance sector on account of this:

1. Increased flow of funds into the sector
2. Asset-liability mismatches of HFCs would be addressed
3. Diversification of resource base
4. Reduction in cost of funds

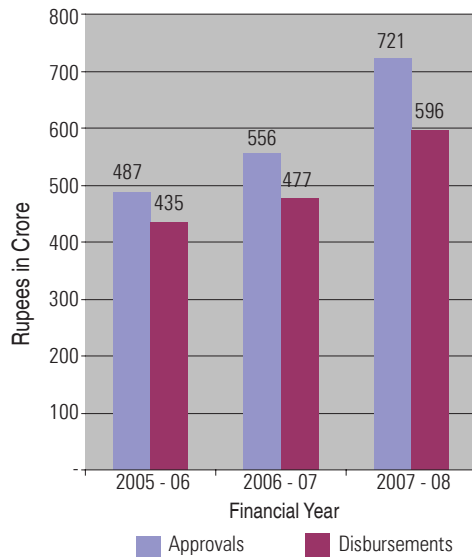
The Union Budget for FY09 has clarified that any transfer of a capital asset in a reverse mortgage transaction will not be chargeable to tax under section 45 of the Income-tax Act, 1961, as capital gains and that any loan amount received by an individual will be reckoned as capital receipt and hence excluded from the total income of the individual. These clarifications will help the development of the reverse mortgage product. However, the tax paid by HFCs on the interest accrued on the loans will, for several years, result in negative cash flows. If this constraint is addressed by the Government, reverse mortgage could take off on a large scale, since there is a huge potential for the facility, which also provides a form of social security to senior citizens owning homes.

The RBI has issued guidelines for mortgage guarantee companies (MGCs). With MGCs becoming operational, it would be possible for HFCs to reach out to underserved segments of households for acquiring dwelling units.

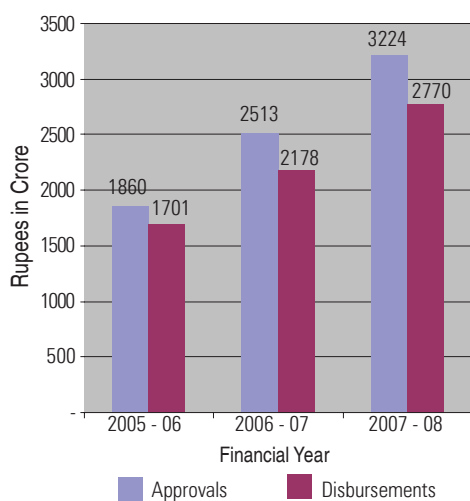
With the entry of agencies that assess the creditworthiness of borrowers by assigning credit scores, HFCs should be better placed to take well-informed credit decisions and price the loans based on risk perception. Credit scoring by an independent agency will not only serve as a tool for managing risk, but also expedite loan processing and improve operational efficiency.

The sub-prime mortgage crisis in the US rocked the global financial system but has also thrown up important lessons for lenders. Fortunately, the housing finance market in India is well regulated and does not seem to have been affected by the US crisis. In this context, NHB has developed a module for certified mortgage counsellors to ensure that the customers get fair advice before finalising home loan deals, to protect the interests of home loan borrowers and insulate them from frauds.

Approvals & Disbursements



Approvals & Disbursements (Cumulative)



In July 2007, NHB reduced risk weights on home loans up to Rs. 20 lakh each from 75% to 50%. Considering the relatively low percentage of reported non-performing loans (NPLs) in the housing finance industry, it is hoped that NHB may consider reducing the risk weight further.

One of the biggest challenges faced by the housing finance industry is the detection of frauds committed by borrowers with regard to property documents. A central registry to record equitable mortgages may prove to be a safeguard against such frauds.

The Company's Performance

Overall Performance

A substantial increase in profitability, resulting in significant improvement in shareholder value, marked the Company's performance during the year to 31st March 2008. The results reflect the successful pursuit of a reoriented business strategy implemented in mid 2005, with emphasis on diversification into higher-yielding loan segments without compromising credit quality. The Company was able to achieve a controlled expansion of its lending operations within the limits dictated by the regulatory norm on capital adequacy. This was facilitated by the non-recourse sale of a part of the loan portfolio. Careful borrower selection and effective loan supervision and recovery helped bring down the proportion of portfolio delinquency, with a comfortable level of accumulated loan-loss provisions at the year-end.

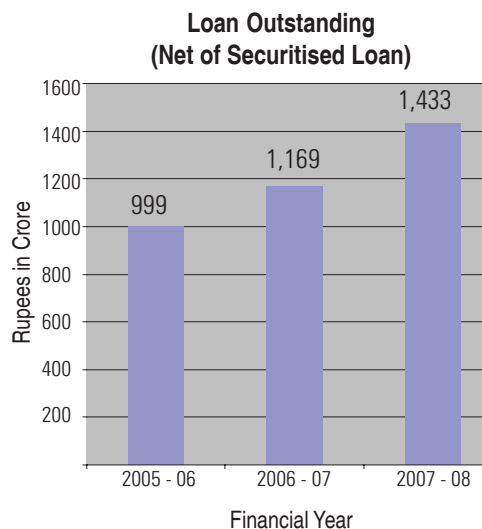
Financial performance

The main features of the results are summarized below:

	FY08	FY07
Profit before tax	Rs. 31.44 crore	Rs. 18.31 crore
Profit after tax	Rs. 22.10 crore	Rs. 14.60 crore
Return on average net worth	14.74%	13.7%
Earnings per share of Rs. 10 each	Rs. 2.97	Rs. 2.09
Book value per share (End-year)	Rs. 23.21	Rs. 16.28
Operating expenses/Average total assets	1.19%	1.20%

Operations

During the year, the Company approved loans totalling Rs. 721 crore, 29% higher than in the previous year (Rs. 559 crore). Loan disbursements aggregated Rs. 596 crore, 25% above the Rs. 477 crore disbursed in FY07. Loan approvals since inception totalled Rs. 3224 crore, of which Rs. 2770 crore (86%) stood disbursed. During the year,



Rs. 194.48 crore was lent under the Golden Jubilee Rural Housing Refinance Scheme of the Government of India.

The outstanding loan portfolio as on 31st March 2008 stood at Rs. 1,433 crore, 23% higher than the Rs. 1,169 crore a year earlier. Spread over about 22,000 borrowers, the loans averaged Rs. 7.30 lakh. The total loans managed by the Company, including those securitised or sold, were Rs. 1,712 crore.

The Company raised its prime lending rate (PLR) effective April 2007, to absorb the rising funding costs and to better align lending rates with market rates. Variable-rate loans were repriced and fresh loans carried correspondingly higher rates.

Sale of loans

During the year, the Company sold loans totalling Rs. 120.07 crore to a commercial bank. As of 31st March 2008, the Company was managing loans aggregating Rs. 279.64 crore out of loans of Rs. 389.29 crore sold or securitised. The high quality of these loans was reflected in negligible delinquency.

Recoveries and provision for contingencies

Non-Performing Loans

As at 31st March 2008, gross NPLs, in accordance with NHB guidelines, amounted to Rs. 5.24 crore, equivalent to 0.37% of the outstanding loan portfolio.

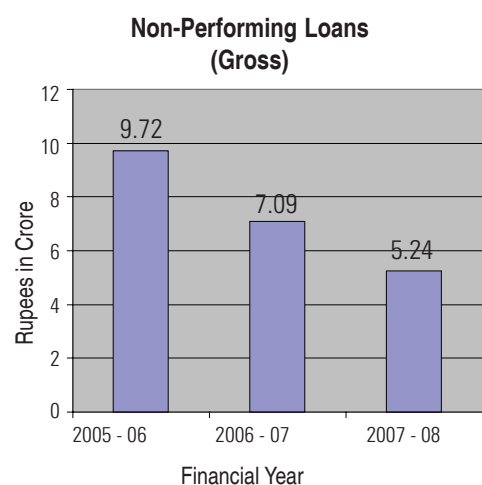
During the year, the Company wrote off loan dues totalling Rs. 2.02 crore (Rs. 1.55 crore in the previous year), by a direct charge to the Profit and Loss Account.

