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Chairman's Foreword



Dear fellow shareholders,

The fiscal year 2009-10 began as a difficult one. There was a significant slowdown in the growth rate in the second half of 2008-09, following the financial crisis that began in the industrialized nations in 2007 and spread to the real economy across the world. There was apprehension that this trend would persist for some time, as the full impact of the economic slowdown in the developed world worked through the system. It was also a year of reckoning for the policymakers, who had taken a calculated risk in providing substantial fiscal expansion to counter the negative fallout of the global slowdown. The continued recession in the developed world, for the better part of 2009-10, meant a sluggish export recovery and a slowdown in financial flows into the economy. Yet, over the span of the year, the economy posted a remarkable recovery, not only in terms of overall growth figures but, more importantly, in terms of certain fundamentals, which justify optimism for the Indian economy in the medium to long term.

India, an emerging economy, has witnessed unprecedented levels of economic expansion, along with countries like China, Russia, Mexico and Brazil. India, being a cost effective and labour intensive economy, has benefited immensely from outsourcing of work from developed countries, and a strong manufacturing and export oriented industrial framework. With the economic pace picking up, global commodity prices have staged a comeback from their lows and global trade has also seen healthy growth over the last two years.

Housing Finance Scenario in India

The gradual recovery in economic conditions coupled with reduction in interest rates during the second half of 2009-10 led to an improvement in demand for housing finance in 2009-10. India will ride the wave of urban expansion. In 2001, about 286 million persons were living in urban areas of India and it was the second largest urban population in the world. The urban population is expected to rise to around 38 percent by 2026. It is interesting to know that 67% of total population growth in India in next 25 years is expected to take place in urban areas. This unprecedented pace of urbanisation bodes well for our business as the projected rise in urban households will be a potential customer base for SHCL. The trend is already evident as more and more younger people aspire to become homeowners. There is nothing more gratifying than enabling people to fulfil the dream of owning a house.
(Source: working paper no. 4/2009- DEA)

Company's Performance

Your Company recorded a total income of ₹ 1762.76 lacs and Profit After Tax (PAT) of ₹ 222.48 lacs for the financial year ended March 31, 2010. The Net Owned Fund (NOF) increased to ₹ 2290.39 Lacs from ₹ 2067.91 Lacs in the previous year, an increase of 10.75%. Earnings per Share (EPS) as on March 31, 2010 has risen to ₹ 3.18 from ₹ 2.51 with the Book Value per share placed at ₹ 32.72.

Conclusion

I would like to thank all the employees of the organisation for their commitment and urge to excel in their respective spheres of activity which helps the Company to continue to grow each year. I would also like to express my gratitude to my colleagues on the Board, our Shareholders, Customers, our Regulators and Business Associates.

We are committed to serving the nation through all our initiatives, while at the same time striving to maximise stakeholder value. We will continue to uphold the faith and trust you have reposed in us.

Subrata Roy Sahara
Chairman

One who GIVES
does not oblige
but the one who
RECEIVES should
feel obliged.

PROFILE OF DIRECTORS & KEY MANAGERIAL PERSONNEL



SHRI SUBRATA ROY SAHARA (DIN No: 00431905)

Shri Subrata Roy Sahara, age 62 years, is the Chairman (Non-executive) and also a Promoter Director of the Company. He holds a diploma in Mechanical Engineering. He has held several important professional positions and has been conferred the ITA-TV Icon of the Year (2007), Global Leadership Award (2004), Businessmen of the Year Award (2002), the Best Industrialist Award (2002), National Citizen Award (2001), Karmaveer Samman (1995), Udyamshree (1994), Baba-E-Rozgar (1992), Noble Citizen Award (1986), Businessman of the year award (2002) among several others. Shri Subrata Roy Sahara has been successively featured in the prestigious list of '50 Most Powerful People of India' in the reputed India Today Magazine. His contribution as a visionary and a corporate leader are immeasurable and path-breaking which have carved a distinct niche in the realm of business entrepreneurship.

SHRI OM PRAKASH SRIVASTAVA (DIN No: 00144000)

Shri Om Prakash Srivastava, age 55 years, is one of the Promoter Directors of the Company. He holds a Master's Degree in Arts and a Bachelor's Degree in Law from Gorakhpur University. He has over 30 years of experience in the retail finance and real estate. He has held several important professional positions. He has been invited as a speaker by the World Bank and International Forums in Paris and Vienna acknowledging his views on the subject of emerging markets in the developing nations. He has been awarded "Pragati Purush Award" by the Governor of Uttar Pradesh and has also been honoured by the National and International Forums of Kayastha Samaj. He has done extensive work through Sahara Welfare Foundation on many corporate social responsibility activities. Shri Srivastava is a former Executive Council Member of the Uttar Pradesh Technical University.



SHRI JOY BROTO ROY (DIN No: 00432043)

Shri Joy Broto Roy, age 49 years, is one of the Promoter Directors of the Company. He holds a degree in commerce. He joined Sahara India Pariwar in 1982 and has more than 25 years of experience with the Group. He has played key roles in the creation of many group companies and brands including Sahara Media and Entertainment, Air Sahara (now divested) and Sahara Infrastructure and Housing Limited. He was instrumental in increasing the reach of the Hindi daily, Rashtriya Sahara in North India. He also holds the post of the President of the West Bengal Hockey Federation.

SHRI BRIJENDRA SAHAY (DIN No: 00017600)

Shri Brijendra Sahay, age 71 years, is a retired IAS Officer and Ex-Chief Secretary of the Government of Uttar Pradesh. He is also on the Board of other companies like Sahara One Media & Entertainment Limited and Ginni International Limited.





SHRI SAKTI PRASAD GHOSH (DIN No: 00183802)

Shri Sakti Prasad Ghosh, age 71 years, is a former Executive Director of the National Housing Bank. He belonged to the service cadre of Reserve Bank of India and held various important positions in RBI which included deputation of service to Unit Trust of India (UTI) and NABARD. Presently, he is also on the Board of Bengal Ambuja Metro Development Limited and SHRISTI Infrastructure Development Corporation Limited.

SHRI RANOJ DASGUPTA (DIN No: 00216165)

Shri Ranaj Dasgupta, age 71 years, holds a Masters degree in Agricultural Sciences and is known for his administrative, enterprising and dynamic qualities. His directorships include Sahara Infrastructure and Housing Limited, Sahara India Tourism Development Corporation Limited, Sahara India Infrastructural Development Limited and Sahara India Commercial Corporation Limited.



SHRI MALKA KOMARAIAH (DIN No: 00170121)

Shri Malka Komaraiah, age 51 years, is a well known name in the Construction Industry in South India, and has many successful projects to his credit. He is also involved in the Power Generation Business and serves as Director, among others, in the Board of Shalivahana Projects Ltd., Shalivahana Power Corporation Limited, Minerva Power Corporation Limited, Shalivahana (BIOMASS) Power Projects Ltd. and Rake Power Limited.

DETAILS OF THE KEY MANAGERIAL PERSONNEL INCLUDING BRIEF PROFILE:

SHRI D. J. BAGCHI

Shri D. J. Bagchi, age 47 years, is a Fellow member of the Institute of Company Secretaries of India (ICSI) and a LLB, having about 21 years experience in the Mortgage Finance Industry. He is presently the Chief Executive Officer & Company Secretary of the Company, possessing business expertise and professional knowledge in Secretarial & Legal Matters and is in charge of the Company's Business Development, Resource Mobilisation and Statutory & Regulatory Compliances.



CORPORATE INFORMATION

Board of Directors

Shri Subrata Roy Sahara
Shri Om Prakash Srivastava
Shri Joy Broto Roy
Shri Brijendra Sahay
Shri Sakti Prasad Ghosh
Shri Ranoj Dasgupta
Shri Malka Komaraiah

Chief Executive Officer & Company Secretary

Shri D.J. Bagchi

Registered Office

SAHARA INDIA SADAN
2A, Shakespeare Sarani
Kolkata – 700071

Statutory Auditors

M/s.Chaturvedi & Company,
Chartered Accountants
60, Bentinck Street,
Kolkata – 700069.

Senior Management Personnel

Shri Vivek Kapoor
Shri Anup Kumar Kirtan
Shri K. D. Bhattacharya
Shri Rudrasish Banerjee
Shri R. N. Singh
Shri Sarvesh Kumar

Internal Auditors

M/s. Chaturvedi & Partners
Chartered Accountants
212A, Chiranjiv Tower
43, Nehru Place
New Delhi – 110019

Bankers

Corporation Bank.
ICICI Bank Ltd. (formerly The Bank of Rajasthan Ltd.)
Andhra Bank
State Bank of Hyderabad
Indian Overseas Bank

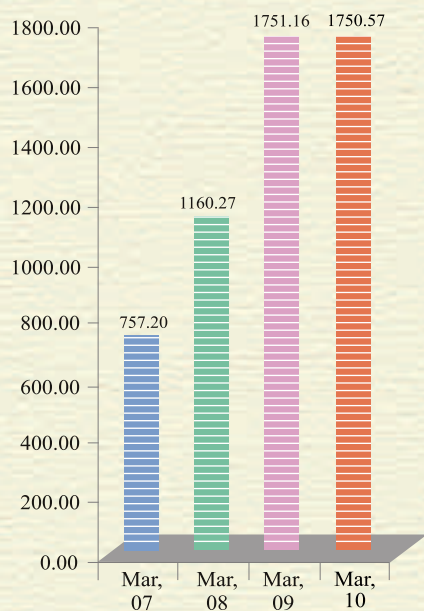
Registrars & Share Transfer Agents

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound
Lal Bahadur Shastri Marg
Bhandup (W)
Mumbai – 400 078

