

Directors' Report.....

To The Members

The Directors of the Company hereby present their Sixteenth Annual Report on the Company's business and operations together with the Financial Statements for the Financial Year 2006-2007.

Financial Results

Financial Results of the Company for the year ended 31st March, 2007 are summarized hereunder

(Rupees)

PARTICULARS	2006-2007	2005-2006
Profit Before Tax	74, 01, 706	57, 68, 728
Provision for Taxation		
- Current Tax	16, 24, 141	15, 73, 926
- Deferred Tax	(2, 05, 518)	(2, 71, 690)
- Income Tax related to earlier years	2, 92, 715	1, 77, 971
- Fringe Benefit Tax	1, 49, 908	1, 72, 643
Profit After Tax	55, 40, 460	41, 15, 878
Add: Profit carried from earlier years	2, 05, 50, 181	1, 84, 76, 737
Profit available for appropriations	2, 60, 90, 641	2, 25, 92, 615
Appropriations		
Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	29, 33, 681	20, 42, 434
Balance carried to Balance Sheet	2, 31, 56, 960	2, 05, 50, 181

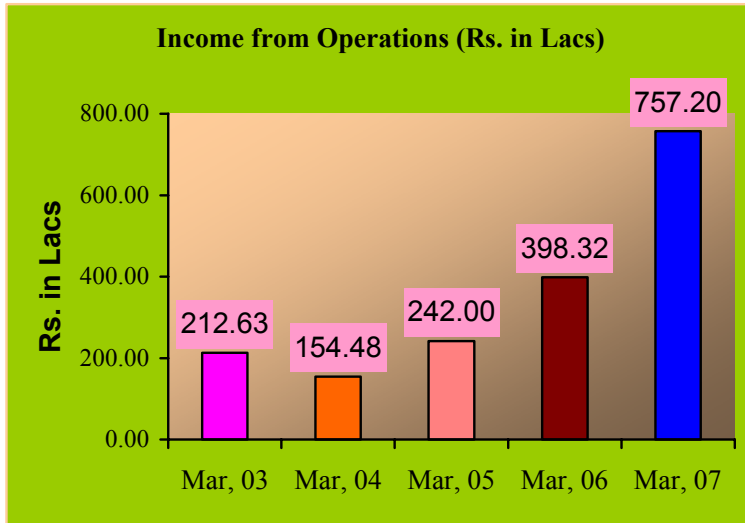
Performance

Notwithstanding the tremendous increase in the property prices over the past few years, the Housing Finance Companies (HFCs) have continued to witness robust and sustained business growth. There is a huge demand for home loans as the purchasing power of the consumers has increased along with the increasing urbanisation and growing economy.

During the year under review, your company recorded an all round growth in financial performance in both Profit & Loss account and Balance Sheet parameters. The Income from Operations amounted to Rs. 757.20 lacs as against Rs. 398.32 lacs in the preceding year, representing a rise of 90%.

The Profit Before Tax (PBT) for the year under review increased by 28.30% to Rs. 74.02 lacs from Rs. 57.69 lacs in the previous year.

Profit After Tax (PAT) went up by 34.60% to Rs. 55.41 lacs from Rs. 41.16 lacs in the previous year.



Business Results & Branch Network

During the year under review, your Company disbursed loans aggregating to Rs. 33.31 Cr. The outstanding loan portfolio as at 31.03.2007 stood at Rs. 76.63 Cr. (Previous Year Rs.53.28 Cr.).

The cumulative Log-in, Sanction and Disbursement amount as on 31.03.2007 are as under:

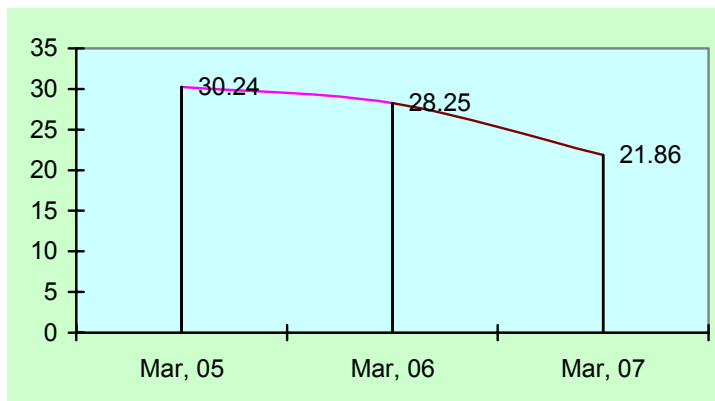
Particulars	No. of Accounts	Amount (Rs. in Cr.)
Cumulative Log-in	3461	Rs.270.82 Cr.
Cumulative Sanction	1901	Rs.149.44 Cr.
Cumulative Disbursement	1569	Rs. 92.27 Cr.

During the year under review (w.e.f. May 01, 2006) your Company opened one new branch at Kanpur taking the total number of branches to fourteen. The Company now operates from four regions (Kolkata, Lucknow, Hyderabad and Mumbai) and fourteen branches (Kolkata, Asansol, Siliguri, Ranchi, Durgapur, Lucknow, Gorakhpur, Kanpur, Mumbai, Pune, Thane, Hyderabad, Vijayawada and Vishakapatnam) and is serving the customers through its attractive and competitive home loan schemes.

Capital Adequacy Ratio (CAR):

As per the Housing Finance Companies (NHB) Directions, 2001 dated 27th December 2002, every Housing Finance Company shall maintain a minimum Capital Adequacy Ratio (CAR) of 12%. The Capital Adequacy Ratio of SHCL as on 31st March 2007 was 21.86%.

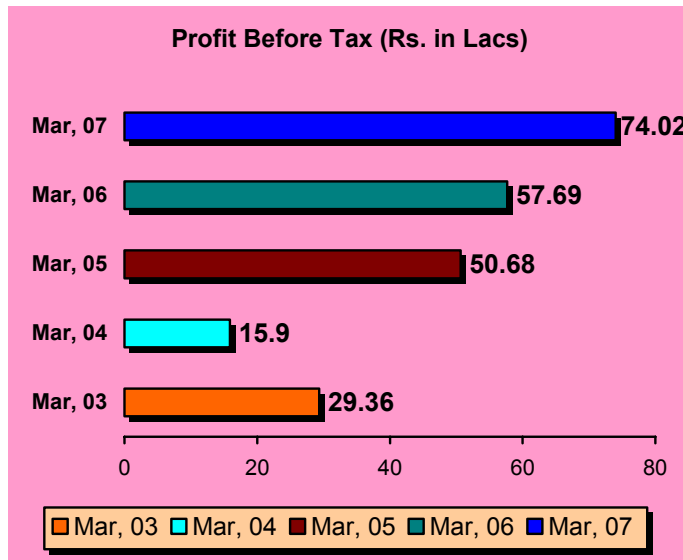
Particular of the CAR for last three years is given below:



Unclaimed Deposits

During the year under review, the Company had neither accepted nor renewed any deposits from the Public. However, as on 31st March, 2007 deposits (including Recurring Deposits) amounting to Rs.1.54 lacs (previous year Rs. 1.54 lacs) was lying as unclaimed deposits. The total numbers of accounts involved are 36 (Previous Year 36). Depositors have been intimated regarding the maturity of their deposits.

