

June 2, 2010

**CARE ASSIGNS 'CARE AA+' RATING TO NCD ISSUE OF SUNDARAM BNP PARIBAS HOME FINANCE LTD.**

CARE has assigned '**CARE AA+**' [**Double A Plus**] rating to the proposed NCD issue of Sundaram BNP Paribas Home Finance Ltd aggregating to Rs.150 crore. Instruments with this rating are considered to offer high safety for timely servicing of debt obligations. Such instruments carry very low credit risk.

**Rating Rationale**

The rating factors in the company's healthy asset quality, which is amongst the best in industry; comfortable capital adequacy levels as well as profitability. The rating is also well supported by strong parentage in the form of Sundaram Finance Ltd. and BNP Paribas Personal Finance (100% subsidiary of BNP Paribas (SA) France). The rating is however constrained by the company's relatively small asset base as well as the limited reach of the company in Southern India.

<b>Instruments</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>1</sup></b>	<b>Remarks</b>
Non Convertible Debenture Issue	150	' <b>CARE AA+</b> ' ( <b>Double A Plus</b> )	Assigned

**Background**

Sundaram Home was incorporated as Sundaram Home Finance Limited (SHFL) by Sundaram Finance Ltd (SFL) with equity participation from International Finance Corporation (IFC), Washington, and FMO Netherlands in 1999. In FY08, SFL and BNP Paribas Personal Finance [erstwhile Union de Credit pour le Batiment (UCB)] a wholly owned subsidiary of BNP Paribas (SA) France, entered into an agreement, as a result of which, BNP Paribas Personal Finance acquired 49.9% stake in SHFL. Subsequently; the company was renamed Sundaram BNP Paribas Home Finance Ltd effective from Nov. 28, 2007. Sundaram Home is based in Chennai with focus of providing both housing as well as non housing loans to individuals in the Southern states of Tamil Nadu, Andhra Pradesh, Kerala and Karnataka. The company has about 37 Offices; (inclusive of 13 full-fledged branches) through which it operates.

<sup>1</sup> "Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications"

Sundaram Home's Total income for FY09 stood at Rs.208 crore (FY08: Rs.160 crore) with a PAT of Rs.27 crore (FY08:Rs.22 crore) on a loan book of Rs.1592 crore as on March 31, 2009 (March 31, 2008:Rs.1433 crore) Sundaram Home's asset quality is amongst the best in the industry with a gross NPA ratio of about 0.30% and a net NPA ratio of 0.10% as on Mar. 31, 2009. The company's net NPA to networth ratio also has been healthy at 0.80% as on Mar. 31, 2009. CAR of Sundaram Home stood at 14.36% as on Mar. 31, 2009. For 9MFY10, the company reported a PAT of Rs.20.06 crore on total income of Rs.174.16 crore.

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