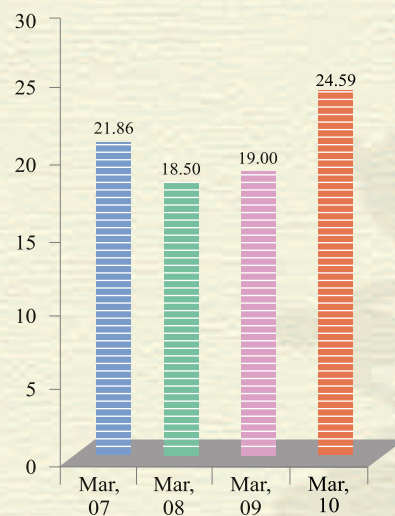
Finance & Corporate Affairs
Credit & Operations
Systems & Administration
Regional Business Head - East
Regional Business Head - South
Regional Business Head – North & West

OPERATIONAL & FINANCIAL HIGHLIGHTS

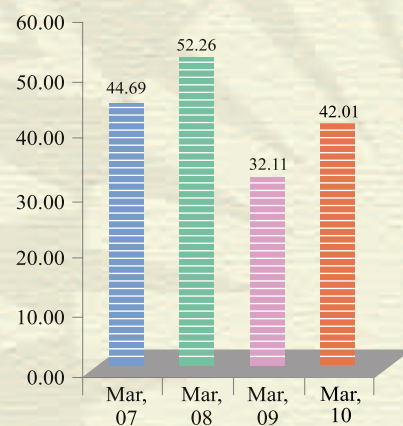
Income from Operations
₹ in lacs



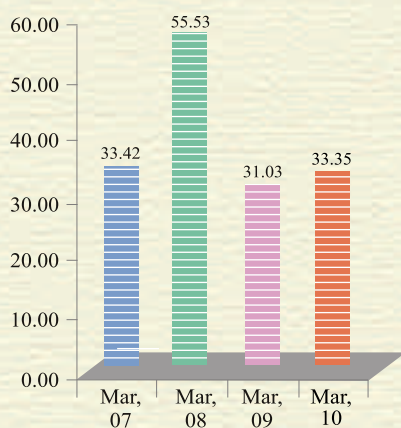
Capital Adequacy Ratio
%



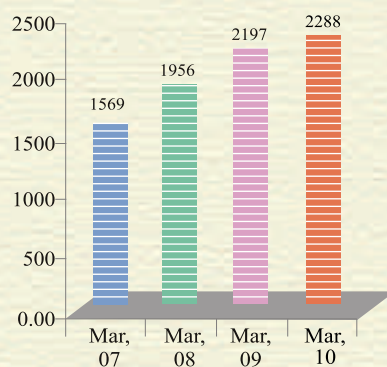
Incremental Loan Sanctioned
₹ in Crores



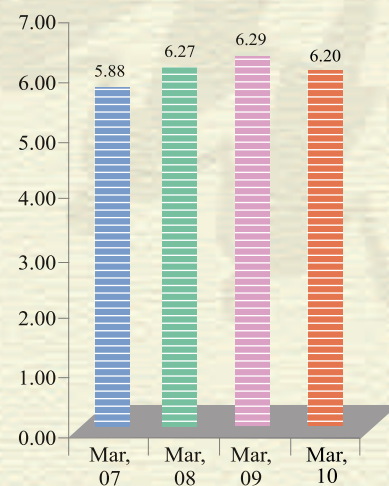
Incremental Disbursement of Loans
₹ in Crores



Loan Accounts
Numbers

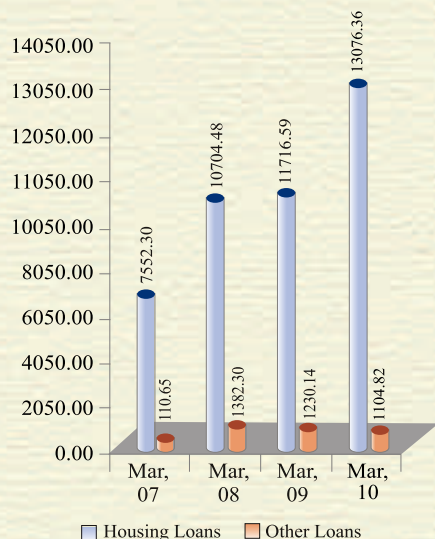


Average Ticket Value
₹ in lacs



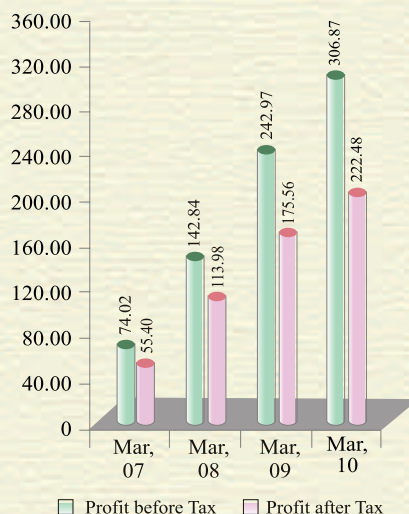
Loan Outstanding - Housing Loan & Other Loan

₹ in lacs



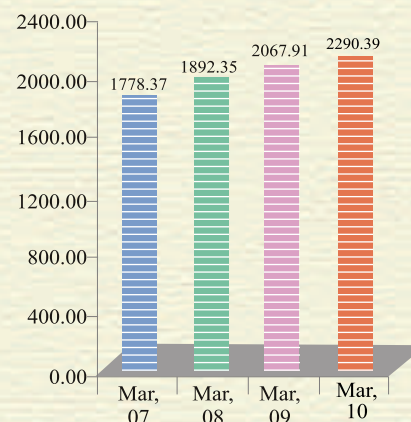
Profit Before Tax & Profit After Tax

₹ in lacs



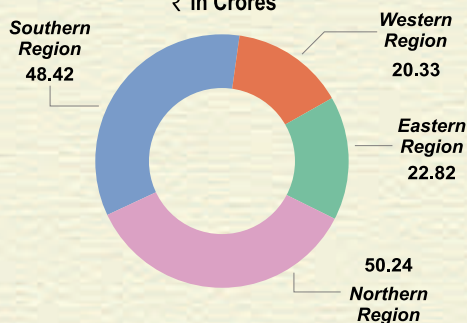
Net Owned Fund (NOF)

₹ in lacs



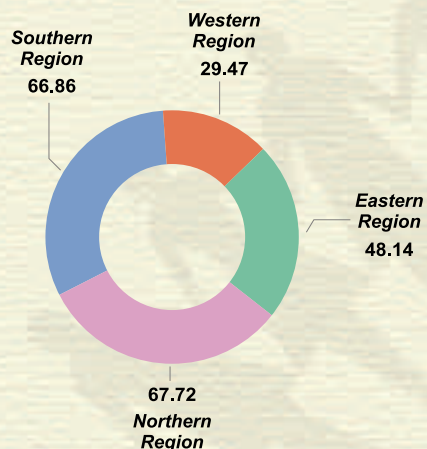
Regionwise Loan Outstanding

₹ in Crores



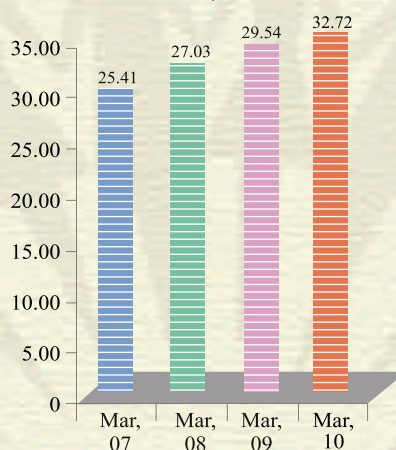
Regionwise Cumulative Disbursement

₹ in Crores



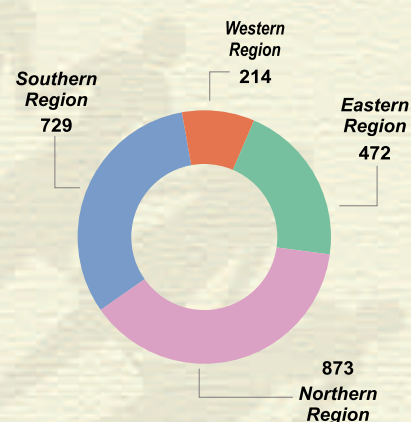
Book Value of Shares

₹



Regionwise Loan Accounts

Numbers



DIRECTORS' REPORT

DEAR SHAREHOLDERS,

Your Directors are pleased to present the **Nineteenth Annual Report** on the business and operations of your Company together with the Audited Statement of Accounts for the year ended **March 31, 2010**.

FINANCIAL RESULTS		(₹)
Particulars	2009-2010	2008-2009
Gross Income	176,276,254	179,436,345
Less:		
Interest	111,124,220	123,283,423
Overheads	33,029,621	30,662,951
Depreciation	1,435,746	1,192,778
Profit Before Tax (PBT)	30,686,667	24,297,193
Provision for Taxation		
– Current Tax	8,591,127	7,269,179
– Deferred Tax	(297,028)	(669,440)
– Income Tax related to earlier years	144,578	(57,710)
– Fringe Benefit Tax	—	198,964
Profit After Tax (PAT)	22,247,989	17,556,200
Add: Profit carried from earlier years	41,286,222	28,583,306
Profit available for appropriations	63,534,211	46,139,506
Appropriations		
Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	6,304,121	4,853,284
Balance carried to Balance Sheet	57,230,090	41,286,222

FINANCIAL PERFORMANCE

Some of the key highlights of your company's performance during the year under review are;

- The Profit Before Tax (PBT) is ₹ 306.87 lacs as against ₹ 242.97 lacs in the previous year, representing an increase of 26.30 % (approx).
- The Profit After Tax (PAT) is ₹ 222.48 lacs as against ₹ 175.56 lacs in the previous year, representing an increase of 26.73 % (approx).
- The total Assets Under Management of the Company as on March 31, 2010 is ₹ 14181.18 lacs as against ₹ 12946.73 lacs in the previous year, an increase of 10% (approx).
- Shareholders' Equity (Net Owned Fund) increased to ₹ 2290.39 lacs from ₹ 2067.91 lacs in the previous year, an increase of 11% (approx).