Pursuant to NHB guidelines, the Company had accumulated loan-loss provisions of Rs. 4.93 crore as at the end of the previous year, taking into account the age of the loans and the available security. During the year, the Company wrote back Rs. 78 lakh from the cumulative loan loss provisions since the related loans were written off.

Net NPLs, i.e. gross NPLs less available provisions, amounted to Rs. 1.08 crore, or 0.08% of the total loan portfolio, as on 31st March 2008.

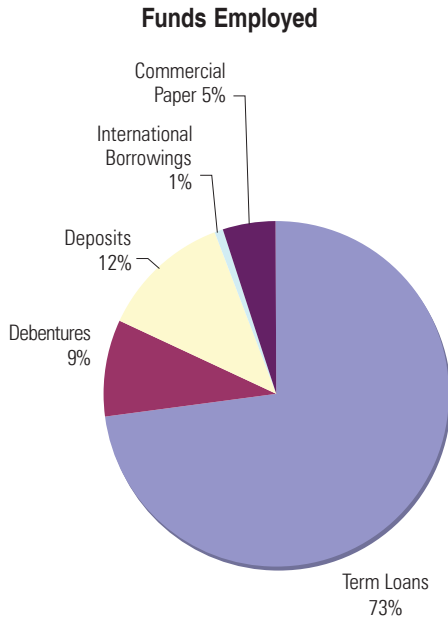
Resource mobilisation

The Company endeavours to diversify its resource base in order to achieve an appropriate maturity structure and minimise the overall cost of borrowed funds.



National Housing Bank (NHB) Refinance

During the year, the Company availed NHB refinance of Rs. 315 crore against eligible housing loans, and repaid Rs. 179.50 crore of refinance availed from NHB in the past.



Bank loans

During the year, the Company raised fresh term loans amounting to Rs. 9.90 crore from commercial banks and repaid Rs. 54.58 crore of earlier borrowing.

Deposits

During the year, the Company intensified its efforts to broaden the deposits base so as to diversify sources of funding especially into a relatively stable medium-term source. The Company raised fresh deposits totalling Rs. 132.77 crore during the year. The Company’s deposit liabilities reached Rs. 165.49 crore by the end of the year.

The Company notifies the depositors at least two months ahead of maturity, and issues periodical reminders if the deposits are not claimed or renewed on or after maturity. As of 31st March 2008, deposits totalling Rs. 39.67 lakh from 115 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. 28.40 lakh.

Risk management

Successful mortgage lending calls for identification, measurement, mitigation, and management of the risks—credit risk, operational risk, market risks (interest rate and liquidity), and reputation risk. 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 applicants’ credit history from Credit Information Bureau India Ltd. (CIBIL), field investigation of the applicant’s credentials, prudent loan-value ratio, thorough scrutiny of the legal documents, monitoring the end-use of property held as security, funding only approved properties, developing risk-based loan pricing, and cross-selling property insurance. The Company has employed qualified civil engineers to value properties and track property price movements.

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 effecting shifts in assets and liabilities to manage such risks. Liquidity and interest-rate risks, within the limits laid down by the Board, are constantly

monitored by ALCO. The Risk Management Framework is dynamic and will continue to evolve in line with the emerging risk perceptions. The Company has also implemented NHB's Asset Liability Management Guidelines.

Capital adequacy

NHB has assigned different risk weights to different classes of assets of HFCs, for computing the minimum capital adequacy ratio (CAR) to be maintained by them. During the year, while continuing the risk weight of 75% on housing loans to individuals above Rs. 20 lakh each (classified as standard assets), NHB reduced the risk weight on smaller housing loans to individuals from 75% to 50%. The Company's CAR as on 31st March 2008 stood at 18.93%, well above the prescribed minimum, of 12%.

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, KYC Guidelines and the Fair Practices Code. Regular training programmes were conducted for sales staff on domain knowledge and negotiating skills.

Internal Audit

The Company has engaged the services of Sundaram Finance Ltd. (SF) for comprehensive internal audit of the Company's systems, procedures, and operations. The internal audit team helps conceptualise and implement effective systems of internal controls and risk-management systems and procedures and verifies that the operations conform to approved policies and procedures, and that the Company complies with the statutory and regulatory requirements. The SF team functions in tandem with the statutory auditors, wherever appropriate. During the year, internal audit of all the branches was carried out twice.

Additionally, the effective functioning of major information systems and the integrity of information handled by the Company are monitored regularly by the systems auditor, Messrs. Tejas Brainware Systems (P) Ltd, in coordination with the Information Technology

Committee of senior executives, chaired by the Managing Director. Systemic deficiencies are rectified in keeping with the auditors' advice.

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.



Report on Corporate Governance

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

During 2007, following SFL's strategic alliance with the BNP Paribas group of France, Union de Credit pour le Batiment (UCB), a wholly-owned subsidiary of BNP Paribas acquired 49.90% of the enhanced share capital of the Company, with SFL retaining 50.10%. The joint venture will combine the strength of the Sundaram Finance brand and SFL's extensive distribution reach and retail credit management expertise with UCB's specialised housing finance skills and BNP Paribas's global brand strength.

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

Board of Directors

Size and Composition

In terms of the Share Subscription cum Share Purchase Agreement concluded among SFL, UCB and the Company, the Articles of Association (AOA) were amended to give effect to the provisions of the Shareholders' Agreement.

The amended AOA envisages a reconstituted Board of Directors with up to nine members. Currently, the Board is at full strength, with Mr. S. Viji as its non-executive Chairman. Mr. Nitin Palany is the Managing Director. Mr. S. Viji, Mr. T.T. Srinivasaraghavan, and Mr. Srinivas Acharya are SFL's non-executive nominees. Mr. Frederic Bernard Robert Amoudru, Mr. Bernard Michel and Mr. John Christopher Woodhouse are the non-executive nominees of UCB. Mr. N. Ganga Ram and Mr. M.S. Parthasarathy are independent Directors. No member of the Board is a nominee of a public financial institution or government.

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

Directors' term

The Articles require that at least two-thirds of the Directors retire by rotation. One-third of such Directors are required to retire every year and, if eligible, may be 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 2008, are given below:

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

* other than Sundaram BNP Paribas Home

Responsibilities

The Board sets and oversees implementation of Company policies, reviews Company performance, ensures statutory and regulatory compliance, safeguards the interests of shareholders, and aims at optimising the long-term value of their stake in the Company. The Board provides strategic direction and guidance to the executive management, which functions under the Board's overall control and supervision. 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. The meetings are scheduled and the Directors are notified in writing well in advance. The agenda for each meeting is circulated to the Directors in advance.

During the year ended 31st March 2008 (FY08), the Board met 17 times as noted below :

2007 - 2008		
20 April	28 September	11 January
14 May	24 October (2 Meetings)	24 January
30 June	31 October	22 February
30 July	29 November	7 March
17 August	17 December	24 March
13 September		

The meetings were attended by Directors as shown below:

	Director	No. of Meetings Attended
1.	Mr. S. Viji	15
2.	Mr. G.K. Raman *	4
3.	Mr. T.T. Srinivasaraghavan	17
4.	Mr. Srinivas Acharya	16
5.	Mr. Frederic Bernard Robert Amoudru **	1
6.	Mr. Bernard Michel **	4
7.	Mr. John Christopher Woodhouse **	3
8.	Mr. N. Ganga Ram	11
9.	Mr. M.S. Parthasarathy	17
10.	Mr. Nitin Palany	17

* Passed away on 27th August 2007.

** Appointed as Additional Directors on 24th October 2007.

Board Committees

The Board has constituted two Committees with a mix of executive and non-executive Directors 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. Srinivasaraghavan is the Chairman of the Committee.

The Committee approves loans, borrowing, 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 50 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/law. Any two members form the quorum for meetings. The Company Secretary is the Secretary to the Committee.

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

The Chairman of the Audit Committee remains present at the annual general meeting of the Company.

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

The Audit Committee:

- oversees the Company's financial reporting and disclosure to ensure that the financial statements are correct, 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 approval by the Board and 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. The details are as follows:

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

* Passed away on 27th August 2007.