The said amount is not due for transfer to the Investor Education & Protection Fund (IEPF) as at the Balance Sheet date.



Transfer of Unpaid / Unclaimed Dividend

During the year ended March 31, 2007 unclaimed dividend amounting to Rs. 2.29 lacs was transferred to the Investor Education & Protection Fund (IEPF) in terms of Section 205A (5) of the Companies Act, 1956.

Appointment / Re-appointment of Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri J. B. Roy and Shri S. P. Ghosh, Directors of the Company, retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for reappointment.

None of the aforesaid Directors of the Company are disqualified for being re-appointed as Directors pursuant to Section 274 (1) (g) of the Companies Act, 1956.

Internal Control

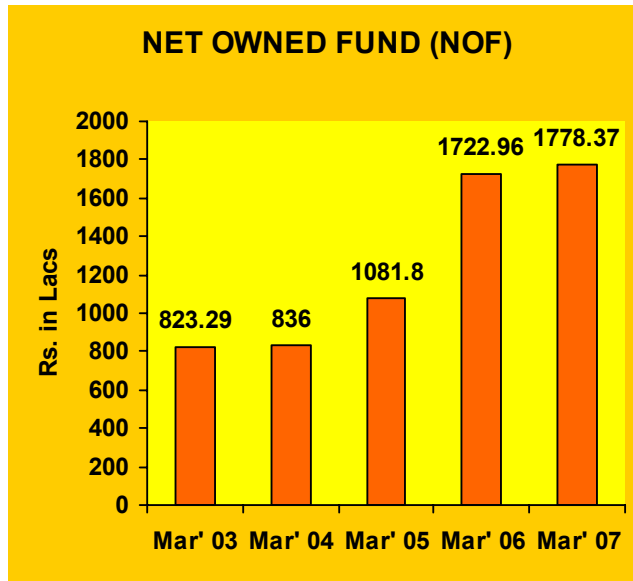
As per the NHB Directions, your Company has framed policies on 'Know Your Customer and Anti-Money Laundering Standards' and 'Fair Practice Code' in order to upgrade the procedures of collecting the information from the prospective borrowers and to ensure fair practices in dealing with the borrowers.

Auditors

Pursuant to the recommendations of the Audit Committee at its meeting held on 29th June, 2007, the Board of Directors of the Company has approved, subject to the approval of the Members at the ensuing Annual General Meeting, the appointment of M/s Chaturvedi &

Co., Chartered Accountants, Kolkata, as the Statutory Auditors, of the Company for the financial year 2007-08.

In terms of the provisions of Section 224 of the Companies Act, 1956 ("the said Act") M/s Chaturvedi & Co. retire at this Annual General Meeting and being eligible, offer themselves for re-appointment. In terms of the provisions of Section 224 (1B) of the said Act, M/s Chaturvedi & Co. has furnished a certificate that their appointment, if made will be within the limits prescribed under Section 224 (1B) of the said Act.



Auditors' Report

The observations made by the Statutory Auditors in their report, read with the relevant notes to accounts, are self-explanatory.

Particulars of Employees

No employee of your Company was in receipt of remuneration in excess of the limits as laid down under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended.

Conservation of Energy, Technology Absorption & Foreign Exchange Earnings & Outgo

Since the Company does not own any manufacturing facility, the other particulars relating to conservation of energy and technology absorption as per section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

There has been no foreign exchange earning and outgo during the year under review.

NHB Guidelines

Your Company has been rigorously following the various Guidelines issued by the National Housing Bank (NHB) from time to time. The circulars and the notifications issued by the Regulator are also placed before the Board at regular intervals along with compliance of the same.

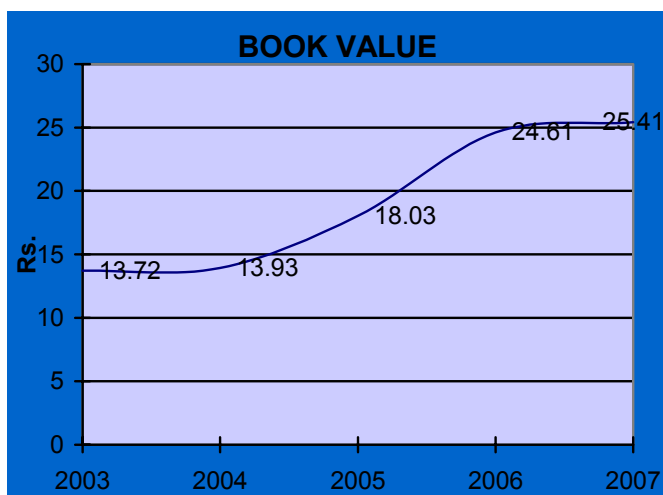
Your Company has been complying with the guidelines in respect of Income Recognition, Provisioning for Non-Performing Assets and maintaining Capital Adequacy Ratio issued by the NHB from time to time.

Dividend

Your Directors felt it prudent to retain the earnings for the year under review to be ploughed back in business, as well as to repay the high interest bearing debts, which shall result in further augmentation of the Company's growth and shareholders' wealth.

Depository System

Your Company has entered into an agreement with CDSL / NSDL for transaction of shares in dematerialized form.



Human Resources and Training

With a view to enhancing the Company's competitive strengths, your Company undertook several initiatives during the year to further upgrade the knowledge and skills of its frontline staff, with the objective of enhancing value creation for its customers. The Company continued to offer in-house training programme to staff members in executive development, leadership and management skills. The Company also sponsored its employees at various levels to attend various seminars and programmes conducted by various organizations and institutions including Training programmes conducted by the National Housing Bank so as to update their knowledge and to keep them abreast of all the developments in their respective fields.

The total work force strength of the Company as on 31st March 2007 was 53.