- The Earnings Per Share (EPS) is ₹ 3.18 as at March 31, 2010 as against ₹ 2.51 as at March 31, 2009.

DIVIDEND

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

DEPOSITS

The Company has been granted registration by the National Housing Bank (NHB), as a Non-Deposit taking Housing Finance Company (HFC).

FUND RAISING

TERM LOANS

During the year under review the Company was sanctioned a term loan of ₹ 32 Crore from The Bank of Rajasthan Limited

out of which ₹ 16 Crore was disbursed in March, 2010 and the balance of ₹ 16 Crore was disbursed in April, 2010 taking the total term loan outstanding as on March 31, 2010 to ₹ 49.72 Crore. The new term loan is secured by a charge in favour of the bank by way of first charge on all the book debts, outstanding receivable etc., both present and future. The loan is repayable in 28 equated quarterly installments.

OPERATIONAL RESULTS & NETWORK

During the year under review, your Company disbursed loans aggregating to ₹ 33.35 Cr. (previous year ₹ 31.03 Cr). The outstanding loan portfolio as at March 31, 2010 stood at ₹ 141.81 Cr. (Previous Year ₹ 129.47 Cr.).

The Cumulative Log-in, Sanction and Disbursement amount as on March 31, 2010 are as under:

Particulars	No. of Accounts	Amount (₹ in Cr.)
Cumulative Log-in	4771	430.20
Cumulative Sanction	2810	275.82
Cumulative Disbursement	2595	212.19

The Company operates from four regions (Kolkata, Lucknow, Hyderabad and Mumbai) and thirteen branches (Kolkata, Asansol, Siliguri, Ranchi, Durgapur, Lucknow, Gorakhpur, Kanpur, Mumbai, Pune, Hyderabad, Vijayawada and Visakhapatnam) and is serving the customers through its attractive and competitive home loan schemes.

NON-PERFORMING ASSETS AND PROVISIONS FOR CONTINGENCY

Your Company has diligently adhered to the prudential guidelines for Non-Performing Assets (NPAs), issued by the National Housing Bank (NHB) under its Directions of 2001, as amended from time to time. Your Company has made adequate provision for the assets on which instalments are overdue for more than 90 days and on other assets, as required.

REGULATORY COMPLIANCE

The Company has been following guidelines, circulars and directions issued by the National Housing Bank (NHB) from time to time.

As per the Housing Finance Companies (NHB) Directions, 2001 dated December 27, 2002, every Housing Finance Company (HFC) shall maintain a minimum Capital Adequacy Ratio (CAR) of 12%. The Capital Adequacy Ratio of SHCL as on March 31, 2010 was 24.59 %.

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

The Company has also been adhering to directions, guidelines,

circulars issued by SEBI/Stock Exchanges(s) from time to time pertaining to listed companies.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Subrata Roy Sahara and Shri Sakti Prasad Ghosh, Directors of the Company, retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

The details pertaining to these Directors seeking re-appointment are furnished in the section 'Directors' Profile' published elsewhere in this Annual Report. 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. A declaration to this effect has been obtained from the Directors retiring by rotation.

The Board recommends their re-appointment.

INTERNAL CONTROL

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

The Company has internal audit system whereby internal audit is conducted by the internal auditors and reports are submitted on a periodic basis. Besides, the Company has established a team in house for assessing that various policies and procedures being implemented from time to time are being understood and complied at all the levels. The report of such assessment is placed before the Board periodically.

TECHNOLOGY UPDATION

During the financial year 2009-2010, your Company further strengthened its IT infrastructure and systems to support its operations. New application software was implemented to provide improved information flow to branches and to further support the collection system.

AUDITORS

Pursuant to the recommendations of the Audit Committee at its meeting held on May 28, 2010, 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 2010-11.

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. have furnished a certificate

that their appointment, if made will be within the limits prescribed under Section 224 (1B) of the said Act.

The Board of Directors recommends the appointment of M/s Chaturvedi & Co., Chartered Accountants, Kolkata, as the Statutory Auditors, of the Company for the financial year 2010-11.

AUDITORS' OBSERVATIONS

The observations made by the Statutory Auditors in their report, read with the relevant notes to accounts, are self-explanatory. No adverse remark or observation is given by the Statutory Auditors.

PARTICULARS OF EMPLOYEES

The information in terms of the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, is appended herewith.

STATUTORY INFORMATION

The Company does not own any manufacturing facility. Hence the 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.

DEPOSITORY SYSTEM

Your Company has entered into an agreement with CDSL/ NSDL for transaction of shares in dematerialized form. 2, 24,151 shares of the Company constituting 3.20% of the paid up capital are held in physical form as on March 31, 2010. As per the Securities and Exchange Board of India's (SEBI) instructions, the Company's shares have to be transacted in dematerialised form and therefore, members are requested to convert their holdings to dematerialised form.

HUMAN RESOURCES AND TRAINING

The Company's employees represent a resource around which all plans and profitability estimates are based. Our strong talent pool has shaped our growth trajectory and spearheaded our move into new domains. Your Directors wish to acknowledge the support and valuable contribution by the employees at all levels.

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 all levels to attend various seminars and programmes conducted by esteemed 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.

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 continues its tie-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

Your Company has been complying with the principles of good corporate governance over the years. The Board of Directors support the broad principles of Corporate Governance. In addition to basic governing issues, the Board lays emphasis on Transparency, Accountability and Integrity.

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

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, 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.

A NOTE OF APPRECIATION

Your Board of Directors would like to place on record their appreciation for the advice, guidance and support given by regulatory authorities including the NHB, RBI, SEBI, the Registrar of Companies, the Stock Exchange, Depositories and all the bankers of the Company. The Directors also place on record their sincere thanks to the Company's clientele for their patronage. The Directors acknowledge the understanding, support and the services of the sincere workers, staff and executives of the Company, which have largely contributed to the efficient operations & management of the Company. The Board would also like to express its sincere appreciation to all the Company's valued Shareholders, RTA, Service Providers and Counsellors for their continued support and patronage.

for and on behalf of the Board of

(O. P. Srivastava)
Director

(S. P. Ghosh)
Director

Noida
May 28, 2010

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 and forming part of the Directors' Report for the year ended March 31, 2010

Name	Shri D. J. Bagchi
Age	47 Yrs.
Designation/Nature of Duties	Chief Executive Officer
Gross Remuneration (P.M.)	2,38,959/-
Qualification	FCS, LLB
Experience	21 Yrs.
Date of Commencement of Employment	16.02.2004
Previous Employment/Designation	General Manager & Company Secretary (Dewan Housing Finance Corporation Limited)

Notes :

1. The terms of appointment of Manager are contractual and terminable by notice on either side.
2. Remuneration includes all allowances, reimbursements and Company's contribution to provident fund etc. The term remuneration has the meaning assigned to it in the Explanation to section 198 of the Companies Act, 1956.
3. Shri D. J. Bagchi is not a relative of any Director of the Company.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

MACROECONOMIC OVERVIEW AND MONETARY DEVELOPMENTS IN 2009-10

Overview of the Global Economy

Growth

In its July Update of the World Economic Outlook (WEO), the IMF raised its global growth projection for 2010 to 4.6 per cent from its April projection of 4.2 per cent on the strength of Q1 growth rates. However, the IMF's expectation of slightly faster global growth is largely driven by somewhat greater optimism about Emerging Market Economies (EMEs). Several assessments of advanced economies show increasing pessimism about the sustainability of the current pace of recovery. There is widespread expectation of a slowdown of the global economy in the second half of 2010. In the US, recovery remains constrained by high unemployment, modest income growth, lower housing wealth and tight credit. In the euro area, economic activity is weak, though more resilient than expected in the face of the recent turbulence. The growth outlook remains clouded by concerns about the sustainability of sovereign debt in some of the euro area economies. In contrast, EMEs are witnessing strong growth, driven by strong domestic demand, restocking of inventories and, thus far, recovering global trade. In many EMEs, especially in Asia, growth is fast approaching the trend. Robust macroeconomic fundamentals, unimpaired balance sheets of corporate and households, sound banking sector and effective fiscal and monetary stimuli contributed to a significantly faster recovery in EMEs. Inflation in advanced economies is subdued due to large output gaps and high unemployment rates. Inflation expectations also remain well anchored. In contrast, inflation in EMEs has been rising due to fast emerging capacity constraints, prompting many to reverse their expansionary monetary policies.

Inflation

Just like growth, inflation around the world too has been multi-speed. The inflation scenario in advanced economies has been shaped by high unemployment, low capacity utilisation and renewed uncertainties about the financial sector. Headline inflation in advanced economies, which inched up during January-March 2010, softened thereafter. Inflation expectations too remain well anchored; indeed, concerns about deflation have re-emerged in some of the advanced economies. In contrast, the relatively rapid recovery in EMEs has also been accompanied by faster growth in prices. Significantly, with increasing uncertainty about the pace of global recovery, global energy and commodity prices have softened. This trend has been reinforced by the slowdown of the Chinese economy. Consequently, global inflationary pressures are expected to be subdued over the next few months.

Overview of the Indian Economy

Growth

The Indian economy grew by 7.4 per cent in 2009-10. The momentum was particularly pronounced in Q4 of 2009-10 with growth at 8.6 per cent as compared with 6.5 per cent in the previous quarter. At constant market prices, the pick-up in Q4

growth was even sharper at 11.2 per cent, reflecting a significant turnaround in indirect tax collections. The double digit growth in the Index of Industrial Production (IIP) that began in October 2009 continued during the current financial year although there was modest deceleration in May 2010. In the first two months of this fiscal, April-May 2010, the IIP recorded a year-on-year growth of 14 per cent with as many as fifteen out of the seventeen industry groups (two digits NIC classification) showing positive growth. The lead indicators of service sector also suggest increased economic activity. The cumulative rainfall has been 14 per cent below its long-period average (LPA) during the current monsoon season so far (as on July 21, 2010). Even so, monsoon performance has been much better than it was last year, which augurs well for agricultural production. Data on crop-wise area indicate a significant increase over the relatively low levels of last year.