** Appointed as Members on 24th October 2007.

Remuneration of Directors

Independent Directors were paid remuneration by way of sitting fees for attending Board/ Committee meetings during FY08 as noted below:

S.No.	Name	Sitting Fees (Board and Audit Committee)
1.	Mr. N. Ganga Ram	Rs. 1,60,000
2.	Mr. M.S. Parthasarathy	Rs. 2,40,000

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 2008, the amount of deposits placed with the Company by Directors aggregated Rs. 1.28 crore. The interest on these deposits paid/credited during the year amounted to Rs. 8.68 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 2008

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

* Nominees of SFL

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

Share Price Performance

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

Share Transfer and Investors Grievances Committee

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

Listed Debentures

The Company has issued, through private placement, seven series of secured/unsecured non-convertible debentures (NCDs) aggregating Rs. 250 crore, which have been listed under a Listing Agreement with the National Stock Exchange of India Ltd. (NSE) and are being traded in compulsory dematerialised form. Two of the series (VI and IV) aggregating Rs. 75 crore were redeemed during FY07. Series I and II aggregating Rs. 50 crore were redeemed during FY08. Debentures of the face value of Rs. 125 crore were outstanding as on 31st March 2008. The Company has duly paid the NSE listing fees for FY08.

Commercial Paper

The Company has privately placed commercial paper aggregating Rs. 95 crore with mutual funds and banks. Of these, Rs. 70 crore were outstanding as on 31st March 2008.

Registrar and Transfer Agent

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

Cameo Corporate Services Ltd.

'Subramaniam Building'

1, Club House Road, Chennai 600 002.

Phone : 044 - 28460390

Fax : 044 - 28460129

Email : Cameo@Cameoindia.com

Contact Person : Mr R.D. Ramaswamy, Vice President

Annual General Meetings

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

For Financial Year	Date	Time	Venue
2006-07	25 July 2007	2.30 p.m	Registered Office
2005-06	03 August 2006	2.30 p.m.	Registered Office
2004-05	28 July 2005	2.00 p.m.	Registered Office

No special resolution was put through postal ballot in the year under review.

Means of Communication

In accordance with the provisions of the Listing Agreement with NSE, unaudited half-yearly financial results of the Company during FY08 were forwarded to NSE. Further, the results were published in newspapers as required by the said Agreement and displayed on the Company's Website, viz. www.sundaramhome.com.

Address for correspondence and any assistance or clarification:

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

Mr V.Sriraman
Compliance Officer
Sundaram BNP Paribas Home Finance Ltd.
First Floor, Sundaram Towers
46, Whites Road
Chennai 600 014

Management Discussion and Analysis Report

This report forms part of the Directors' Report.

General Shareholder Information

Ninth Annual General Meeting

Date	Time	Venue
24th July 2008	2.00 p.m.	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 2007 to 31st March 2008 : 29th April 2008
- Unaudited results for the half-year ending 30th September 2008 : End of October 2008.



**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 (formerly known as Sundaram Home Finance Limited) as at 31st March 2008, 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 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2008 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 2008;
 - (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 : 29th April, 2008



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, 2008 for a period of more than six months from the date they become 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 not issued debentures during the year.
19. During the year, the Company has made a preferential allotment of equity shares to Union de Credit pour le Batiment (UCB) – France, at a negotiated price which on the basis of information and explanations given to us is not prejudicial to the interest of the Company.
20. The Company has not raised monies by public issue during the year.
21. 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 fraud on the Company was noticed or reported during the course of our audit.
22. 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 clause (ii) of paragraph 4 of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company for the year.

For BRAHMAYYA & Co.,
Chartered Accountants

P. BABU
Partner

Place : Chennai
Date : 29th April, 2008

Membership No. 203358

Balance Sheet as at 31st March 2008

	Schedule	31.03.2008	31.03.2007
		Rs. in Lakh	Rs. in Lakh
I Sources of Funds			
1. Shareholders' Funds			
a) Capital	1	80,15.23	70,00.00
b) Reserves and Surplus	2	105,86.40	43,91.59
2. Loan Funds			
a) Secured Loans	3	1070,80.12	1038,25.95
b) Unsecured Loans	4	295,38.88	106,26.78
Total		1552,20.63	1258,44.32
II Application of Funds :			
1. Loans	5	1432,51.28	1169,19.88
2. Fixed Assets	6		
Gross Block		5,44.03	5,43.97
Less : Depreciation		3,87.25	3,67.14
Net Block		1,56.78	1,76.83
3. Investments	7	73,15.70	20,29.65
4. Deferred Tax Asset (Net)	8	2,44.75	2,13.76
5. Current Assets, Loans and Advances :			
a) Current Assets	9	67,02.83	83,58.89
b) Loans and Advances	10	19,33.10	13,70.91
	(A)	86,35.93	97,29.80
Less : Current Liabilities and Provisions			
a) Current Liabilities	11	37,77.31	26,89.73
b) Provisions	12	6,10.46	5,55.66
	(B)	43,87.77	32,45.39
Net Current Assets	(A - B)	42,48.16	64,84.41
6. Miscellaneous Expenditure (to the extent not written off or adjusted)	13		
Discount on issue of debentures		3.96	19.79
Total		1552,20.63	1258,44.32
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 Brahmaya & Co.
Chartered Accountants
P. Babu
Partner
Membership No.203358
Chennai
29th April 2008

S. Viji
Chairman
Nitin Palany
Managing Director
K. Arun
Head - Finance & Accounts
V. Sriraman
Company Secretary

Directors
T.T. Srinivasaraghavan
Srinivas Acharya
Frederic Amoudru
Bernard Michel
N. Ganga Ram
M.S. Parthasarathy

Profit and Loss Account for the year ended 31st March 2008

Schedule	2007 - 2008	2006 - 2007	
	Rs. in Lakh	Rs. in Lakh	
Income			
Income from Operations	14	151,72.58	108,56.15
Loan Processing and Other Fees (net)		2,78.46	2,96.42
Other Income	15	5,16.61	7,07.28
Total	(A)	159,67.65	118,59.85
Expenditure			
Financial Expenses	16	107,81.06	83,33.59
Establishment Expenses	17	7,33.99	6,31.12
Administrative and Other Expenses	18	9,84.75	7,84.00
Provisions and Write off	19	2,60.87	1,91.54
Miscellaneous Expenditure Written off	13	15.83	15.83
Total	(B)	127,76.50	99,56.08
Profit Before Depreciation and Tax	(A - B)	31,91.15	19,03.77
Less : Depreciation		47.10	72.97
Profit Before Tax		31,44.05	18,30.80
Less : Provision for Taxation			
Current	9,50.00	3,75.00	
Deferred Tax	(30.99)	(17.29)	
Wealth Tax	0.50	0.40	
Fringe Benefit Tax	14.50	9,34.01	12.50
Profit After Tax		22,10.04	14,60.19
Balance brought forward from the previous year		1,46.59	1,54.51
Amount available for Appropriation		23,56.63	16,14.70
Appropriations :			
Special Reserve		4,50.00	4,00.00
General Reserve		17,00.00	10,68.11
Surplus - Balance carried to Balance Sheet		2,06.63	1,46.59
		23,56.63	16,14.70
Notes to the Accounts	20		
Earnings per Equity Share			
Number of Shares (Face Value of Rs.10/- per share)		8,01,52,288	7,00,00,000
Weighted Average Number of Shares (Face Value of Rs.10/- per share)		7,44,38,159	7,00,00,000
Basic and Diluted Earnings per Share in (Rs.)		2.97	2.09

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 Brahmaya & Co.
 Chartered Accountants
P. Babu
 Partner
 Membership No.203358
 Chennai
 29th April 2008

S. Viji
 Chairman
Nitin Palany
 Managing Director
K. Arun
 Head - Finance & Accounts
V. Sriraman
 Company Secretary

Directors
T.T. Srinivasaraghavan
Srinivas Acharya
Frederic Amoudru
Bernard Michel
N. Ganga Ram
M.S. Parthasarathy