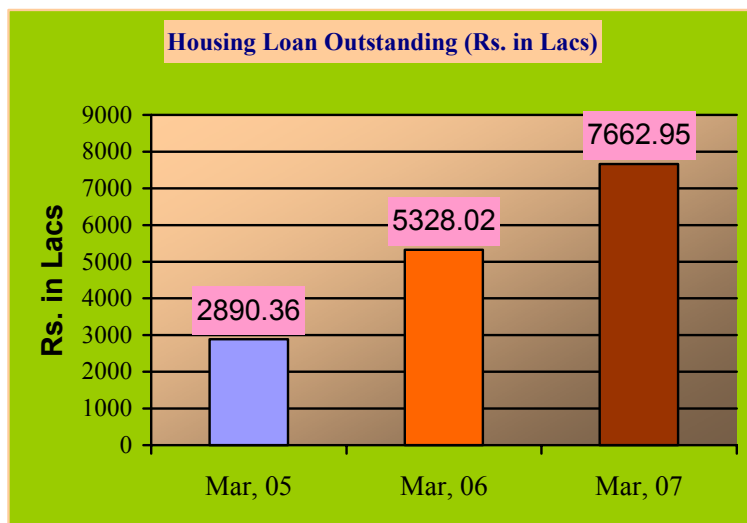
Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956 and based on the information provided by the management, the Directors of the company confirm that:

- in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and that there are no material departures.
- in the selection of the Accounting Policies, consultation with the Statutory Auditors have been made and have applied them consistently, made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the State of Affairs of the company at the end of the financial year and of the Profit of the company for that period.
- proper and sufficient care has been taken to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the

provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- the Annual Accounts have been prepared on a Going Concern Basis.



Insurance Protection to Borrowers

Your Company has tied up with National Insurance Company Limited for its comprehensive insurance cover product called “**NATIONAL INSURANCE SAHARA HOME LOAN SURAKSHA BIMA**” which covers the borrowers of the Company against the following risks / perils / natural calamities:

- (a) **PERSONAL ACCIDENT INSURANCE:**
- * Death due to accident;
 - * Accidental loss of two limbs, two eyes or one limb and one eye;
 - * Permanent total disablement from injuries other than named above.
- (b) **PROPERTY INSURANCE:**
- * Fire
 - * Storm
 - * Earthquake
 - * Riot, Strike and Malicious damage
 - * Lightning
 - * Explosion / Implosion
 - * Aircraft damage, Impact damage
 - * Subsidence and Landslide including Rock Slide
 - * Bursting or Overflowing of Water Tanks & Pipes, Missile testing operations
 - * Leakage from Automatic Sprinkler Installations, Bush Fire.
 - * Other natural calamities.

The other details regarding the product (e.g. Sum insured, premium payable etc.) are explained to the borrowers during personal discussion with them at the time of credit appraisal.

Corporate Governance

The Corporate Governance Report is set out as an Annexure to this report.

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis Report, Corporate Governance Report and Auditors’ Certificate regarding compliance form part of this Annual Report.

Statutory Disclosures

None of the Directors of the company is disqualified to be appointed as Director under the provisions of Section 274(1)(g) of the Companies Act, 1956. The Directors have made necessary disclosures, as required under various provisions of the Act and Clause 49 of the Listing Agreement with the Stock Exchange/s.

Rights Issue

Your Company has vide Postal Ballot, the result of which was announced on December 26, 2006 passed Special Resolution under Section 81 of the Companies Act, 1956 to issue equity shares on 'Rights Basis' in the ratio of 1:1 to the existing shareholders of the Company. The objectives, among others, of the said issue are a) leveraging the NOF (b) further strengthening of the Capital Adequacy Ratio (c) meeting the increasing demand for Housing Loan and (d) retiring the high costs debts.

The letter of offer to the said issue is presently in draft stage and will soon be filed with the SEBI.

A Note of Appreciation

Your Board of Directors would like to express its sincere appreciation to all the Company's valued customers / borrowers, shareholders, debenture holders, RTA, banks, financial institutions, service providers and counsellors, for their continued support and patronage. The Directors are grateful for the co-operation of regulatory authorities including the NHB, RBI, SEBI, Ministry of Corporate Affairs, the Registrar of Companies, the Stock Exchanges and the Depositories.

Your Directors appreciate the hard work, loyalty and professionalism of the employees of the Company. The employees continue to remain the Company's most valuable assets and the Directors place on record their deep sense of appreciation for the commitment displayed by all employees of the Company resulting in successful performance during the period under review.

for and on behalf of the Board of Directors

Lucknow
29.06.2007

Sd/-
(S.P. Ghosh)
Director

Sd/-
(O.P.Srivastava)
Director

Corporate Governance Report

(Under Clause 49 of the Listing Agreement with Stock Exchanges)

Corporate Governance is a system encompassing a set of mechanics by which fiduciary authority is exercised in corporates. At SHCL, it is an ethical mode we live by and conduct our business.

The debate on how to strengthen and promote good corporate governance continues to intensify. Good governance can not be achieved by crafting a rule for each circumstance nor can there be a self-encompassing checklist that guarantees good governance. A number of financial irregularities across the globe have made regulators think of new ways to ensure transparency, integrity and accountability. Corporate governance codes are constantly being revised. The voice of shareholder activism has never been louder and the focus of regulators perhaps never been so intense.

The spirit of good corporate governance cannot be codified. Regulatory compliance only ensures a minimum threshold limit for accountability. The ethical role of directors is crucial. The 'tone at the top' that directors set by action and example is the pivot of the overall ethical environment of their companies.

Corporate Governance at SHCL

The Company consistently strives to attain higher levels of accountability, transparency and fairness across all its operations to enhance the value for shareholders, customers, employees, business associates and the community at large. At SHCL, the spirit of Corporate Governance goes beyond mere adherence to regulatory framework and aims to achieve excellence through the adoption of competitive strategies, prudent business plans, ongoing monitoring, risk mitigation and checks, enhancing the stakeholder value. The Company's Board follows ethical standards of Corporate Governance and adheres to the norms and disclosures mentioned in the revised Clause 49 of the Listing Agreement with stock exchanges.

Board of Directors

Composition

As at 31st March, 2007 the Board of Directors comprises of three Non-Executive Promoter Directors and four Independent Non - executive Directors. Brief profile of the Directors is highlighted elsewhere in the Annual Report. Shri Subrata Roy Sahara is the Non-executive Chairman of the Board. The Directors of the Company are competent and reputed in their respective fields. All the Non-Executive Directors, except the Promoter Directors are Independent. The Directors took part in the proceedings of the Board and committee meetings to enhance the decision making. They received sitting fees for attending the meetings and did not have any other material or pecuniary relationship or transaction with the Company, its promoters, management. In 2006-07, the composition of the Board was in conformity with Clause 49 of the Listing Agreement.

Category	Directors	Percentage of total number of Directors
Promoter		
- Executive	---	0.00
- Non-Executive	Shri Subrata Roy Sahara Shri Om Prakash Srivastava Shri Joy Broto Roy	42.86
Independent Directors	Shri Brijendra Sahay Shri Sakti Prasad Ghosh Shri Ranoj Dasgupta Shri Malka Komaraiah	57.14
Total		100

Membership

Technical and professional expertise, specialization in the respective fields, experience and leadership skills are some of the attributes of the Board membership. The members of the Board are competent enough to provide leadership, strategic guidance, objective judgement of management and control over the Company, while remaining accountable to shareholders.