Inflation Scenario

The current inflation scenario is worrisome for a number of reasons. First, WPI inflation has been in double digits since February 2010. Headline inflation, as measured by year-on-year variation in WPI, rose to 10.6 per cent in June 2010, up from 10.2 per cent in May 2010. Notably, WPI inflation based on revised data for March at 11.0 per cent and for April at 11.2 per cent, were higher by over one percentage point as compared with the provisional numbers. If this pattern continues, final WPI inflation numbers for recent months can be expected to be higher.

Second, even as primary food articles inflation continues to be in double digits (14.6 per cent), year-on-year WPI non-food manufactured products (weight: 52.2 per cent) inflation, which was (-) 0.4 per cent in November 2009, rose sharply thereafter to 5.4 per cent in March 2010 and further to 7.3 per cent in June 2010. Non-food items inflation (WPI excluding food products and food articles), which was near zero in November 2009, rose sharply to 10.6 per cent by June 2010. Significantly, non-food items contributed over 70 per cent to WPI inflation in June 2010, suggesting that inflation is now very much generalised.

Third, notwithstanding some moderation in recent months, consumer price inflation, measured by various indices, remains in double digits.

Money Supply

Money supply (M3) growth on a year-on-year basis moderated from 16.8 per cent at end-March 2010 to 15.3 per cent as on July 2, 2010 reflecting a slowdown in the growth in bank deposits. Time deposits decelerated mainly because of withdrawal of deposits by public sector undertakings and mutual funds. In order to finance higher credit growth in the face of declining deposit growth, banks unwound their investments in mutual funds and accessed the repo window of the Reserve Bank.

On the deposit side, banks increased their term deposit rates by 75-100 basis points between March 2010 and July 16, 2010. On the lending side, benchmark prime lending rates (BPLRs) of scheduled commercial banks remained unchanged from July 2009 till end-June 2010. The banking system switched over to

the Base Rate system with effect from July 1, 2010. The Base Rates set by major banks are in the range of 7.25-8.0 per cent. While information on effective lending rates to major categories of borrowers is not yet available, it is expected that the Base Rate system will make credit pricing more efficient. Further, it will enhance transparency in lending rates and improve monetary policy transmission.

Equity Markets

Equity markets exhibited volatile conditions during the current financial year, although they have firmed up in recent weeks. Resource mobilisation by the corporates through public issues in the primary segment of the capital market continued its uptrend. The foreign exchange market saw volatility increase relative to the previous quarter, with the rupee showing two-way movements in the range of ₹ 44.33 - ₹ 47.57 per US dollar.

Outlook and Projections (Indian Economy)

Domestic drivers of growth are robust. However, if the global recovery slows down, it will affect all EMEs, including India, through the usual exports, financing and confidence channels.

Taking into account the progress of monsoon so far and the prevailing global macroeconomic scenario, for policy purposes, the baseline projection of real GDP growth for 2010-11 is revised to 8.5 per cent, up from 8.0 per cent. This upward revision is primarily based on better industrial production and its favourable impact on the services sector, giving due consideration to the global scenario.

Risk Factors

The above macroeconomic and monetary projections are subject to a number of upside and downside risks. The main risk emanates from the global scenario and has two key dimensions. First, if the global recovery falters, the risk of which has increased since the April 2010 policy announcement, the performance of EMEs is likely to be adversely affected. While India's trade linkages with the advanced economies are appreciably smaller than those of other major EMEs, a widespread slowdown in global trade will have an impact on important manufacturing and service sectors.

The more significant risk, though, is from a potential slowdown in capital inflows. India's rapid recovery has resulted in a widening of the current account deficit, as imports have grown faster than exports. Even if exports slow down, the strength of domestic growth drivers will keep imports buoyant, suggesting a widening of the trade deficit. However, in the face of a global slowdown, increasing risk aversion amongst global investors may significantly reduce the flow of capital into EMEs, including India. Apart from narrowing the comfortable buffer between the current account deficit and net capital inflows, this may constrain domestic investment, which is critical to achieving and sustaining high growth rates.

Admittedly, the risk of capital flows runs both ways. Given the present state of global economy, central banks in advanced economies are likely to maintain accommodative monetary policies for an extended period. With the strong growth potential of EMEs, including India, this is likely to trigger large capital inflows. Large capital inflows above the absorptive capacity of the economy will pose a challenge for monetary and exchange

rate management. This also has implications for asset prices. In this scenario, a widening current account deficit will help absorb a larger proportion of the inflows.

On the inflation front, the prospects of softening of domestic inflation around mid-year 2010-11 are contingent on moderating food prices. Rainfall has been generally adequate so far, indicating good prospects for the agricultural sector. But, with two months yet to go for the season, the risk of inadequate rainfall adversely affecting specific regions and crops remains.

However, with respect to controlling inflation, the global scenario may generate some favourable impulses. Slower global growth will help lower energy and commodity prices. Unutilised global capacity in many sectors will also ease pressure on prices.

(Source: www.rbi.gov.in)

Company Overview

Sahara Housingfina Corporation Limited was incorporated as 'Livewell Home Finance Limited' in the state of Andhra Pradesh on 19th August, 1991. The Company was issued the Certificate for Commencement of Business dated 25th October 1991 with the main objective of providing housing finance. The Company was taken over by the Sahara India Group Companies viz, Sahara India Investment Corporation Limited (SIICL), Sahara India Corporation Limited (SICL) and Sahara India Housing Corporation Limited (SIHCL) by purchase of shares through an open offer in April 2002. The Company's name was subsequently changed to Sahara Housingfina Corporation Limited w.e.f. January 20, 2005.

The Company presently operates from four regions (Kolkata, Lucknow, Hyderabad and Mumbai) and thirteen branches (Kolkata, Asansol, Siliguri, Ranchi, Durgapur, Lucknow, Gorakhpur, Kanpur, Mumbai, Pune, Hyderabad, Vijayawada and Vishakapatnam) and is serving the customers through its attractive and competitive loan schemes.

Industry Structure and Developments

The housing finance sector has been witnessing radical changes in recent times in terms of industry structure, products, appraisal and recovery norms etc. Aggressive competition in the field of housing finance has made it imperative that only effective and efficient functioning will be the key to survival and success in the long run. As the apex housing finance institution of the country, NHB has been monitoring and regulating the housing finance industry to ensure its growth on sound and healthy lines.

India's housing finance industry comprises mainly of banks and housing finance companies. The growth in housing and housing finance activities in recent years reflect the buoyant state the housing finance market in the country. The proportion of outstanding housing loans as a percentage of Gross Domestic Product (GDP) is steadily growing, it was 3.4% in the year 2001 and 8.5% in the year 2004-05 (Source: *Housing Finance Portfolio of Scheduled Commercial Banks-A trend analysis 2004-05 by NHB*). Housing constitutes an important component and a measure of socio-economic status of people. The accessibility of housing finance for people in general has evolved, developed and improved over the years. The financing institutions have come to see good value in funding this component of the economy. The housing finance sector is increasingly becoming

market driven. The affordability of housing loans clearly appears to have improved with fast growing number of borrowers. The Government is also taking continuous efforts to improve housing and habitat conditions by way of financial allocations in the Five Year Plans and fiscal measures related to housing announced in the Union Budgets. In the Finance Bill, 2010, the Scheme of 1% interest subvention on housing loans up to ₹ 10,00,000 where the cost of house does not exceed ₹ 20,00,000 announced in the last Budget was extended for one more year i.e. up to March, 2011. The tax slabs were also made wider in the said Finance Bill, resulting in lower tax burden on individual tax payers and higher residual income after tax.

Housing finance industry continued to show a reasonably good rate of growth during the year which is mainly attributed to lower rate of interest during the whole of the year under review, increased job opportunities, higher disposable incomes, a growing middle-income group and tax saving opportunities, which continue to be available on interest and principal re-payments on housing loans.

According to a study estimates, the total housing credit outstanding in India as on March 31, 2010 was ₹ 4,31,300 crore, as against ₹ 3,82,900 crore as on March 31, 2009, growth of 13 per cent. The housing loan portfolios of HFCs as a whole reported a growth of 21 per cent during 2009-10, higher than the 10 per cent growth reported by commercial banks. With that, the share of HFCs in the mortgage market increased to 31 per cent as on March 31, 2010 from 29 per cent as on March 31, 2009. Credit growth in the Indian mortgage finance market improved to 13 per cent in 2009-10 from 10 per cent in the previous financial year. This was partly on the strength of an improved operating environment and expectations of appreciation in property prices and partly on account of the attractive interest rate schemes offered by both banks and HFCs. (Source: www.business-standard.com/india/news)

Opportunities and Threats

It is estimated by the 11th Plan Working Group that taking the normal business scenario, the total shortage of dwelling unit at the beginning of the 11th Plan period i.e. 2007 will be 24.71 million units. The housing shortage during the plan period (2007-2012) including the backlog has been estimated to be 26.53 million units (source:). This indicates a huge growth potential for the housing sector and in turn presents a fantastic growth opportunity for the housing finance industry. However majority of the requirements will be in “low income group segment” and in “tier II and tier III cities”. Hence Housing finance companies have to immediately expand its network in such centres.

The property prices have seen upward movement and the expected rise in interest rates due to inflationary pressures could impact the affordability of the average home loan borrower to a great extent. Nevertheless the housing finance sector is expected to continue to grow steadily backed by the continuing demand and supply gap in dwelling units, reducing age profile of borrowers, higher income levels, increasing proportion of double income households and easy and wider choice of financing options.