Schedules forming part of the Accounts

	31.03.2008	31.03.2007
	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>75,00.00</u>
(Previous year 7,50,00,000 equity shares of Rs.10/- each)		
Subscribed and Fully Paid - up :		
8,01,52,288 Equity Shares of Rs.10/- each	80,15.23	70,00.00
[Of the above 4,01,56,296 equity shares are held by Sundaram Finance Limited (the Holding Company) and its nominees]		
Previous year : 7,00,00,000 Equity Shares of Rs.10/- each (The Equity Shares were held by Sundaram Finance Limited (the Holding Company) and its nominees)	<u>80,15.23</u>	<u>70,00.00</u>
Schedule 2		
Reserves and Surplus		
Special Reserve		
Per last Balance Sheet	13,45.00	9,45.00
Add : Transfer from Profit and Loss Account	<u>4,50.00</u>	<u>4,00.00</u>
	17,95.00	13,45.00
Securities Premium Account		
Per last Balance Sheet	6,00.00	6,00.00
Add : Received during the year	<u>39,84.77</u>	<u>—</u>
	45,84.77	6,00.00
General Reserve		
Per last Balance Sheet	23,00.00	12,50.00
Add : Transfer from Profit and Loss Account	17,00.00	10,68.11
Less : Transitional adjustment on account of Retirement Benefits (Net of Deferred Tax)	<u>—</u>	<u>(18.11)</u>
	40,00.00	23,00.00
Surplus - Balance in Profit and Loss Account	<u>2,06.63</u>	<u>1,46.59</u>
	<u>105,86.40</u>	<u>43,91.59</u>

Schedules forming part of the Accounts

	31.03.2008		31.03.2007	
	Rs. in Lakh		Rs. in Lakh	
Schedule 3				
Secured Loans				
Non Convertible Debentures		75,00.00		125,00.00
From Scheduled Banks :				
Rupee Term Loans		167,13.42		211,76.74
From Others :				
Term Loans :				
National Housing Bank	809,91.70		674,40.88	
International Finance Corporation	<u>18,75.00</u>	828,66.70	<u>27,08.33</u>	701,49.21
Washington				
		<u>1070,80.12</u>		<u>1038,25.95</u>
Schedule 4				
Unsecured Loans				
Fixed Deposits				
From Public	164,21.26		46,30.51	
From Directors	<u>1,27.89</u>	165,49.15	<u>1.60</u>	46,32.11
Subordinated Non Convertible Debentures		50,00.00		50,00.00
Foreign Currency Loan from a Scheduled Bank		9,89.73		—
Overdraft facility with a Scheduled Bank		—		9,94.67
Commerical Paper		70,00.00		—
		<u>295,38.88</u>		<u>106,26.78</u>
Schedule 5				
Loans				
Housing Loans				
Individuals	1089,29.07		973,20.63	
Others	<u>—</u>	1089,29.07	<u>—</u>	973,20.63
Other Loans				
Individuals	271,64.08		153,65.08	
Others	<u>71,58.13</u>	343,22.21	<u>42,34.17</u>	195,99.25
		<u>1432,51.28</u>		<u>1169,19.88</u>

Schedule 6**Schedules forming part of the Accounts****Fixed Assets**

Rs. in Lakh

Description	Gross Block at Cost			Depreciation			Net Block			
	As at 01.04.2007	Additions	Deductions	As at 31.03.2008	Up to 01.04.2007	For The Year	Deductions	Up to 31.03.2008	31.03.2008	31.03.2007
Land	1.92 (1.92)	- (-)	- (-)	1.92 (1.92)	- (-)	- (-)	- (-)	- (-)	1.92 (1.92)	1.92 (1.92)
Plant and Machinery	45.99 (45.31)	0.93 (1.08)	- (0.40)	46.92 (45.99)	25.29 (22.17)	3.04 (3.39)	- (0.27)	28.33 (25.29)	18.59 (20.70)	20.70 (23.14)
Vehicles	1,10.45 (1,06.74)	0.60 (14.60)	34.41 (10.89)	76.64 (1,10.45)	58.89 (54.02)	12.08 (13.36)	26.97 (8.49)	44.00 (58.89)	32.64 (51.56)	51.56 (52.72)
Furniture and Fixtures	1,37.78 (1,42.94)	5.20 (1.25)	- (6.41)	1,42.98 (1,37.78)	96.79 (92.17)	8.63 (9.58)	- (4.96)	1,05.42 (96.79)	37.56 (40.99)	40.99 (50.77)
Computers	1,52.10 (1,46.69)	21.22 (21.13)	- (15.72)	1,73.32 (1,52.10)	1,19.94 (1,16.23)	18.57 (18.34)	- (14.63)	1,38.51 (1,19.94)	34.81 (32.16)	32.16 (30.46)
Office Equipment	55.63 (54.09)	6.66 (3.16)	0.14 (1.62)	62.15 (55.63)	26.13 (22.54)	4.78 (4.91)	0.02 (1.32)	30.89 (26.13)	31.26 (29.50)	29.50 (31.55)
Intangible Assets - Computer Software	40.10 (40.10)	- (-)	- (-)	40.10 (40.10)	40.10 (16.71)	- (23.39)	- (-)	40.10 (40.10)	- (-)	- (23.39)
Total	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
Previous year	(5,37.79)	(41.22)	(35.04)	(5,43.97)	(3,23.84)	(72.97)	(29.67)	(3,67.14)	(1,76.83)	(2,13.95)

Figures in brackets pertain to the previous year.

Schedules forming part of the Accounts

	Face Value	31.03.2008	31.03.2007
	Rs. in Lakh	Rs. in Lakh	Rs. in Lakh
Schedule 7			
Investments			
At Cost - Fully Paid			
Long Term Investments			
In Government / Trust Securities			
Non Trade			
A Quoted :			
Government Securities			
Central Government Loans	11,57.47	12,14.01	3,92.49
(Face value of Rs.8,40,00,000/- purchased during the year and Rs.17,00,000/- redeemed during the year)			
B Un-Quoted			
In Trust Securities			
(i) Investments in Mutual Funds - As per Annexure : 1	8,00.00	8,00.00	10,00.00
(ii) In Bonds			
11.25% NHB Priority Sector Bonds	—	—	4.00
(Redeemed during the year)			
(iii) In Mortgage Backed Securities (on Securitisation) in SHFL Housing Finance Trust August 2004			
Investment in Senior Pass Through Certificate (PTC)(A2) Securities		2,84.22	3,20.18
Investment in Subordinate Tranche Securities		2,97.95	3,12.98
Current Investments			
Un-Quoted			
In Trust Securities			
Investments in Mutual Funds - As per Annexure : 2		47,19.52	—
Grand Total		73,15.70	20,29.65
		Cost	Market Value
		Rs. in lakh	Rs. in lakh
Aggregate of Quoted Investments		12,14.01	11,61.58
Aggregate of Unquoted Investments		61,01.69	
Total		73,15.70	

**Long Term Investments
Investment in Mutual Funds**

Schedules forming part of the Accounts

Annexure : 1
Rs. in Lakh

Particulars	Face Value	Opening as on 01.04.2007		Purchases during the year		Redeemed during the year		Closing as on 31.03.2008	
		Units in Lakh	Value	Units in Lakh	Value	Units in Lakh	Value	Units in Lakh	Value
HSBC - Fixed Term - Growth	10	30.00	3,00.00	-	-	30.00	3,00.00	-	-
Reliance Fixed Horizon Fund - Growth	10	40.00	4,00.00	-	-	40.00	4,00.00	-	-
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		100.00	10,00.00	50.00	5,00.00	70.00	7,00.00	80.00	8,00.00