Tenure

The Board constantly evaluates the contribution of its members and recommends their reappointment to the shareholders. Non-executive Directors do not have a specified term, but they are subject to retirement by rotation. Of the retiring directors at least one third retires every year and if eligible, qualify for re-appointment.

Responsibilities

The Board of Directors represents the interests of the company's shareholders, in optimizing long-term value by providing the management with guidance and strategic direction on the shareholders' behalf. The board's mandate is to oversee the Corporation's strategic direction, review corporate performance, authorize and monitor strategic investments, ensure regulatory compliance and safeguard interests of shareholders.

Role of Independent Directors

One of the principle characteristics of efficient corporate governance is the ability of independent directors to approve the overall strategy, oversee the performance of management and participate and take an independent stance on major decisions. Independent directors form the cornerstone of good corporate governance. Their key role is to provide an unbiased, independent, varied and experienced perspective to the board. The independent directors of the Corporation play an important role in the deliberations of the board meetings and bring to the Corporation their wide experience in finance, housing, management, accountancy, law, public policy, engineering and corporate strategy. The Corporation benefits immensely from their expertise in achieving its strategic direction. The Audit Committee and Remuneration Committee comprise sufficient number of independent directors. Each of these committees function within defined terms of reference and the minutes of the committee meetings are circulated and discussed at the board meetings. Board members ensure that their other responsibilities do not impinge on their responsibilities as a director of SHCL

Board Compensation

The independent directors receive sitting fees for board/ committee meetings attended by them and do not have any other material pecuniary relationship or transaction with the Company, its Promoters or the Management.

The details of Remuneration paid to Directors during the year under review are as under:

<u>Name of Directors</u>	<u>Sitting Fees paid for</u>		<u>Total (Rs)</u>
	<u>Board Meetings</u> Amount(Rs.)	<u>Committee Meetings</u> Amount(Rs.)	
Shri J.B.Roy	40,000	40,000	80,000
Shri Om Prakash .Srivastava	40,000	40,000	80,000
Shri Brijendra Sahay	50,000	40,000	90,000
Shri Sakti Prasad Ghosh	50,000	40,000	90,000
Shri Ranoj Dasgupta	50,000	40,000	90,000

Notes:

- a) Sitting fees of Rs. 10,000/- are paid for each Board Meeting and Audit Committee Meeting held during the year.
- b) There were no other pecuniary transactions with the Non-Executive / Independent Directors of the Company during the year.

Membership of other Boards & Committee Membership

Independent Directors are not expected to serve on the Board of competing companies. There is no other limitation on them save those imposed by law and good corporate governance practice. Numbers of Directorship / Committee Membership in **public limited companies as on 31.03.2007, other than SHCL**, of the Board members are as under:

Directors	Category	No. of Directorships In other Companies	No. of Committee positions held in other Public Companies	
			AUDIT COMMITTEE	SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE
Shri Subrata Roy Sahara	Promoter & Non-executive	12	2	-
Shri Joy Broto Roy	Promoter & Non-executive	11	6	1
Shri Om Prakash Srivastava	Promoter & Non-executive	12	8	0
Shri Brijendra Sahay	Independent & Non-executive	03	2	2
Shri Sakti Prasad Ghosh	Independent & Non-executive	01	-	-
Shri Ranaj Dasgupta	Independent & Non-executive	04	1	1
Shri Malka Komaraiah	Independent & Non-executive	05	1	-

Board Meetings

The meetings of the Board of Directors are normally held at the Sahara Group's Command Office at Lucknow. Meetings are generally scheduled well in advance and the notice of each board meeting is given in writing to each director. The board meets at least once in every three months to review the quarterly performance and the financial results. The company secretary prepares a detailed agenda for the meetings. The board papers comprising the agenda and other explanatory notes are circulated to the directors well in advance. The members of the board have complete access to all information of the Corporation. The members of the board are also free to recommend inclusion of any matter in the agenda for discussion. Senior management is invited to attend the board meetings so as to provide additional inputs to the items being discussed by the board. During the year under review the Directors met **seven** times i.e. on 25th May 2006, 30th June 2006, 29th July 2006, 9th September 2006, 28th October 2006, 15th November 2006 and 30th January 2007. No Director was paid any commission or remuneration except sitting fees for attending the meetings. Sitting fees of Rs. 10,000/- was paid to the Directors for every Board and Audit Committee Meeting attended by them, except for meetings wherein the Directors, voluntarily, decided to waive the sitting fees payable by the Company.

Details of the Board Meetings during the financial year:

Sl.No.	Date	Board Strength	No. of Directors Present	No. of Resolutions Passed	Place Where Held
1	25 th May 2006	7	5	9	Lucknow
2	30 th June 2006	7	5	15	Lucknow
3	29 th July 2006	7	5	5	Lucknow
4	9 th Sept 2006	7	3	3	Kolkata
5	28 th Oct 2006	7	5	4	Lucknow
6	15 th Nov 2006	7	3	4	Kolkata
7	30 th Jan 2007	7	5	9	Lucknow

Appointment / Reappointment of Directors at the 16th AGM

Sri Joy Broto Roy and Sri Sakti Prasad Ghosh are liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, have offered themselves for reappointment.

Sri Joy Broto Roy, 46, Dy. Managing Director, Sahara India Pariwar was appointed as a Director liable to retire by rotation. He retires at the sixteenth AGM and is eligible for reappointment.

Sri Sakti Prasad Ghosh, 67, former Executive Director of National Housing Bank, was appointed as a Director liable to retire by rotation. He retires at the sixteenth AGM and is eligible for re-appointment.

Information placed before the Board of Directors during the year includes:

The Board has unfettered and direct access to any information within the Company and to any employee of the Company. At the meetings of the Board, it welcomes the presence of managers who can provide insight into the items being considered.