Housing being one of the low risk asset classes for financiers and hence scheduled commercial banks has become very

aggressive in this segment, which are armed with well established vast network and accessibility to funds at relatively lower costs. The concern for the “stand alone housing finance Companies” will be the continuous availability of funds at a longer tenor with affordable rates. Reserve Bank of India has mandated the Banks to switch over to the system of “Base Rate” which is a welcome measure, will enhance transparency in lending rates, however may result in increase in cost of funds for the Housing Finance Industry. However still there is ample scope for the “Housing Finance Industry” to grow, due to huge demand and supply gap existing in housing segment and the consequent need for funding of purchases of shelter across all segments of the population.

Segment Reporting

Accounting Standard 17 regarding Segment-wise Reporting does not apply to your Company since revenues are derived from only one segment i.e. housing finance activity.

Interest Rate Scenario

With a view to support the real estate demand (largely home loans), housing finance companies including banks have reduced their lending rates by 50-125 bps and started offering sops in the form of Fixed rate of interest on loans for certain tenure, Lower loan processing charges, Instant access to loans etc. The loan-to-value ratio continues to remain in the range of 80-85%. SHCL revised its Prime Lending Rate during the year for the home loan products suitably to maintain its competitive position.

Risks and Concerns

One general feature observed in many of the housing finance companies is lowering of interest spreads due to increase in cost of funding and competitive rates to be offered on housing loans due to stiff competition from scheduled commercial banks. Upward trend witnessed in property prices and the expected rise in interest rates will impact the affordability of vast number of end users.

The Directors and the Management are fully geared to take appropriate and timely action with the objective of becoming financially even stronger in the years to come.

Risk Management

Your Company manages various risks associated with the mortgage business. These risks include credit risk, liquidity risk, interest rate risk, operational risk and market risk. The credit risk is managed through stringent credit norms. Liquidity risk and interest rate risk arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of the maturity profiles, and yield management by way of risk, return, and portfolio management. The company proposes to manage the increased risk through available methods of portfolio churning by the RMBS route as well as rate SWAP arrangements with Banks/Institutions. For operational risk the Company has a comprehensive internal control and security system, which provides for appropriate checks and balances.

Risk Management Committee

SHCL has formed an Asset Liability Committee (ALCO) which meets at periodic interval to review its approvals and controls to the various risks faced. The ALCO reviews the process of implementation of various risk management techniques, system

policies, procedure and evaluates as well as advises for changes required in relation to the business environment.

Internal Control Systems & Adequacy

The company has internal control system commensurate with the size of its operations. Adequate records and documents are maintained as required by law from time to time. Internal audits and checks are regularly conducted and internal auditor's recommendations are seriously considered for improving systems and procedures. The company's audit committee reviews the internal control system and looks into the observations of the statutory and internal auditors. Besides, the Company has established a team in-house for assessing that various policies and procedures being implemented from time to time are being understood and complied at all the levels. The report of such assessment is placed before the Board periodically.

Discussion of Financial Performance with respect to Operational Performance

The financial and other operational performance of the Company for the year under review has been discussed in detail in the Directors' Report. The Cash-Flow Statement and the Balance Sheet Abstract and Company's General Business Profile are annexed to the Annual Accounts of the Company.

Marketing and Selling Arrangements

SHCL has set-up 13 branches covering major cities and towns for soliciting business. It has a strong marketing team, which has taken steps to serve the customers at their door step which includes appointing Home Loan Agents, Direct Selling Agents and Home Loan Counsellors. The Company also caters to walk-in customers among others. Besides this, the Company is active in advertising and various marketing arrangements.

Provision on Standard Assets

The requirement relating to creation of a general provision at 0.4% of the total outstanding amount of loans other than housing loans, which are standard assets, in terms of the Directions issued by National Housing Bank (NHB) has been complied with.

Loan Products of the Company

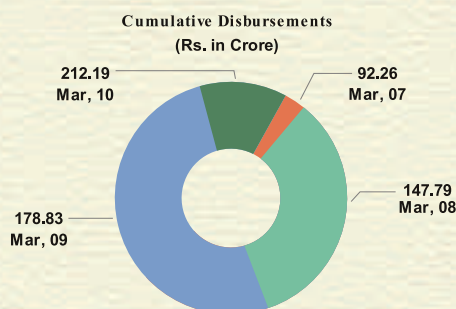
SHCL's major focus has been to provide home loans to individuals and families for purchase, construction, extension, repair and renovation of houses. The Company has also developed loan products for the families in the self-employed category where formal income proofs are not easily available and the repayment capacity of such families are appraised based on their cash flows.

A variety of loan products are available as mentioned below for the benefit of our valued customers.

Individual Housing Loans (HL)	This is the primary home loan product available to all Indian nationals/NRIs (selectively), to acquire/construct a house any where in India within the jurisdiction of SHCL's Branches/satellite offices.
Home Improvement Loans (HIL)	This loan is extended to help the borrower meet his requirement of improvement/renovation of the existing house.
Home Extension Loan (HEL)	This loan is given to enable the individual to expand the home/construct additional space to meet the growing requirements of the family.
Land Loans (LL)	Strictly for non-agriculture land situated within approved layouts of Municipal/Development Authority limits. In other words Land Loans can be sanctioned only in case of Plots allotted by Development Authorities and Housing Board specifically for the construction of houses/flats (residential purpose) within Municipal limits.
Home Loan Plus (HLP)	Existing Borrowers with good repayment track record are eligible to apply for this loan. Seasoning period of 6 months from the last/full disbursement of the existing loan.
Mortgage Loans (ML)	This loan is extended to those who own residential property with fixed sources of income and are looking for finances to meet immediate requirements like children's education, marriage, medical treatment etc.
Non Residential Property Loans (NRPL)	All professionals like practising Medicos, CA/ICWA/CS, Architect, Consulting Engineer, Solicitors may be considered for this loan for acquiring/constructing their Office premises, clinic etc.
Home Loan Enhancement (HLE)	In the case of existing good borrowers whose repayment track record is consistent and regular, can enhance existing loan for extension or renovation or repairs of the property.
Loan Take Over / Balance Transfer (BT)	Existing home loan takeover from HFCs/Banks. Existing mortgage loan takeover from HFCs/Banks. Existing non residential premises loan takeover from HFCs/Banks.

Disbursements

During the year under review, your Company disbursed loans aggregating to ₹ 33.35 Cr. Year-wise cumulative disbursements during the last four years ended March 31, 2010 is shown as below:



Subordinated Debt

During the year, the Company did not issue any subordinated debt. As at March 31, 2010, the Company has no outstanding subordinated debt.

Spread on Loans

The average yield on loan assets during the year was 13.03% per annum as compared to 13.81% per annum in the previous year. The average all-inclusive cost of funds was 9.55% per annum as compared to 10.09% per annum in the previous year. The spread on loans over the cost of borrowings for the year was to 3.48% per annum as against 3.72% per annum in the previous year.

New Segments

The Company has been continuously analysing the housing needs and credit profile of under served market segments. Method of gaining a deeper understanding of these market segments are under review and would enable us to enlarge our customer base.

Business Strategy

To be a prominent Corporate Citizen in promoting housing activities through customer friendly home finance schemes within a service oriented atmosphere. To consolidate and grow in a competitive environment reflecting the ethical standard of a good corporate citizen.

Initiatives taken by the Company

During the year under review, the Company took various initiatives to improve its operational and financial performance. Major initiatives taken by the Company include:

- Strengthening its credit appraisal system to evaluate the lending rate applicable to individuals.
- Change in Information Technology platform to ensure prompt and effective service to the clientele.
- Initiating brand building measures to generate general

awareness about the Company and also increase the overall market share.

- Raising funds through loans at attractive rate of interest and terms and continuing negotiation with lenders for reducing overall cost of funds.
- Reviewing the existing lending rates in view of the change in interest rate scenario, thereby passing the burden of increased rate to the customer.
- Creating additional distribution channels to reach the new segment of customers and
- Improving the existing schemes and introduction of customer-friendly products.

Apart from this, the steps taken by the NHB are expected to provide greater thrust to house construction activities and consequently to housing finance business.

Critical Success Factors

In view of the tough competition from banks and declining spread, the players in the Industry should have sustainable advantages to remain profitable in the long-term.

(i) Cost of Funds

For Housing Finance Companies (HFCs) cost of funds is the most crucial determinant of profitability. After the entry of banks in the business, which have access to low cost deposits, the spread of the HFCs have come under pressure.

(ii) Cost of Operation

Cost of Operation including distribution of credit and collection of receivables is also instrumental in determining the profitability of the Housing Finance Companies (HFCs). The average cost of operation of HFCs ranges from 0.7 per cent to 1 per cent of average total assets (one time cost).

(iii) Product Diversification

Housing Finance Industry is getting increasingly commoditized. Features like adjustable rate plans, lower processing fees, monthly rest, low EMI, lower margin money, no pre-payment penalty have become common across the Industry. As a result loan products can be differentiated by offering free add-ons.

To make the loan products more attractive, HFCs have begun to include the cost of registration, stamp duty and other associated costs while sanctioning loans. This has further lowered the threshold limit for purchasing a house.

Future Outlook

There are a number of factors including the below mentioned to suggest that the housing finance industry will be able to maintain a higher growth rate.

Favourable Socio-economic and Demographic Factors

The socio-economic break-up of the Indian population can be seen as a pyramid, with a substantial low-income segment of

the population at the base, a growing middle class and a small, affluent/rich class at the top. This structure is expected to change towards a 'diamond' shape by 2010, as the middle-income group becomes larger with a substantial segment of the lower income group expected to move up to the middle income segment.

India is one of the youngest nations in the world with an average age of 28.4 years. Being more economically secure with a dynamic job market and strong growth, the new urban population is likely to resort to housing credit earlier in life. This is reflected in the fall in the age of an average home loan borrower from about 45 years to a 30-35 year range today. The 'working population', defined as being between 15 and 64 year old, is expected to increase from 62.5 per cent in 2002 to over 70 per cent in 2030. The target age group for retail, and for that matter housing, finance is between the ages of 25 to 59 years and is expected to grow at a CAGR of 2.1 per cent over 2002-2011, compared with an overall population growth of 1.5 per cent over the same period.