**Current Investments
Investment in Mutual Funds**

Annexure : 2
Rs. in Lakh

Particulars	Face Value	Opening as on 01.04.2007		Purchases during the year		Redeemed during the year		Closing as on 31.03.2008	
		Units in Lakh	Value	Units in Lakh	Value	Units in Lakh	Value	Units in Lakh	Value
Birla Cash Plus - Institutional Premium Plan - Dividend	10	-	-	1,49.87	15,01.63	1,03.30	10,35.00	46.57	4,66.63
Templeton India Treasury Management Account - Super IP - Dividend	1,000	-	-	1.50	15,01.98	-	-	1.50	15,01.98
ING Liquid Fund - Institutional Plan - Dividend	10	-	-	2,47.05	24,73.51	1,57.04	15,72.31	90.01	9,01.20
Mirae Asset Liquid Plus Fund - Super Institutional Plan - Dividend	1,000	-	-	0.50	5,02.38	-	-	0.50	5,02.38
Mirae Asset Liquid Fund - Super Institutional Plan - Dividend	1,000	-	-	1.00	10,00.94	0.50	5,00.00	0.50	5,00.94
SBI Premier Liquid Fund - Super Institutional Plan - Dividend	10	-	-	1,44.17	14,46.39	59.81	6,00.00	84.36	8,46.39
Total		-	-	5,44.09	84,26.83	3,20.65	37,07.31	2,23.44	47,19.52

Schedules forming part of the Accounts

Units of Mutual Funds Purchased and Redeemed during the year

Particulars	Face Value	Units	Amount
	Rs.	in Lakh	Rs. in Lakh
AIG Treasury Plus Fund - Institutional Plan - Dividend	10	2,18.12	21,83.58
Birla Sunlife Liquid Plus - Institutional Plan - Dividend	10	1,00.14	10,02.02
Birla Sunlife - Interval Income - Institutional Plan - Monthly - Dividend	10	1,00.59	10,05.94
DWS - Insta Cash Plus Fund - Super Institutional Plan - Dividend	10	1,49.88	15,01.75
DWS - Floating Rate Fund Regular Plan - Dividend	10	1,50.29	15,05.07
DBS - Chola Freedom Income Short Term - Institutional Plan - Dividend	10	2,90.78	29,08.47
Grindlays Floating Rate Fund - Long Term - Institutional Plan - Dividend	10	5,48.85	54,90.43
HDFC Cash Management Fund -Savings Plan - Dividend	10	94.60	10,06.18
HDFC Cash Management Fund -Savings Plus Plan- Wholesale - Dividend	10	59.96	6,01.50
HDFC Liquid Fund Premium Plan - Dividend	10	1,22.38	15,00.37
HSBC Cash Fund - Institutional Plan - Dividend	10	1,11.50	11,15.65
HSBC Liquid Plus - Institutional Plan - Dividend	10	2,63.81	26,41.45
HSBC - Floating Rate Short Term Institutional Plus - Dividend	10	2,39.09	23,97.23
ING Liquid Plus Fund - Institutional Plan - Dividend	10	3,02.12	30,22.20
Kotak Liquid - Institutional Premium Plan - Dividend	10	1,17.30	14,34.31
Kotak Floater Short Term - Dividend	10	2,29.23	23,02.14
Lotus India Liquid Plus Fund - Institutional Plan - Dividend	10	1,50.47	15,07.09
Lotus India Liquid Fund - Institutional Plan - Dividend	10	1,00.04	10,00.57
Prudential ICICI Liquid Fund - Institutional Plan - Dividend	10	2,37.89	23,78.95
Prudential ICICI Floating Rate Plan - Dividend	10	3,79.32	37,93.73
Principal Floating Rate Fund- Short Term- Institutional Plan - Dividend	10	1,65.34	16,53.56
Reliance Liquid Plus Fund - Institutional - Dividend	1,000	3.08	30,80.98
Reliance Liquidity Fund - Dividend	10	1,69.66	16,97.13
Reliance Monthly Interval Fund - Institutional Plan - Dividend	10	1,00.53	10,06.03
Reliance Floating Rate Fund - Dividend	10	74.62	7,51.43
Standard Chartered Liquidity Manager Plus - Dividend	1,000	0.91	9,15.13
Sundaram BNP Paribas Money Fund - Super Institutional Plan - Dividend	10	16,02.08	161,73.53
Sundaram BNP Paribas Liquid Plus - Institutional Plan - Dividend	10	36.02	3,60.37
Templeton Floating Rate Income Fund - Long Term - Super Institutional Plan - Dividend	10	3,67.29	36,78.86
TATA Floating Rate Short Term - Institutional Plan - Dividend	10	5,94.73	59,50.60
Total			755,66.25

Schedules forming part of the Accounts

	31.03.2008		31.03.2007	
	Rs. in Lakh		Rs. in Lakh	
Schedule 8				
Deferred Tax Assets				
Provision Against Non Performing Loans		1,41.23		1,65.94
Provision Against Standard Non Housing Assets		47.59		6.73
Others - Employee benefits and depreciation		55.93		41.09
		<u>2,44.75</u>		<u>2,13.76</u>
Schedule 9				
Current Assets				
Interest Accrued on Investments		34.23		24.94
Cash and Bank Balances				
Cash on Hand	25.83		54.39	
Balances with Scheduled Banks in				
Current Accounts	29,87.75		9,13.72	
Deposit Accounts	<u>36,55.02</u>	<u>66,68.60</u>	<u>73,65.84</u>	<u>83,33.95</u>
		<u>67,02.83</u>		<u>83,58.89</u>
Schedule 10				
Loans and Advances				
Secured, Considered Good :				
Instalments due from Borrowers	2,25.73		3,08.08	
Loan Against Deposits	<u>23.61</u>	<u>2,49.34</u>	<u>3.97</u>	<u>3,12.05</u>
Unsecured, Considered Good :				
Advances and Deposits recoverable in cash or in kind or for value to be received		13,03.85		8,77.94
Advance Income - Tax and Tax Deducted at Source - (Net of provision for taxation)		3,66.55		1,53.16
Advance Tax - Fringe Benefit Tax - (Net of provision for taxation)		7.55		7.05
Income Receivable		5.81		20.71
		<u>19,33.10</u>		<u>13,70.91</u>

Schedules forming part of the Accounts

	31.03.2008	31.03.2007
	Rs. in Lakh	Rs. in Lakh
Schedule 11		
Current Liabilities		
Sundry Creditors		
For expenses	3,56.41	2,36.16
For others	9,14.72	7,03.90
Interest accrued but not due	25,06.18	17,49.67
	<u>37,77.31</u>	<u>26,89.73</u>
i) There are no amounts due and outstanding to be credited to Investor Education and Protection Fund		
ii) There are no outstandings dues payable to micro and small enterprises for more than 45 days		
Schedule 12		
Provisions		
Provision Against Non Performing Loans	4,15.50	4,93.00
Provision Against Standard Non Housing Loans	1,40.00	20.00
Provision Against Investments	54.96	42.66
	<u>6,10.46</u>	<u>5,55.66</u>
Schedule 13		
Miscellaneous Expenditure (to the extent not written off or adjusted)		
Discount on issue of debentures	19.79	35.62
Less : Written off during the year	15.83	15.83
	<u>3.96</u>	<u>19.79</u>

Schedules forming part of the Accounts

	2007 - 2008	2006 - 2007
	Rs. in Lakh	Rs. in Lakh
Schedule 14		
<u>Income from Operations</u>		
Interest on Loans (Tax Deducted at Source Rs. 97.31 lakh)	145,77.46	103,88.94
Other Operating Income (Tax Deducted at Source Rs. 5.92 lakh)	5,95.12	4,67.21
	<u>151,72.58</u>	<u>108,56.15</u>
Schedule 15		
<u>Other Income</u>		
Dividend Income	2,91.71	3,59.62
Interest Receipts (Tax Deducted at Source Rs. 9.61 lakh)	73.77	1,02.02
Profit on sale of Investments	61.30	1,88.72
Referral Income (Tax Deducted at Source Rs. 6.94 lakh)	69.20	36.76
Profit on sale of Fixed Assets	0.82	1.47
Miscellaneous Income	19.81	18.69
	<u>5,16.61</u>	<u>7,07.28</u>
Schedule 16		
<u>Financial Expenses</u>		
Interest - Fixed Rate Loans	41,16.16	38,87.91
- Debentures	12,36.85	18,64.39
- Floating Rate Loans	48,95.20	25,12.25
Other Financial Expenses	5,32.85	69.04
	<u>107,81.06</u>	<u>83,33.59</u>
Schedule 17		
<u>Establishment Expenses</u>		
Salaries, Allowances and Bonus	6,49.34	5,60.85
Company's Contribution to Provident Fund and Superannuation Schemes	33.91	30.60
Staff Welfare Expenses	27.35	30.95
Training Expenses	2.95	3.79
Gratuity	20.44	4.93
	<u>7,33.99</u>	<u>6,31.12</u>