The following information is regularly supplied to the Board along with the specific item agenda:

- Annual operating plans and budgets, capital budgets and any updates;
- Quarterly results of the Company;
- Minutes of meetings of Audit, Remuneration, Shareholders' / Investors' Grievance Committees, as well as abstracts of circular resolution passed;
- General notice of interests and any updates;
- Notices under Section 274(1) (g) of the Companies Act, 1956;
- Information on recruitment and /or remuneration of senior officers just below the Board level.
- Materially important litigation, show-cause, demand, prosecution, and penalty notices;
- Fatal or serious accidents or dangerous occurrences;
- Any materially relevant defaults in financial obligations to and by the Company;
- Any issue, which involves possible public or product liability claims of a substantial nature;

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- Details of any joint venture or collaboration agreement;
- Transactions that involves substantial payment, if any, towards brand equity or intellectual property; etc;
- Significant developments on the human resources front;
- Sale of material nature, of investments, subsidiaries, assets, which is not in the normal course of business;
- Non-compliance of any Regulatory or of Statutory nature, Listing requirements, as well as shareholders' services, such as non-payment of dividend, delays in share transfer, etc;
- Transfer of unpaid / unclaimed dividend / debenture interest / shareholders' refund, pending for more than 7 years, to Investors' Education and Protection Fund of the Central Government;
- Related Party Transactions;
- Risk Analysis Report;
- Social / Community Initiatives.
- Any other relevant & critical issues pertaining to the Company.

Board Committees

To enable better and more focused attention on the affairs of the Corporation, the board delegates particular matters to committees of the board set up for the purpose. The terms of reference of the Board Committees are determined by the Board from time to time. These committees prepare the groundwork for decision making and report at the subsequent board meeting. Presently, the Company has three committees of the Board, viz, Audit committee, Shareholders' / Investors' Grievance Committee and Remuneration Committee. Each committee has an appropriate combination of Non-Executive and Independent Directors.

Audit Committee

As on March 31, 2007, the Audit Committee comprised of three Independent Directors and two Promoter & Non-Executive Directors. The Audit Committee is constituted in accordance with the provisions of the listing agreements and the Companies Act, 1956. All the members of the committee are qualified and financially literate. The Chairman of the Committee is qualified and experienced in the fields of finance, accounts and company law. The quorum for the meeting of the Audit Committee is two members. The company secretary acts as the secretary to the committee.

Role and powers of the Audit Committee

Role

- Review with the management, external and internal auditor, the adequacy of internal control systems and audit procedures.
- Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommend the appointment and removal of the external auditor, fixation of the audit fee and also approval for payment of any other services.
- Review with the management the annual financial statements before submission to the Board.
- Review the adequacy of the internal audit function, including the structure of the internal audit department, reporting structure coverage and frequency of internal audit.

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- Discussion with the internal auditors any significant findings and follow-up thereon.
- Review the findings of any internal investigations by the internal auditors into matters where there is a suspected irregularity or failure of internal control systems of a material nature and report the matter to the Board.
- Discussion with external auditors before the audit commences regarding the nature and scope of the audit as well as post-audit discussion to ascertain any area of concern.
- Review the Company's financial and risk management policies.
- Look into the reasons for substantial defaults in the payment to debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Review performance of internal and external auditors of the Company.
- Review the Auditors' Report and actions taken by the management with respect to observations and qualifications of the auditors.

Powers

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain external legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit Committee mandatorily reviewed the following:

- Management's discussion and analysis of the financial condition and results of operation.
- Statement of significant annual related-party transactions.
- Management letters/letters of internal control weakness issued by the statutory auditors.
- Internal audit reports relating to internal control weakness.
- The appointment, removal and terms of remuneration of the Internal Auditor.

Meetings were scheduled well in advance. The Audit Committee considered and recommended the financial results for approval by the Board. Statutory auditors were invited to attend the meeting. The head of the internal audit function attended the Audit Committee meetings; the committee also invited senior executives to be present.

Details of Audit Committee for the financial year ended on 31 March 2007

Total No. of Members	5
Whether the Chairman is an Independent Director (Y / N)	Y
Whether the Chairman attended last AGM to answer Shareholders' queries (Y / N)	Y
Whether the Company Secretary acts as a Secretary to the Committees(Y / N)	Y
No. of members who are Non-Executive Directors	5
No. of members who are Independent Directors	3
Detail of Director having financial and accounting knowledge	Sri Sakti Prasad Ghosh, Chairman

Composition and Attendance at Audit Committee Meetings

Names of the Committee Members	Category of Director-Non-Executive / Independent	Meeting Details during F.Y. 2006-07			Whether Attended Last AGM(Y/N)
		Held	Attended	% of Total	
Sri Sakti Prasad Ghosh	Independent	4	4	100	Y
Sri Joy Broto Roy*	Promoter & Non-Executive	4	4	100	N
Sri Om Prakash Srivastava	Promoter & Non-Executive	4	4	100	N
Sri Brijendra Sahay	Independent	4	4	100	Y
Sri Ranoj Dasgupta	Independent	4	4	100	Y

**With the resignation of Sri Joy Broto Roy from the Committee w.e.f 31.07.2007, the Committee now comprises of three Independent Directors and one promoter& Non-Executive Director.*

Remuneration Committee

The broad terms of reference of the Remuneration Committee is to ensure that the remuneration practices of the company in respect of the Senior Executives are competitive keeping in view prevalent compensation packages so as to recruit and retain suitable individual(s) in such capacity.

The committee comprises of three Independent Directors. During the financial year ended 31st March 2007, two meetings of the committee were held i.e. on 9th September 2006 at Kolkata and 13th March 2007 at New Delhi. The composition of the Remuneration Committee and the attendance of each Director at the meetings were as below:

Members	Category	No of Meetings Attended
Shri Brijendra Sahay (Chairman)	Independent	2
Shri Sakti Prasad Ghosh	Independent	2
Shri Ranoj Dasgupta	Independent	2

The Remuneration Policy of the company for managerial personnel is primarily responsible for the following matters:

- Determine the remuneration of the managerial personnel based on the track record, potential and performance of the individual managers;
- Review employee performance on an Annual Basis;
- Determine increase in emoluments on the basis of such review

Shareholders'/Investors' Grievance Committee

The Board has formed an Investors'/ Shareholders' Grievance Committee to look into and monitor the redressal of complaints made by shareholders and investors. Complaint area includes:

- Share Transfer
- Non-receipt of Annual report
- Requests for dematerialization / rematerialisation, change of address etc.

The Committee comprises of two Independent Directors. The Company Secretary of the Company acts as the Compliance Officer. The details of the Compliance Officer are provided elsewhere in the report.

Details of Shareholders'/Investors' Grievance Committee for the financial year ended on 31 March 2007

Name of Non-Executive Chairman of the Committee	Sri Sakti Prasad Ghosh
Details of the Authority to which work related to share transfer is delegated	Intime Spectrum Registry Limited C-13, Pannalal Silk Mills Compound Lal Bahadur Shastri Marg Bhandup (W), Mumbai- 400 078 Tel: 022-2596-3838, Fax:022-2594-6969
Whether the Company Secretary acts as the Compliance Officer of the Company (Y/N)	Y

Compliance of Shareholders' / Investors' Grievance Committee and Members' Attendance at its meetings held during F.Y.2006-07

Names of the Committee Members	Category of Director-Non-Executive / Independent	Meeting Details		
		Held	Attended	%
Shri Sakti Prasad Ghosh	Independent	8	8	100
Shri Ranaj Dasgupta	Independent	8	8	100

The Compliance Officer has attended all the meetings of the Committee to effectively monitor the complaints received vis-à-vis the share transfer and other related processes and reported to the Board about the same. He has also carried out his responsibility of liaison officer with the investors and regulatory authorities, such as SEBI, Stock-Exchanges, Registrar of Companies, RBI, etc. in respect of implementing laws, rules, regulations and other directives of such authorities in respect of investor service and complaints.