(Source: Housing Finance Mechanisms in India)

Increased Urbanisation

As the Indian economy's dependence on agriculture keeps decreasing, stronger economic growth has also opened up many new avenues for employment, especially in urban areas. Growing urbanisation and occupational shifts from agricultural to manufacturing and services-related jobs have been well co-related with changing attitudes towards consumption and retail finance. As a result, India continues to undergo a transformation with rapid migration to the urban areas. An

expanding urban population keeps the housing stock under pressure and creates demand for housing finance.

Enhanced Affordability

Housing today has hardly ever been at more affordable levels in Indian history. Estimates show that affordability (i.e., the ratio of the price of a residential property to the annual income of the borrower) has improved significantly. For instance, for a typical Mumbai suburb in 1995, it took about 22 times a borrower's total annual income to purchase a house, while in 2006 this ratio dropped to only five times. Such enhanced affordability can also be attributed to the rapid rise in household earnings over the past decade.

(Source: Housing Finance Mechanisms in India)

Competition

The housing finance industry is one of the most keenly competitive segments of the economy, with the banking sector having a significant presence. Commercial Banks have entered the housing finance sector in a big way, attracted as they are backed by the mortgage-based security, and helped by their access to large funds at a relatively low-cost. Also housing finance is now classified as priority sector lending for banks and therefore more banks are entering this field.

The Company, through its competitive pricing, wide distribution network and good customer service, has not only been able to show a good growth in new business, but has shown improved retention rates, reflected in high growth of loan book.

Strengths, Weakness, Opportunities & Threats

Strengths

- Mature business space with more than 350 participants.
- Priority sector for the Government, resulting in favourable policies driving the growth of the housing sector.
- Huge unsatiated housing demand in India, a ready market for industry participants.
- Increased organised sector presence, improving systems, processes and techniques to reach international benchmarks.

Opportunities

- The last census put India's households at 192 million in 2001, up 39 million from 1991 census and 69 million from 1981 census. This coupled with the drop in the average household size from 5.7 in 1971 to 5.5 in 1991 and 5.3 in 2001 indicates that apart from population

Weaknesses

- Highly regulated operations, limiting the scope of innovative growth, increased competition reducing yields for financiers, and increase in incidence of delinquency.
- Increase in loan risk weightage from 100 per cent to 150 per cent, increasing the amount locked in maintaining capital adequacy.
- Dearth of credible documentation; inordinate delay in property valuation and disparity and high rates of stamp duty across the country on registration leading to the suppression of property value / evasion of registration.
- The focus of housing finance companies was mostly limited to the middle-income and high income groups; rural India and the bottom of the social pyramid remained under-penetrated.

Threats

However, there are a number of factors that can act as impediments. Land costs, which are a major constituent of housing costs in metros; have risen much faster than property prices. Developers are moving to smaller cities to offset this. This would affect some of the smaller players, and experts

growth, nuclear family structure is slowly finding ground in India. This has resulted in a housing stock shortfall of 24.71 million units, despite the strong inflow of supply over the past one decade.

- Aggregate housing shortage in the country increased by 134 percent during the last six years from 10.56 million units in 2001 to 24.71 million units in 2007. The number of urban households during this period has increased by 11.5 million, leading to a rise in slums. (Source: National Building Organisation)
- As the retail industry is growing, demand for property can also rise. Since the competition in the market is intense, builders are going out of the way to be different. Specialized malls have become the order of the day.
- The other strong growth drivers are easy availability of housing finance and likely stability in property prices. The investment in housing is prioritized in the national agenda as it contributes substantially to the country's GDP growth directly and indirectly.
- Unlike other finances, the risk of non-repayments is minimal in housing finance due to emotional and social dimensions to house ownership, which induces the borrower to service the loan.
- Tax incentives have increased and so have salaries. The average age of a new homeowner is now 32 years compared with 45 years a decade ago.
- There is also an overall transparency in the sector which was hitherto missing as banks and financial institutions are lending aggressively both to investors and developers. Relaxation of Foreign Direct Investment (FDI) ceiling has meant more foreign investment in the sector.
- A large number of builders are lured by Special Economic Zones (SEZs) as these have become attractive due to 10-year tax holiday on their development.
- In the IT and ITes centres, demand for housing will continue to be strong given the young age profile of employees and the nuclear family culture.

feel that in time there would be a shakeout with private equity deals and joint ventures. High transaction costs namely stamp duty and registration fees will also have adverse effect on housing activities.

The risk weightage on mortgage loans has been increased to 125 percent in respect of loan to developers, which has additionally burdened the capital adequacy ratio of housing finance companies. The prevailing tenancy laws in India are not in favour of owners of the land." The Urban Land Ceiling Act and Rent Control Act have distorted property markets in cities, leading to exceptionally high property prices.

High cost of borrowings of housing finance companies coupled with high stamp duty dampens growth. Housing finance companies are not given universal banking status for offering wholesale and retail finances under one roof.

Human Resources Development

The total work force strength of the Company as on March 31, 2010 was 43. The manpower requirement of the offices of the Company is assessed and recruitment is conducted accordingly. Personal skills of employees are fine tuned and knowledge is enhanced by providing them internal and external training, keeping in view the market requirement from time to time. Outstanding performers are rewarded by elevation to the higher cadre.

Loan Asset per Employee as at March 31, 2010 is ₹ 3.30 Cr. against ₹ 3.08 Cr. as at March 31, 2009.

Going ahead the Company intends to strengthen the quality of

its manpower resources at the different regional offices by effectively recruiting qualified professionals whenever required.

Conclusion with Caution

Some of the statements included in the 'Management Discussion and Analysis Report' describing the company's objectives, estimations, projections, expectations may be "forward looking statements" based on the management's current expectations and beliefs concerning future developments and their potential effect upon the Company. Several factors could make significant difference to the company's operations. These include economic conditions affecting demand and supply, Government regulations and taxation, natural calamities, etc. over which the company does not have any direct control.

CORPORATE GOVERNANCE REPORT

(UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH STOCK EXCHANGE)

CORPORATE GOVERNANCE PHILOSOPHY

Sahara Housingfin Corporation Limited (SHCL) is fully committed to practising sound corporate governance and upholding the highest business standards in conducting business. Being a value-driven organization, the Company has always worked towards building trust with shareholders, employees, customers, suppliers, and other stakeholders based on the principles of good corporate governance, viz., Integrity, Equity, Transparency, Fairness, Disclosure, Accountability and Commitment to values.

The Company fosters a culture in which high standards of ethical behaviour, individual accountability and transparent disclosure are ingrained in all its business dealings and shared by its Board of Directors, management, and employees. The Company has established systems and procedures to ensure that its Board of Directors is well-informed and well-equipped to fulfill its overall responsibilities and to provide the management with the strategic direction needed to create long-term shareholder value.

MANAGEMENT STRUCTURE

The Company has a multi-tier management structure, comprising the Board of Directors at the top and followed by Managing Executive Officers, Executive Officers, Divisional Heads and Department Heads. Through this, it is ensured that:

- Strategic supervision is provided by the Board;
- Control and implementation of Company's strategy is achieved effectively;
- Operational management remains focused on implementation;
- Information regarding the Company's operations and financial performance are made available adequately;
- Delegation of decision making with accountability is achieved;

- Financial and operating control and integrity are maintained at an optimal level;
- Risk is suitably evaluated and dealt with.

BOARD OF DIRECTORS

The Board of SHCL exhibits leadership role while discharging corporate governance policy of the company. The Board is instrumental for maintaining the balance between economic and social goals and between individuals and corporate goals of the company.

COMPOSITION

As on March 31, 2010, the Company's Board of Directors consisted of 7 (seven) members with a Non-Executive Chairman. Shri Subrata Roy Sahara is the Non-Executive Chairman of the Board. All the Directors of the Company are non-executive Directors and more than half i.e. 57.14% are Independent Directors. The current Board structure is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchange. All Independent Directors are persons of eminence and bring a wide range of expertise and experience to the Board thereby ensuring best interest of stakeholders and the Company.

All the Directors on the Board are liable to retire by rotation. Of the retiring Directors at least one third retires every year and if eligible, qualify for re-appointment. In terms of the Article of Association of the company, the strength of the Board shall not be less than 3 (three) and more than 12 (twelve).

Board Composition as on March 31, 2010

Category	No. of Directors	Percentage to total no. of Directors
Executive Directors	Nil	Nil
Non- Executive Directors		
– Non Independent Directors	3	42.86
– Independent Directors	4	57.14

Note: Brief profile of the Directors is highlighted elsewhere in the Annual Report.

Information Related To Other Directorships/ Committee Memberships/ Chairmanships In Other Companies

Directors	Category	No. of Other Directorship(s) ¹	No. Of Other Committee Memberships/Chairmanships In Public Companies excluding SHCL ²	
			Chairmanship	Membership
Shri Subrata Roy Sahara	Non-Independent, Non- Executive	14	–	05
Shri Joy Broto Roy	Non-Independent, Non- Executive	10	–	06
Shri Om Prakash Srivastava	Non-Independent, Non- Executive	12	–	08
Shri Brijendra Sahay	Independent, Non-Executive	02	–	02
Shri Sakti Prasad Ghosh	Independent, Non-Executive	02	–	02
Shri Ranoj Dasgupta	Independent, Non-Executive	04	–	04
Shri Malka Komaraiah	Independent, Non-Executive	14	–	–

1. Excludes Directorship in Indian Private Limited Companies (excluding Pvt. Ltd. Companies that are subsidiaries of Public Company), Foreign Companies, Section 25 Companies of the Companies Act, 1956 and alternate directorships, if any.
2. Represents Membership/ Chairmanship of Audit Committee and Investor Grievance Committee of all public limited companies as prescribed under Clause 49(I)(C) of the Listing Agreement.