Schedules forming part of the Accounts

	2007 - 2008	2006 - 2007
	Rs. in Lakh	Rs. in Lakh
Schedule 18		
Administrative and Other Expenses		
Rent	1,37.27	1,16.58
Rates and Taxes	2.74	3.17
Communication Expenses	69.06	63.03
Electricity	30.45	28.85
Travelling and Conveyance	76.49	63.85
Advertisement and Publicity	1,28.07	1,16.65
Directors' Sitting Fees	4.00	3.30
Insurance	72.81	55.35
Repairs and Maintenance		
Buildings	10.69	4.88
Others	47.29	35.72
Printing and Stationery	38.71	23.82
Database and Networking Expenses	87.75	84.12
Professional and Consultancy Fees	79.09	47.73
Donations	1.50	—
Software charges	71.49	46.14
Miscellaneous Expenses (Net)	1,27.34	90.81
	<u>9,84.75</u>	<u>7,84.00</u>
Schedule 19		
Provisions and Write off		
Bad Debts	2,02.40	1,54.97
Loss on Sale of Investments	2.99	—
Loss on Sale of Fixed Assets	0.69	0.59
Provision Against Standard Non Housing Loans	1,20.00	20.00
Provision Against Investments	15.14	14.22
Assets discarded	—	1.76
	<u>3,41.22</u>	<u>1,91.54</u>
Less : Reversal of Provision against Non Performing Loans	77.50	—
Reversal of Provision against Investments	2.85	—
	<u>2,60.87</u>	<u>1,91.54</u>

Schedule 20

Notes to the Accounts

1. Significant Accounting Policies

1.1 The financial statements are prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the relevant provisions of the Companies Act, 1956 and the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI), as applicable. Besides, the Company follows the directions prescribed by the National Housing Bank for Housing Finance Companies.

1.2 Income Recognition :

Interest on loans granted 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 Employee Benefits:

A) Short Term Employee Benefits:

Short Term Employee Benefits to be paid for the 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

Fixed contributions to the superannuation fund, which is administered by trustees and managed by the Life Insurance Corporation of India (LIC), are charged to the Profit and Loss Account. The Company has no liability for future Superannuation Fund benefits other than its annual contributions and recognises such contributions as an expense in the period in which it is incurred.

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 for future gratuity benefits 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 actual basis.

The actuarial gain/ loss arising in the above benefit plans has been duly recognised in the profit and loss account

1.6 Foreign Currency Loans :

Foreign exchange transactions covered by forward contracts are stated at forward contract rates while those not covered by forward contracts are restated at rates ruling at the year end. Exchange differences resulting in income or expenses are dealt with in the profit and loss account. Premium on forward contracts is recognized as an expense over the tenure of the contract, wherever applicable.

1.7 Taxation :

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

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

1.8 Intangible Assets :

Cost of computer software which has been acquired is amortised over its 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 amount recoverable 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 Share Capital :

During the year, Union de Credit pour le Batiment (UCB) – France, a subsidiary of BNP Paribas acquired 49.90% of the equity inclusive of fresh allotment of 1,01,52,288 equity shares by the Company. Consequently, the name of the Company was changed to Sundaram BNP Paribas Home Finance Limited.

2.2 Reserves and Surplus :

Special Reserve :

The appropriation of profit of Rs. 4,50.00 Lakh (31.03.2007 – Rs. 4,00.00 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.

2.3 Secured Loans :

2.3.1 Non Convertible Debentures :

Details of privately placed secured redeemable Non-Convertible Debentures :

Date of Allotment	Face Value (Rs. in Lakh)		Date of Redemption
	31.03.2008	31.03.2007	
16th August 2002	–	25,00.00	Redeemed during the year
30th November 2002	–	25,00.00	Redeemed during the year
30th September 2003	25,00.00	25,00.00	30th September 2008
8th July 2005	50,00.00	50,00.00	8th July 2008
Total	75,00.00	125,00.00	

The Non Convertible Debentures of Rs. 75,00.00 Lakh are secured by a first mortgage over a specific immovable property belonging to the Company and a negative lien on its assets.

2.3.2. From Scheduled Banks :

Rupee Term Loans

Term Loans of Rs. 167,13.42 Lakh (31.03.2007 - Rs. 211,76.74 Lakh) are secured by a negative lien on properties acquired by the borrower(s) from loans granted by the Company and mortgaged to it.

2.3.3 From Others :

National Housing Bank :

Rupee Term Loans of Rs. 809,91.70 Lakh (31.03.2007 - Rs. 674,40.88 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. 18,75.00 Lakh (31.03.2007 - Rs. 27,08.33 Lakh) is secured by a negative lien on the assets of the Company.

2.4 Derivative Instruments :

The notional principal amount of derivative transactions outstanding as on 31st March 2008 for interest rate swaps is Rs. 25,00.00 lakh (31.03.2007 – Rs. 25,00.00 lakh) for hedging against fixed interest rates.

2.5 Unsecured Loans :

2.5.1 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 which rank subordinated to the existing and future unsecured loan funds of the Company are considered as Tier II Capital for computing capital adequacy under The Housing Finance Companies (NHB) Directions, 2001 issued by The National Housing Bank. The debentures are outstanding as on 31st March 2008.

2.5.2 Foreign Currency Loan from a Scheduled Bank :

During the year, the Company has availed an unsecured foreign currency loan from a scheduled bank. Balance outstanding as on 31st March 2008 is Rs. 9,89.73 Lakh (31.03.2007 – Rs. Nil)

2.6 Commercial Paper :

During the year, the Company issued commercial paper to an extent of Rs. 95,00.00 Lakh (31.03.2007 – Rs. Nil). Maximum Outstanding during the year Rs. 95,00.00 lakh (31.03.2007 – Rs. Nil). Outstanding as on 31st March 2008 was Rs. 70,00.00 Lakh (31.03.2007 – Rs. Nil).

2.7 Loans :

2.7.1 Loans granted by the Company are generally secured by equitable mortgage of properties.

2.7.2 Loans secured by equitable mortgage of properties include :

Rs. 65.60 Lakh (31.03.2007 – Rs. 5.84 Lakh) due from the Managing Director of the Company. Maximum amount outstanding in respect of the loan at any time during the year Rs. 66.56 Lakh (31.03.2007 - Rs. 9.93 Lakh).

2.8 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 of face value Rs. 3,34.47 Lakh (cost of Rs. 3,92.49 Lakh)
- Bonds issued by National Housing Bank – face value of Rs. 4.00 Lakh
- Bank deposits of Rs. 3,63.02 Lakh

in favour of IDBI Trusteeship Services Limited representing the public deposit holders of the Company.

2.9 Loans and Advances :

2.9.1 Advances and deposits recoverable in cash or in kind or for value to be received include a deposit of Rs. 88.00 Lakh (31.03.2007 – Rs. 1,47.00 Lakh) offered as collateral for the securitisation of assets.

2.9.2 Advance Income Tax and Tax Deducted at Source is net of Provision for Taxation of Rs. 20,12.04 Lakh (31.03.2007 – Rs. 10,61.54 Lakh).

2.9.3 Advance Tax - Fringe Benefit Tax is net of provision of Rs. 39.84 Lakh (31.03.2007 - Rs. 25.34 Lakh).

2.9.4 Advances and deposits recoverable in cash or in kind or for value to be received include unamortized forward premium to an extent of Rs. 14.59 Lakh (31.03.2007 – Rs. Nil).

2.10 Current Liabilities:

2.10.1 Sundry Creditors for expenses includes Rs. 15.00 Lakh (31.03.2007 : Rs. 13.20 Lakh) payable to the Managing Director.