CEO/ CFO Certification

The CEO / CFO certification of the financial statements and the cash flow statement for the year has been obtained and was placed before the Board.

Management review and responsibility

1. Evaluation of Officers

A Management Committee headed by the CEO along with the senior executives reviews the annual performance of the officers and decides the annual increment and performance linked bonus, if any, for the concerned officers.

2. Interaction of the Board with external agencies and the employees

The Chief Executive Officer on behalf of the Board along with the other officials of the Company interacts with various external agencies, like Government Departments / Statutory and Regulatory Bodies for different business needs.

The CEO meets the employees on various occasions to discuss issues, which have a bearing on the business, as well as matters affecting them specifically. The Company encourages a robust two – way communication across hierarchies, creating a healthy corporate environment without fear of reprisal. It recognizes that formal and informal interaction, opinions and suggestions contribute to the success of the organization.

The Board specifically maintains a cordial relationship with external agencies, employees and other associations.

3. Management Discussion and Analysis

The management Discussion and Analysis is given as a separate chapter in this Annual Report.

4. Management Development

Employees are actively encouraged to increase their learning curve through need based, participative training programmes. This contributes positively to the overall development of the Management.

5. Company Secretary's Compliance

The Company being listed with the Bombay Stock Exchange (BSE), the Company Secretary presents to the Board, a quarterly Compliance Report relating to the legal and regulatory compliances made during the period.

Code of Conduct

In compliance with the Clause 49 (I) (D), the Company has laid down a Code of Conduct for all the Board members and senior management of the Company.

All the Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct.

Code for prevention of insider trading practices

The Company has laid down a Code of Conduct to be followed by its management and staff while dealing in the shares of the Company. The Code contains guidelines which advise them on procedures to be followed, disclosures to be made, closure of Trading Window and cautioning them of the consequences of violation of the Code.

Know Your Customer and Anti- Money Laundering Standards

The Company has formulated a code on 'Know Your Customer and Anti-Money Laundering Standards in accordance with the Guidelines issued by the National Housing Bank (NHB). The policy lays down various guidelines which are to be complied by all the Branch Heads, frontline staff and others while dealing with the customers of the Company. The code recognizes the importance of customer education and effective training to employees who deal with the customers.

The Principal Officer ensures conformity and compliance with the code by all concerned.

Fair Practices Code

The Company has formulated a policy on Fair Practices Code in accordance with the 'Guidelines on Fair Practices Code for Housing Finance Companies (HFCs)' issued by the National Housing Bank (NHB) which is designed to assist both the Company and its customers and is applicable to all the products and services offered by the branches across the counter, over the phone, by post, on the internet or by any other method. The code also lays down the various alternatives available to the customers in case the customers are not satisfied with the services offered by the Company.

Details of Non-Compliance

There has been no non-compliance of any legal requirements by the Company or strictures imposed by any Stock Exchanges, SEBI or Regional Director, Company law Board, National Housing Bank over the last three years for the year ended 31st March, 2007.

Whistle Blower Policy

To strengthen its policy of corporate transparency, the Company has established an innovative and empowering mechanism for employees. Employees can report to the management their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or Ethics Policy.

In this connection the management is responsible for:

- (a) Receive, retaining, investigating and acting upon complaints and concerns (collectively, the "Reports") of any employee (or , the Whistle Blower) regarding an actual / possible violation of the SHCL's Code of Conduct or an event that could affect the business and / or reputation of his / her own any other Group Company.
- (b) Establishing a fearless atmosphere where no reporting employee or Whistle Blower has the fear of being harassed, demoted, retaliated or threatened in any way, and thereafter maintaining the same.
- (c) Handling all such reports / concerns with as much confidentiality as possible such that there is no retaliation of any form against the Whistle Blower.
- (d) Retaining for three years, all records relating to (a) any Accounting allegation or Legal Allegation or report of a retaliatory act and (b) the investigation of any such report.

Auditor's Certificate on Corporate Governance

As per Clause 49 of the Listing Agreement, the Auditors' certificate on Corporate Governance is included elsewhere in the Annual Report.

General Body Meetings

Details of the previous three Annual General Meetings (AGM) are as follows:

Particulars	Date & Time	Venue
15 th A.G.M.	09.09.2006 11.00 A.M.	Sahara India Sadan 2A, Shakespeare Sarani, Kolkata-700 071
14 th A.G.M.	22.09.2005 11.00 A.M.	Sahara India Sadan 2A, Shakespeare Sarani, Kolkata-700 071
13 th A.G.M.	28.09.2004 11.45 A.M.	Sahara India Sadan 2A, Shakespeare Sarani, Kolkata-700 071

Special Resolution passed by the Company at the previous three AGMs

- 15th AGM: No Special Resolution.
- 14th AGM: Voluntary delisting of the Company's equity shares from Madras and Hyderabad Stock Exchanges.
- 13th AGM: I. Appointment of Shri D.J.Bagchi as the Managerial Person of the Company under Section 269 of the Companies Act, 1956.
- II. To make loans, to give any guarantee, or provide security in connection with a loan made by any other person to or to any other person by the Company, to borrow over and above the existing borrowings – for an aggregate amount of Rs. 1500/- Crores.

- III. To issue equity shares / debentures / bonds or any other securities by way of preferential or private placement basis under Section 80, 81 and 81(1A) of the Companies Act, 1956.
- IV. Authorization to the Board of Directors of the Company to borrow not exceeding Rs. 2500 Crores.

Postal Ballots

During the financial year ended 31st March, 2007, approval of shareholders was obtained by conducting a postal ballot for issue of 70, 00,000 equity shares of Rs.10/- each, on Rights Basis to the existing shareholders of the Company at a premium to be decided by the Company in consultation with the Lead Managers to the issue.