Note:

- i. Other Directorships and Committee Memberships of Directors are as on March 31, 2010.
- ii. In terms of Clause 49 of the listing agreement, none of the Directors was a member of more than 10 committees or chairman of more than 5 committees across all companies in which he is a Director.
- iii. None of the Directors hold any equity shares in the Company.

MEETING AND ATTENDANCE

The Board meets at least once in a quarter with a gap of not more than four months between any two meetings. However, additional meetings are held, whenever necessary. The Company plans and prepares the schedule of Board Meeting in advance for which notice is issued to each Director in writing. The agenda of the meeting is pre-circulated with presentation, detailed notes, supporting documents and executive summary. Directors can recommend any matter for inclusion in the agenda and access any information and records of the Company.

The Board met five times during the year on May 11, 2009, June 30, 2009, July 31, 2009, October 29, 2009, and January 30, 2010.

ATTENDANCE AT THE BOARD MEETINGS AND AT ANNUAL GENERAL MEETING (AGM) DURING THE FINANCIAL YEAR 2009-2010

Name of Director	No. of Board Meeting Attended (Total Meetings Held:5)	Whether Attended Last AGM
Shri Subrata Roy Sahara	—	No
Shri Joy Broto Roy	5	No
Shri Om Prakash Srivastava	5	No
Shri Brijendra Sahay	5	Yes
Shri Sakti Prasad Ghosh	5	Yes
Shri Ranoj Dasgupta	5	Yes
Shri Malka Komaraiah	—	No

INFORMATION PLACED BEFORE THE BOARD

Apart from its primary role of monitoring of Corporate Governance in the company, the Board provides direction/ guidance to the top management, reviews performance and ensures protection of long term interest of the shareholders. The Board has

complete access to all information of the Company. The following information is provided to the Board:

- Annual operating plans and budgets, capital budgets and any updates;
- Quarterly Results of the Company;
- Minutes of meetings of Audit committee and other committees of the Board.;
- 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, information, show-cause, demand, prosecution, and penalty notice;
- Fatal or serious accidents or dangerous occurrences;
- Any issues, which involves possible public or product liability claims of a substantial nature;
- Significant developments on the human resources front;
- Related Party Transactions;
- Risk Analysis Report, Social / Community Initiatives;
- Details of joint ventures or collaboration agreement;
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholder services such as non-payment of dividend, delay in share transfer, etc.
- Any other relevant & critical issues pertaining to the Company;

REMUNERATION TO DIRECTORS

Directors do not receive any remuneration except the sitting fees for the meetings of the Board and Committee meetings attended by them. The Company did not advance any loans to any of its Directors in the year under review.

Note: In the Board Meeting and Audit Committee Meeting held on May 11, 2009, the members present collectively decided to waive the sitting fees payable for that Board Meeting as well as the Audit Committee Meeting. Sitting fees of ₹ 10,000/- are paid for each Board and Audit Committee Meeting held during the year. No sitting fee is paid for Shareholders'/ Investors' Grievance Committee meetings.

DETAILS OF SITTING FEES PAID DURING 2009-2010

Name of Directors	Sitting Fees paid for		Total (₹)
	Board Meeting (₹)	Audit Committee (₹)	
Shri Joy Broto Roy	40,000	N.A.	40,000
Shri Om Prakash Srivastava	40,000	40,000	80,000
Shri Brijendra Sahay	40,000	40,000	80,000
Shri Sakti Prasad Ghosh	40,000	40,000	80,000
Shri Ranoj Dasgupta	40,000	40,000	80,000

COMMITTEES OF THE BOARD

To enable better and more focused attention on the affairs of the Company, 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.

A) AUDIT COMMITTEE

- I. The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchange read with Section 292A of the Companies Act, 1956.
- II. The terms of reference of the Audit Committee are broadly as under:
 - (i) Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
 - (ii) Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
 - (iii) Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - (iv) Reviewing the financial statements and draft audit report, including quarterly/half yearly financial information.
 - (v) Reviewing with management the annual financial statements before submission to the Board, focussing primarily on any changes in accounting policies and practices, major accounting entries based on exercise of judgment by management, qualifications in draft audit report, significant adjustments arising out of audit, the going concern assumption, compliance with accounting standards, compliance with stock exchange and legal

requirements concerning financial statements, any related party transactions as per Accounting Standard 18 (AS-18).

- (vi) Reviewing the Company's financial and risk management policies.
- (vii) Disclosure of contingent liabilities.
- (viii) Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- (ix) Reviewing the adequacy of internal audit function, including the audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- (x) Discussion with internal auditors of any significant findings and follow-up thereon.
- (xi) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- (xii) Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- (xiii) Reviewing compliances as regards the Company's Whistle Blower Policy.
- III. The Audit Committee Meetings are attended by the Directors, Chief Executive Officer, representatives of the Statutory Auditors and representatives of the Internal Auditors. The Operations Heads are invited to the meetings, as and when required. The Company Secretary acts as Secretary of the Audit Committee.
- IV. The previous Annual General Meeting of the Company held on Wednesday, September 23, 2009 was attended by the Chairman of the Audit Committee, Shri S.P.Ghosh.

The composition of the Audit Committee and particulars of meetings attended by the members of the Audit Committee are given below:

COMPOSITION OF THE AUDIT COMMITTEE

Names of the Committee Members	Category of Director	Meeting Details during 2009-10			Whether Attended Last AGM (Y/N)
		Held	Attended	%	
Shri Sakti Prasad Ghosh	Independent	5	5	100	Y
Shri Om Prakash Srivastava	Promoter & Non-Executive	5	5	100	N
Shri Brijendra Sahay	Independent	5	5	100	Y
Shri Ranaj Dasgupta	Independent	5	5	100	Y

VI. During the year ended March 31, 2010, the Audit Committee meetings were held on May 11, 2009, June 30, 2009, July 31, 2009, October 29, 2009, and January 30, 2010. The necessary quorum was present at all the meetings

VII. Details of Audit Committee for the financial year ended on March 31, 2010 are as under:

Total No. of Members	4
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	4
No. of members who are Independent Directors	3
Detail of Director having financial and accounting knowledge	Shri Sakti Prasad Ghosh, Chairman

B) SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

- The Company has constituted a Shareholders/Investors Grievance Committee of Directors to look into the redressal of complaints of investors such as transfer or credit of shares to demat accounts, non-receipt of dividend / notices / annual reports, etc. and matters related to change or deletion of name, issue of duplicate share certificates, dematerialization, rematerialization, transfer, transmission, and other allied transactions. The Committee oversees the performance of the Registrar and Share Transfer Agents i.e. Link Intime (India) Private Limited and also monitors the implementation of the Company's Code of Conduct for prohibition of insider trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.
- Four meetings of the Shareholders/Investors Grievance Committee were held during the year ended March 31, 2010.
- The composition of the Shareholders/Investors Grievance Committee and the details of meetings attended by its members are given below:

Names	Designation	No. of Meeting During the year 2009-10	
		Held	Attended
Shri Sakti Prasad Ghosh	Chairman	04	04
Shri Ranaj Dasgupta	Member	04	04

- The Company Secretary of the Company acts as the Compliance Officer. Name, designation and address of Compliance Officer is as under:

Shri D.J.BAGCHI

Chief Executive Officer & Company Secretary
Sahara Housingfina Corporation Limited
1st floor, Sahara India Sadan
2A, Shakespeare Sarani,
Kolkata - 700 071
Ph: (033) 2282 9067/ 0811, Fax: (033) 2282 9271

- 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-Exchange, Registrar of Companies, NHB, RBI, etc. in respect of implementing laws, rules, regulations and other directives of such authorities in respect of investor service and complaints.

A) REMUNERATION COMMITTEE (Non-mandataory)

- The Board of Directors of the Company has in its meeting dated October 30, 2003 constituted a Remuneration Committee of Directors.
- The broad terms of reference of the Remuneration Committee are as under:
 - To review the performance of the Managerial Personnel, after considering the Company's performance;
 - To recommend to the Board remuneration including salary, perquisites and commission to be paid to the Company' Managerial Personnel;
 - To finalize the perquisites package of the Managerial Personnel of the Company within the overall ceiling fixed by the Board.
 - Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend/approve.

The composition of the Remuneration Committee is as given below:

Members	Designation
Shri Brijendra Sahay	Chairman
Shri Sakti Prasad Ghosh	Member
Shri Ranoj Dasgupta	Member

CEO/CFO CERTIFICATION

The CEO/CFO certification of the financial statements and the cash flow statement for the year has been obtained and had been placed before the Board in its meeting dated May 28, 2010.

MANAGEMENT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This annual report has a detailed report on management discussion and analysis.

DISCLOSURES MADE BY THE MANAGEMENT TO THE BOARD

During the year, there were no transactions of material nature with the Promoters, the Directors or the Management, or relatives, etc. that had potential conflict with the interest of the Company. All disclosures related to financial and commercial transactions where Directors may have a potential interest are provided to the Board and the interested Directors do not participate in the discussion nor do they vote on such matters.

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.

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.

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) of the Listing Agreement with the Stock Exchange, the Board of Directors of the Company has at its meeting dated October 28, 2005 laid down a Code of Conduct for all the Board Members and Senior Management Personnel of the Company to avoid conflict of interest and

ensuring the highest standard of Honesty, Dedication, and Professionalism in carrying out their functional responsibilities.

The Code of Conduct for Board Members and Senior Management Personnel is a comprehensive code applicable to all Directors and Members of Senior Management Personnel of the Company. It is in alignment with the Company's Vision and values to achieve the Mission and Objectives and is in consonance with the requirements of Clause 49 of the Listing Agreement. The Code of Conduct is posted on the Company's website, www.saharahousingfina.com.

All the Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct. A declaration to this effect signed by the CEO is attached to this report. There are no commercial or material financial transactions with the senior management personnel, where there is a personal interest that may have potential conflict with the interest of the Company at large.

CODE FOR PREVENTION OF INSIDER TRADING PRACTICES

The Company has laid down a Code of Conduct to be followed by its Directors, 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.