2.10.2 Interest accrued but not due includes interest of Rs. 7.49 Lakh (31.03.2007 – Rs. 0.23 Lakh) on deposits from Directors.

3 Profit and Loss Account

3.1 Income from Operations :

Other Operating Income includes revenue of Rs. 3,57.86 Lakh (Previous year : Rs. 2,69.11 Lakh) from the sale of loan portfolio of Rs. 120,07.05 Lakh (Previous year : Rs. 100,18.92 Lakh).

3.2 Loan Processing and Other Fees :

Loan Processing and other fees are net of sourcing commission of Rs. 3,21.87 Lakh (Previous year : Rs. 2,11.15 Lakh).

3.3 Other Income :

Interest Receipts include Rs. 42.85 Lakh from investment in Mortgaged Backed Securities in “SHFL Housing Finance Trust – August 2004.” (Previous year – Rs. 51.05 Lakh).

3.4 Profit / Loss on sale of investments comprises :

Rs. in Lakh

	2007 – 08		2006 - 07	
	Profit	Loss	Profit	Loss
Long Term Investments	57.85	2.85	1,82.93	Nil
Current Investments	3.45	0.14	5.79	Nil
Total	61.30	2.99	1,88.72	Nil

3.5 Financial Expenses :

Interest – fixed rate loans includes interest of Rs. 8.67 Lakh on fixed deposits paid / credited on deposits accepted from Directors (Previous year - Rs. 0.11 Lakh).

3.6 Establishment Charges include remuneration to the Managing Director :

Rs. in Lakh

	2007 – 08	2006 - 07
Salary and Allowances	41.50	34.32
Contribution to Provident Fund, Superannuation Fund and Gratuity	4.77	4.20
Other Allowances and Perquisites	3.95	3.65
Total	50.22	42.17

3.7 Employee Benefits :

i) Defined Contribution Plan :

Company Contribution to	Rs. In Lakh
i) Superannuation fund	3.84
ii) Provident fund	26.76
iii) Employees State Insurance	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
Present value of obligations as at 01.04.2007	20.50
Interest cost	1.32
Current service cost	6.99
Benefits paid	5.99
Actuarial loss on obligation	13.82
Present value of obligations as at 31.03.2008	36.64

B. Reconciliation of opening and closing balances of fair value of Plan Assets

	Rs. in Lakh
Fund Maintained by LIC	
Fair value of plan assets as at 01.04.2007	21.91
Expected return on plan assets	1.56
Contributions	3.69
Benefits paid	5.99
Actuarial gain on plan assets	0.13
Fair value of plan assets as at 31.03.2008	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
Present value of obligations as at 31.03.2008	36.64
Fair value of plan assets as at 31.03.2008	21.30
Net liability recognised in the balance sheet	15.34

D. Expenses recognised in the profit and loss account

	Rs. in Lakh
Current Service cost	6.99
Interest Cost	1.32
Expected return on plan assets	1.56
Net Actuarial loss recognized in the year	13.69
Expenses to be recognized in the profit & loss account	20.44

E. Details showing fair value of plan assets

	Rs. in Lakh
Fair value of plan assets as at 01.04.2007	21.91
Actual return on plan assets	1.68
Contributions	3.69
Benefit Paid	5.99
Fair value of plan assets as at 31.03.2008	21.30

F. Actuarial Gain / Loss recognized

	Rs. in Lakh
Actuarial loss on obligation	13.82
Actuarial gain on plan assets	0.13
Total loss for the year	13.69
Actuarial loss recognized in the year	13.69

G. Actuarial assumption

	31-03-2008	31-03-2007
Discount Rate	8.00%	7.50%
Salary Increment	8.00%	3.50%
Mortality rates	Based on LIC 1994-1996	

3.8 Miscellaneous Expenses under Administrative and Other Expenses include remuneration to Auditors towards:

	2007 - 08	2006 - 07
Statutory Audit	5.00	4.00
Tax Audit	1.50	1.25
Certification	3.07	2.95
Travelling Expenses	0.11	0.16
Service Tax	1.18	1.01

3.9 Provisions and Write Off :

3.9.1 Provision against investments of Rs. 15.14 Lakh (previous year – Rs. 14.22 Lakh) represents excess of cost over face value of investment in Government Securities.

3.9.2 The provision of Rs. 1,20.00 Lakh (previous year – Rs. 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.

General

4.1 The main business of the Company is to provide long term financing for residential purposes in India. Accordingly there are no separate reportable segment as per Accounting Standard – AS17 – ‘Segment Reporting’ issued by Institute of Chartered Accountants of India.

4.2 The Company does not owe any sum to a small scale industrial undertaking as on 31st March 2008 (31.03.2007 – 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 2008 are as follows :

PTC's subscribed by the Company : Rs. 5,82.17 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. 5,23.78 Lakh as on 31.03.2008 (31.03.2007 - Rs. 7,08.52). 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					
Loans Outstanding	1085,09.61	85.41	2,31.60	1,02.45	1089,29.07
	(967,59.01)	(85.53)	(4,76.09)	(-)	(973,20.63)
Other Loans					
Loans Outstanding	343,17.25	–	4.96	–	343,22.21
	(195,97.05)	(-)	(2.20)	(-)	(195,99.25)
Total					
Loans Outstanding	1428,26.86	85.41	2,36.56	1,02.45	1432,51.28
	(1163,56.06)	(85.53)	(4,78.29)	(-)	(1169,19.88)

Figures in brackets pertain to previous year

Non Performing Loans including arrears

Rs. in Lakh

Particulars	Sub Standard	Doubtful	Loss	Total
Loans Outstanding	93.33	3,20.23	1,03.36	5,16.92
	(95.92)	(6,05.74)	(-)	(7,01.66)
Provisions	20.91	2,89.17	1,03.36	4,13.44
	(14.40)	(4,77.23)	(-)	(4,91.63)
Other Loans				
Loans Outstanding	-	6.86	-	6.86
	(-)	(6.86)	(-)	(6.86)
Provisions	-	2.06	-	2.06
	(-)	(1.37)	(-)	(1.37)
Total				
Loans Outstanding	93.33	3,27.09	1,03.36	5,23.78
	(95.92)	(6,12.60)	(-)	(7,08.52)
Provisions	20.91	2,91.23	1,03.36	4,15.50
	(14.40)	(4,78.60)	(-)	(4,93.00)

Figures in brackets pertain to previous year

- 4.5 In accordance with Accounting Standard – 18 'Related Parties Disclosures' - issued by the Institute of Chartered Accountants of India, the details of Related Parties Transactions are given below:

Details of Related Parties :

Joint Venture Promoters	:	Sundaram Finance Limited – (50.10% of the Share Capital) Union de Credit pour le Batiment S A (UCB) – (49.90% of the Share Capital)
Fellow Subsidiaries	:	Sundaram BNP Paribas Asset Management Company Ltd. Sundaram BNP Paribas Trustee Company Ltd. Sundaram Finance Distribution Ltd. LGF Services Ltd. Sundaram Infotech Solutions Ltd. Sundaram Business Services Ltd. Infreight Logistics Solutions Ltd. Professional Management Consultants 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 31.03.2008

Rs. in Lakh

	Joint Venture Promoters	Fellow Subsidiaries / Associates	Key Management Personnel	Total
Income				
Interest on Housing Loan	– (–)	– (–)	0.79 (0.16)	0.79 (0.16)
Rent and Connectivity Charges				
Sundaram Finance Ltd	2.63 (–)	– (–)	– (–)	2.63 (–)
Sundaram BNP Paribas Asset Management Company Ltd	– (1.67)	1.34 (0.72)	– (–)	1.34 (2.39)
Total	2.63 (1.67)	1.34 (0.72)	0.79 (0.16)	4.76 (2.55)
Expenses				
Rent and Office Maintenance				
Sundaram Finance Ltd	66.31 (52.25)	– (–)	– (–)	66.31 (52.25)
Brokerage, Commission, Deposit and Payroll Processing Charges				
Sundaram Finance Ltd	3,60.27 (2,24.21)	– (–)	– (–)	3,60.27 (2,24.21)
Intranet Maintenance charges				
Sundaram Finance Ltd	0.67 (–)	– (–)	– (–)	0.67 (–)
Guarantee Commission				
Sundaram Finance Ltd	7.29 (27.73)	– (–)	– (–)	7.29 (27.73)
Internal Audit fees				
Sundaram Finance Ltd	3.37 (3.37)	– (–)	– (–)	3.37 (3.37)
Connectivity and Other Charges				
Sundaram Finance Ltd	71.38 (73.59)	– (–)	– (–)	71.38 (73.59)
Remuneration	– (–)	– (–)	50.22 (42.17)	50.22 (42.17)
Interest on Fixed Deposits	– (–)	– (–)	0.01 (0.01)	0.01 (0.01)
Total	5,09.29 (3,81.15)	– (–)	50.23 (42.18)	5,59.52 (4,23.33)