Shri P.V.Subramaniam, Practicing Company Secretary was appointed as a scrutinizer to receive and scrutinize the completed ballot forms received from the shareholders and for conducting the Postal Ballot process in a fair and transparent manner. After the scrutiny of all the postal ballot forms received by Shri P.V.Subramaniam, he submitted his report as under:

Particulars	No of Ballots	No. of shares	% of total paid-up equity capital
Total Postal Ballot Forms received	141	50,37, 161	100
Total invalid Forms	3	400	0.008
Total valid Forms	138	50, 36, 761	99.992
Total Forms with assent for the Resolution	132	50, 35, 856	99.974
Total Forms with dissent for the Resolution	6	905	0.018

On the basis of the Scrutinizer's Report, the Company announced that the 'Special Resolution' pursuant to Section 81 of the Companies Act, 1956, in respect of issue of equity shares of the Company on 'Rights Basis' as set out in the Notice sent to the shareholders is duly approved by the shareholders with the requisite majority.

Related Party Transactions

Related Party Transactions with Subsidiaries, Associate companies, Key Managerial Personnel and others, if any, are given in the Balance Sheet.

Secretarial Audit

A qualified practicing Company Secretary carries out secretarial audit of the Company on quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total issued paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL and the shares issued from time to time were listed with the Stock Exchange.

Means of Communication

As required under the Listing Agreement, the quarterly / annual financial results are published in widely circulated national and local dailies in *The Financial Express* in English and in *Aajkaal* in Bengali.

The Company also ensures effective interaction with the shareholders at the Annual General Meeting. The Directors pay special attention in answering the various queries raised by the shareholders at the AGM.

SAHARA HOUSINGFINA CORPORATION LIMITED

Pursuant to Clause 51 of the Listing Agreement with the Stock Exchange, the Company has uploaded the Annual Report for the Financial Year 2005-06 along with the Balance Sheet, Profit & Loss Account and Corporate Governance Report on EDIFAR System maintained by SEBI. Apart from this, the quarterly shareholding pattern and unaudited / audited financial statements at the end of each quarter are also being filed so that users, other than companies, can view the data submitted by the Company. The objective of e-filing is to disseminate information to various classes of market participants like investors, regulatory organisations, research institutions, etc.

General Shareholders Information

16 th Annual General Meeting Date, Time and Venue	Friday, 28 th September, 2007 at 11.00A.M. Sahara India Sadan 2A, Shakespeare Sarani, Kolkata-700 071
Financial Reporting Calendar:2007-08 (Tentative)	First Quarter Results July, 2007 Second Quarter Results October, 2007 Third Quarter Results January 2008 Annual Results April / June2008
Book Closure	Thursday 20 th September, 2007 to Friday, 28 th September, 2007 (Both days inclusive).
Listing on Stock Exchanges	Bombay Stock Exchange Limited (BSE). Phiroze Jeejebhoy Towers Dalal Street, Fort, Mumbai- 400 001 Stock Code 511533
ISIN Number for NSDL & CDSL	INE- 135C01012
Registered Office	Sahara India Sadan 2A, Shakespeare Sarani, Kolkata- 700 071 Ph: 033-2282 9067/0811, Fax: 033-2282 4910 Web-site: www.saharahousingfina.com

COMPLIANCE OF NON-MANDATORY REQUIREMENTS

Shareholder Rights

Half – yearly results including summary of the significant events are presently not being sent to the Shareholders of the Company.

Market (BSE) Price Data

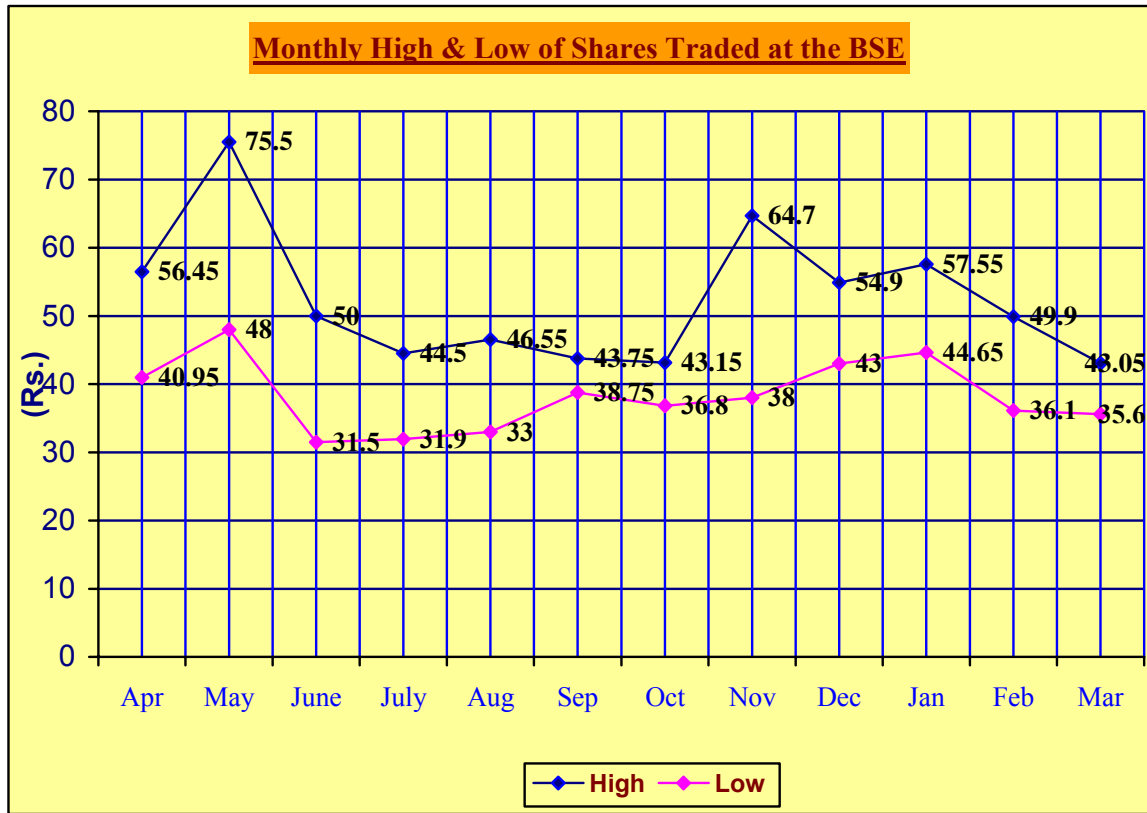
The monthly high and low stock valuations along with the volume of shares traded at the BSE are:

Period	High (Rs.)	Low (Rs.)	Qty. Traded
April, 06	56.45	40.95	70431
May, 06	75.50	48.00	197318
June, 06	50.00	31.50	55694
July, 06	44.50	31.90	24763
Aug,06	46.55	33.00	38003
Sept, 06	43.75	38.75	24890
Oct, 06	43.15	36.80	25063
Nov, 06	64.70	38.00	152699
Dec, 06	54.90	43.00	38470
Jan, 07	57.55	44.65	48680
Feb, 07	49.90	36.10	59367
Mar, 07	43.05	35.60	39551