Details of Related Parties Transactions for the year ended 31.03.2008

Rs. in Lakh

	Joint Venture Promoters	Fellow Subsidiaries / Associates	Key Management Personnel	Total
Assets				
Investment in Trust Securities				
Sundaram BNP Paribas Mutual fund	–	165,33.90	–	165,33.90
	(–)	(69,80.76)	(–)	(69,80.76)
Disinvestments in Trust Securities				
Sundaram BNP Paribas Mutual fund	–	165,33.90	–	165,33.90
	(–)	(81,01.02)	(–)	(81,01.02)
Investment in Trust Securities – at the end of the year				
Sundaram BNP Paribas Mutual fund	–	3,00.00	–	3,00.00
	(–)	(3,00.00)	(–)	(3,00.00)
Housing Loan – at the end of the year	–	–	65.60	65.60
	(–)	(–)	(5.85)	(5.85)
Other Assets				
Sundaram Finance Ltd.	77.22	–	–	77.22
	(–)	(–)	(–)	(–)
Total	77.22	333,67.80	65.60	335,10.62
	(–)	(153,81.78)	(5.85)	(153,87.63)
Liabilities				
Share Capital				
Union de Credit pour le Batiment S A (UCB)	10,15.23	–	–	10,15.23
	(–)	(–)	(–)	(–)
Securities Premium				
Union de Credit pour le Batiment S A (UCB)	39,84.77	–	–	39,84.77
	(–)	(–)	(–)	(–)
Other Liabilities				
Sundaram Finance Ltd	65.20	–	–	65.20
	(28.02)	(–)	(–)	(28.02)
Total	50,65.20	–	–	50,65.20
	(28.02)	(–)	(–)	(28.02)

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

4.6 Earnings per Share (Basic and diluted)

	2007 - 08	2006 - 07
A. Profit for the year after taxation (Rs. In lakh)	22,10.04	14,60.19
B. i) Actual number of equity shares	8,01,52,288	7,00,00,000
ii) Weighted Average number of equity shares of Face value of Rs. 10/- outstanding at the end of the year (in numbers)	7,44,38,159	7,00,00,000
C. Basic and diluted earnings per share (A/B) (in Rs.)	2.97	2.09

4.7 Expenditure in Foreign Currency (on payment basis)

On account of interest and travel to an extent of Rs. 12.82 lakh. (31.03.2007 – Rs. Nil)

4.8 Estimated amount of contracts remaining to be executed on capital account – Rs. 1,15.75 lakh (net of advance of Rs. 74.25 lakh). (31.03.2007 – Rs. Nil).

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
29th April 2008

S. Viji
Chairman
Nitin Palany
Managing Director
K. Arun
Head - Finance & Accounts
V. Sriraman
Company Secretary

Directors
T.T. Srinivasaraghavan
Srinivas Acharya
Frederic Amoudru
Bernard Michel
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. State Code

Balance Sheet Date
Date Month Year

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

Public Issue Rights Issue

Bonus Issue Private Placement

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

Total Liabilities Total Assets

Sources of Funds

Paid up Capital Reserves & Surplus

Secured Loans Unsecured Loans

Application of Funds

Net Fixed Assets Investments

Loans Net Current Assets

Deferred Tax Asset Misc. Expenditure

Accumulated Losses

IV Performance of Company (Amount in Rs. Thousands)

Turnover Total Expenditure

Profit / (Loss) Before Tax (+) Profit/(Loss) After Tax (+)

Earnings Per Share in Rs. Dividend Rate %

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

Item Code No. (ITC Code)

Product / Service Description

Cash Flow Statement

	For the year ended 31.03. 2008	For the year ended 31.03.2007
Particulars	Rs. in Lakh	Rs. in Lakh

A) Cash Flow From Operating Activities

Net Profit as per profit and loss account	22,10.04	14,60.19
Adjustments		
Provision for tax (including Wealth tax & FBT)	9,65.00	3,87.90
Deferred Tax	(30.99)	(17.29)
Dividend Income	(2,91.71)	(3,59.62)
Assets Discarded	-	1.76
Profit on Sale of Assets	(0.82)	(1.47)
Profit on Sale of Investments	(61.30)	(1,88.72)
Loss on Sale of Investments	2.99	-
Loss on Sale of Fixed Assets	0.69	0.59
Provision against Non Performing Loans	(77.50)	-
Provision against Standard Non Housing Loans	1,20.00	20.00
Provision against SLR Investments (Net)	12.29	14.22
Miscellaneous Expenditure Written Off	15.83	15.83
Others - Adjustments in General Reserve (towards AS 15)	-	(18.11)
Depreciation	47.10	72.97
Financial Expenses	107,81.06	83,33.59
Operating Profit before Working Capital Changes	136,92.68	97,21.84
Adjustments for:		
Trade and other receivables	(6,57.86)	(1,99.65)
Excess Interest Spread Asset Account	(6,77.80)	(81.39)
Trade payables and other liabilities	10,87.58	14,69.41
Loans Disbursed (Net)	(263,31.40)	(170,48.35)
Cash Generated From Operations	(128,86.80)	(61,38.14)
Financial Expenses	(107,81.06)	(83,33.59)
Advance Tax Paid	(9,90.00)	(419.50)
Net Cash from Operating Activity (A)	(246,57.86)	(148,91.23)

Cash Flow Statement

	For the year ended 31.03. 2008	For the year ended 31.03.2007
Particulars	Rs. in Lakh	Rs. in Lakh
B) Cash Flow From Investing Activities		
Dividend Received	2,91.71	3,59.62
Sale of Fixed Assets	7.69	4.49
Purchase of Fixed Assets	(34.60)	(41.22)
Purchase of Investments	(852,76.13)	(693,97.80)
Sale of Investments	800,48.39	715,08.60
Net Cash from Investing Activity (B)	(49,62.94)	24,33.69
C) Cash Flow From Financing Activities		
Increase in Share Capital	10,15.23	–
Increase in Securities Premium	39,84.77	–
Increase in Borrowings(Net)	32,49.23	186,88.56
Increase in Fixed Deposits (Net)	119,17.04	10,26.61
Commercial Paper	70,00.00	–
Net Cash From Financing Activity (C)	271,66.27	197,15.17
Net Increase/(Decrease) in cash and cash equivalent (A+B+C)	(24,54.53)	72,57.63
Cash and cash equivalent at the beginning of the period	79,68.11	7,10.48
Cash and cash equivalent at the end of the period	55,13.58	79,68.11

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	25.83	54.39
Balances with banks- current account	29,87.75	9,13.72
Balances with banks- Short term deposits	25,00.00	70,00.00
Cash and Cash equivalents	55,13.58	79,68.11

- 2) Total tax paid during the year(Including tax deducted at source) amounted to Rs. 11,11.45 lakh

As per our report of even date attached
For Brahmayya & Co.
Chartered Accountants
P. Babu
Partner
Membership No.203358
Chennai
29th April 2008

S. Viji
Chairman
Nitin Palany
Managing Director
K. Arun
Head - Finance & Accounts
V. Sriraman
Company Secretary

Directors
T.T. Srinivasaraghavan
Srinivas Acharya
Frederic Amoudru
Bernard Michel
N. Ganga Ram
M.S. Parthasarathy