YEAR HIGH: Rs. 75.50

YEAR LOW: Rs. 31.50

Monthly High & Low of Shares Traded on the BSE during 06-07:



Shareholding Pattern as on 31st March, 2007

No. of ordinary shares held	No. of shareholders	No. of shares	%
Promoters:			
Indian Promoters:			
- Sahara India Investment Corporation Limited	1	29,40,000	42.00
-Sahara India Corp Investment Limited.	1	16,38,587	23.41
- Sahara India Finance & Investment Limited	1	4,16,000	5.94
Total	3	49,94,587	71.35
Others			
Private Corporate Bodies:			
i) Gandevi Commerce Pvt. Ltd.	1	10,00,000	14.29
ii) Others	124	1, 71, 812	2.45
Indian Public	2188	8, 27, 727	11.83
NRIs / OCBs	8	4, 845	0.07
Others(Clearing Member)	3	1, 029	0.01
Total		20,05,413	28.65
Grand Total		70,00,000	100.00

Distribution of shareholding (Shares) as on 31st March, 2007

Shareholding		Shareholders Number	% of Total
Shares	Shares		
1	- 500	2005	86.16
501	- 1000	193	8.29
1001	- 2000	70	3.01
2001	- 3000	24	1.03
3001	- 4000	6	0.26
4001	- 5000	4	0.17
5001	- 10000	14	0.60
10001	And Above	11	0.48
TOTAL		2327	100

Top 10 Shareholders List (as on 31 March 2007)

Sr. No.	No. of shareholders	No. of Shares	% of Share Capital
1	Sahara India Investment Corporation Limited.	29, 40, 000	42.00
2	Sahara India Corp Investment Limited	16,38,587	23.41
3	Gandevi Commerce Pvt Ltd	10, 00, 000	14.29
4	Sahara India Finance & Investment Limited	4,16, 000	5.94
5	Sant Lal Jain & Sons Pvt. Ltd.	40, 750	0.58
6	Hitesh Ramji Javeri	30, 011	0.29
7	Skil Infrastructure Limited	21650	0.31
8	Veerendra Kumar V	14, 450	0.21
9	Sudhir Kumar Anandswaroop Gupta	12, 621	0.18
10	Snehalatha Singhi	11, 600	0.17
	Total	61, 25, 669	87.38

Name and Address of the Registrar & Share Transfer Agents of the Company

Intime Spectrum Registry Limited
C-13 PANNALAL SILK MILLS COMPOUND
LBS ROAD, BHANDUP WEST,
MUMBAI- 400 078
Tel: (022) 2596 3838, Fax: (022) 2594-6969
E-mail: isrl@intimespectrum.com
SEBI Regn No.: INR000003761

Share Transfer System

All the applications regarding physical transfer, transmission, splitting of share certificates, dematerialization and rematerialization are processed by the Registrar and Share Transfer Agents, 'Intime Spectrum Registry Limited'.

The transfers are normally processed within 15-20 days from the date of receipt if the documents are complete in all respects. Certain Directors and the Company Secretary are severally empowered to approve transfers. Grievances received from the members and other miscellaneous correspondence on change of address, mandates etc. are processed by the Registrars within 15 to 20 days.

Shareholder Services, Enquiries, Complaints

It has been our endeavor to provide prompt, efficient and satisfactory services to our esteemed shareholders. We have taken special care in answering the queries of the shareholders within the shortest possible time frame. We provide shareholder services in the following time frame:

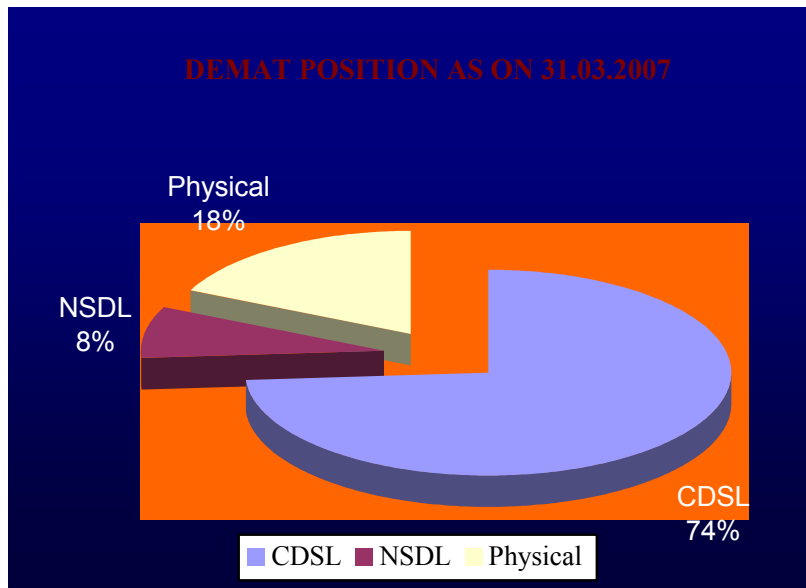
Nature of Query	No. of days for Disposal
Share Transfer	15 – 20 days (Max: 30 days)
Demat of shares	15 – 21 days (Max: 21 days)
Change of address	7 days
General queries	7 days

Dematerialization of shares and liquidity

The Shares of the Company are compulsorily traded in dematerialized form and are available for trading under both the depository system in India – NSDL (National Securities Depositories Limited) and CDSL (Central Depository Services India Limited). As on 31st March, 2006 a total of 57, 36,959 shares of the Company, which forms 81.96% of the total shares, stand dematerialized. The processing activities with respect to the requests received for dematerialization are completed within 15 days from the date of receipt of the request

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE 135C01012.

Demat Position As on 31.03.2007



Investor Correspondence

Mr. S.P.Guha

Intime Spectrum Registry Limited
 59 C, Chowringhee Road, 3rd Floor, Kolkata- 700 020
 Ph: 033-2289-0540 Tele fax: 033- 2289-0539
 E-mail: Kolkata@intimespectrum.com

Mr. D.J.Bagchi

Compliance Officer & Company Secretary
 Sahara India Sadan
 2A, Shakespeare Sarani, Kolkata- 700 071
 Ph: 033- 2282-9067/ 0811 Fax: 033 – 2282 4910

Shareholders holding shares in electronic mode should address all their correspondence through their respective Depository Participants.

Auditors' Report on Corporate Governance

To the Members
Sahara Housingfina Corporation Limited

We have examined the compliance of the conditions of Corporate Governance of Sahara Housingfina Corporation Limited for the year ended 31st March, 2007 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an Audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanation given to us, we certify that the Company has complied with the condition of Corporate Governance as stipulated in the above mention Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Lucknow
Date: 29.06.2007

For CHATURVEDI & CO
Chartered Accountants

Pankaj Chaturvedi
Partner
Membership No. 91239