The Company Secretary has been appointed as the Compliance Officer and is responsible for adherence to the Code.

KNOW YOUR CUSTOMER AND ANTI- MONEY LAUNDERING STANDARDS

The Board of Directors of the Company has in its meeting dated June 30, 2006 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 Board of Directors of the Company has in its meeting dated October 28, 2006 adopted 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.

STATUS OF REGULATORY COMPLIANCES

The Company has complied with all the requirements of the Listing Agreements as well as the regulations and guidelines of SEBI and there has been no non-compliance of any legal requirements or strictures imposed by any Stock Exchanges, SEBI or Regional Director, Company law Board, National Housing Bank (NHB) over the last three years for the year ended March 31, 2010. A comprehensive report of all such compliances is placed quarterly before the Board for its review. No penalty or strictures were imposed on the Company by Stock Exchange, SEBI, or any other statutory authority on any matter related to capital market since last three years.

WHISTLE BLOWER POLICY

The Company encourages all employees, officers and directors to report any suspected violations promptly and intends to investigate any good faith reports of violations. The Whistle Blower Policy specifies the procedure and reporting authority for reporting unethical behaviour, actual or suspected fraud or violation of the Code or any other unethical or improper activity including misuse or improper use of accounting policies and procedures resulting in misrepresentation of accounts and financial statements. The Whistle Blower policy has been formulated with a view to provide a mechanism for employees of the Company to approach the Chief Executive Officer or Audit Committee of the Board as the case may be to safeguard them against victimization.

In this connection the management is responsible for:

- (a) Receiving, 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 or 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.

AUDITORS' 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.

RELATED PARTY TRANSACTIONS

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

SECRETARIAL AUDIT

A qualified practising 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 that 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.

SHAREHOLDERS' INFORMATION

MEANS OF COMMUNICATION

Timely disclosures of consistent, comparable, relevant and reliable information on corporate financial performance is at the core of good governance. The Company regularly interacts with the shareholders through the multiples channels of communication such as publication of results, Annual Reports, and the Company's Website. The Company also informs the stock exchange in a prompt manner, all price sensitive and all such other matters which in its opinion, are material and relevant for the shareholders.

As required under clause 41 of the Listing Agreement, the quarterly / annual financial results are published in widely circulated national English newspaper The Financial Express and in Aajkaal, a vernacular newspaper widely circulated in West Bengal.

The Company 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.

The SEBI has deleted Clause 51 (EDIFAR) of the Listing Agreement which provided for uploading of the Annual Report and other periodic statements/reports and inserted a new clause 52, Corporate Filing and Dissemination System (CFDS), viz., www.corpfiling.co.in. Henceforth, the reports/statements required to be filed at EDIFAR will be uploaded on the aforesaid website as required under new clause 52 of the Listing Agreement. The objective of e-filing is to disseminate information to various classes of market participants like investors, regulatory organizations, research institutions, etc.

DETAILS OF PREVIOUS THREE GENERAL BODY MEETINGS

Year	Date and time	Location	Special resolution (s) passed
18th A.G.M.	23.09.2009 11.00 A.M	Sahara India Sadan 2A, Shakespeare Sarani, Kolkata -700 071	YES, Special Resolution passed appointing Shri D.J. Bagchi, CEO, as Manager u/sec. 269 of the Companies Act, 1956.
17th A.G.M.	27.09.2008 11.00 A.M.	Sahara India Sadan 2A, Shakespeare Sarani, Kolkata -700 071	No Special Resolution
16th A.G.M.	28.09.2007 11.00 A.M.	Sahara India Sadan 2A, Shakespeare Sarani, Kolkata -700 071	No Special Resolution

ADDITIONAL SHAREHOLDER INFORMATION

19th Annual General Meeting

Date: September 29, 2010

Day: Wednesday

Time: 11:00 A.M.

Venue: Sahara India Sadan, 2A, Shakespeare Sarani, Kolkata - 700 071

Book Closure Dates: Wednesday, September 22, 2010 to Wednesday, September 29, 2010
(both days inclusive)

GENERAL INFORMATION ABOUT THE COMPANY

Financial Year	April 01 – March 31
Financial Reporting Calendar: 2010-11(Tentative)	<ul style="list-style-type: none"> First Quarter Results July/Aug, 2010 Second Quarter Results Oct/Nov, 2010 Third Quarter Results Jan/Feb 2011 Annual Results May, 2011
Listing on Stock Exchanges	Bombay Stock Exchange Limited (BSE). Phiroze Jeejeebhoy Towers Dalal Street, Fort, Mumbai- 400 001 [Annual Listing Fees for the year 2010-11 have been paid]
Stock Code at BSE	511533
ISIN of the Company	INE- 135C01012
Corporate Identification No. (CIN)	L18100WB1991PLC099782
Website of the Company	www.saharahousingfina.com
Registered & Corporate Office	Sahara India Sadan 2A, Shakespeare Sarani, Kolkata- 700 071 Ph: 033-2282 9067/0811, Fax: 033-2282 4910

COMPLIANCE OF NON – MANDATORY REQUIREMENT

■ Shareholder Rights

Half- yearly results including summary of the significant events are presently not being sent to the shareholders of the company.

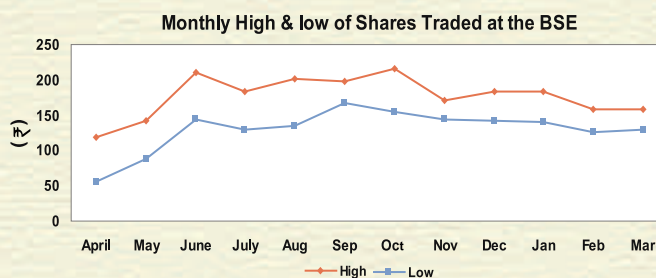
■ Market (BSE) Price Data

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

Year	Month	High (₹)	Low (₹)	Qty Traded
2009	April	119.00	55.25	190203
	May	142.60	87.25	50430
	June	209.90	143.45	124712
	July	182.90	130.00	62264
	August	201.80	135.50	79355
	September	198.00	167.40	183204
	October	215.00	154.25	266352
	November	171.70	143.55	106382
2010	December	184.10	142.00	131039
	January	183.00	141.00	114020
	February	158.55	126.20	50759
	March	159.00	130.30	82954

Year High: ₹ 215.00 Year Low: ₹ 55.25

Monthly High & low of Shares Traded on the BSE during the Financial Year 2009 -10



DISTRIBUTION OF SHAREHOLDING (SHARES) AS ON MARCH 31, 2010

Range	No. of Holder	% of Holder	No. of Shares	% of Shares
0001-2000	8408	99.14	9,26,159	13.23
2001-3000	34	0.40	88,246	1.26
4001-5000	5	0.06	22,341	0.32
10001 And Above	10	0.12	58,31,901	83.31
TOTAL	8481	100	70,00,000	100.00

SHAREHOLDING PATTERN AS ON MARCH 31, 2010

No. of ordinary shares held	No. of shareholders	No. of shares	%
(A) Promoters:			
Indian Promoters:			
- Sahara Prime City Limited (Formerly 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 (A)	3	49,94,587	71.35
(B) Others			
Private Corporate Bodies:			
i) Gandevi Commerce Pvt. Ltd.	1	7, 23, 044	10.33
ii) Other	289	214,574	3.06
Indian Public	8,150	1,053,680	15.05
NRIs/OCBs	38	14,115	0.21
Foreign Institutional Investors	—	—	—
Total (B)	8478	20,05,413	28.65
Grand Total (A+B)	8481	70,00,000	100.00

TOP 10 SHAREHOLDERS LIST (AS ON MARCH 31, 2010)

Sr. No.	No. of Shareholders	No. of Shares	% of Share Capital
1	Sahara Prime City Limited (Formerly, Sahara India Investment Corporation Limited)	2,940,000	42.00
2	Sahara India Corp Investment Limited	1,638,587	23.41
3	Gandevi Commerce Pvt Ltd	723,044	10.33
4	Sahara India Finance & Investment Limited	416,000	5.94
5	Hirak Leasing and Investment Private Ltd	41,100	0.59
6	Angel Broking Limited	19,357	0.28
7	Madhu Bala Mittal	17,521	0.25
8	Sunita Kantilal Vardhan	14,150	0.20
9	Daya Dass	11,946	0.17
10	Religare Securities Ltd.	10,196	0.15
Total		58,31,901	83.31

SHARE TRANSFER SYSTEM

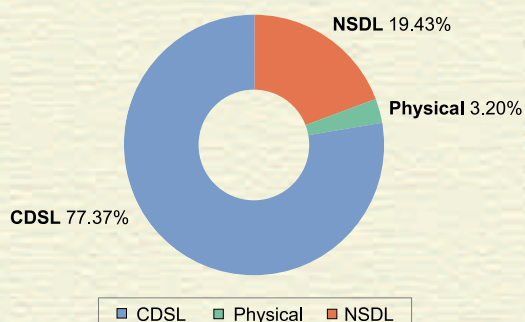
All the applications regarding physical transfer, transmission, splitting of share certificates, dematerialization and rematerialization are processed by the Registrar and Share Transfer Agents, 'Link Intime (India) Private Limited'.

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.

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 March 31, 2010 a total of 6,775,849 shares of the Company, which forms 96.80% of the total shares, stand dematerialized. The processing activities with respect to the requests received for dematerialization are completed within 15 days (maximum) from the date of receipt of the request.

DEMAT POSITION AS ON MARCH 31, 2010



Investor Correspondence

Shri S. P. Guha

Link Intime (India) Private Limited
59 C, Chowringhee Road, 3rd Floor, Kolkata- 700 020
Ph: (033) 2289 0540 Tele fax: (033) 2289 0539
E-mail: kolkata@linkintime.co.in

Shri 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
e-mail: dj.bagchi@saharahousingfina.com

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 March 31, 2010 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.

For CHATURVEDI & CO.
Chartered Accountants
Firm Registration No.302137E

PANKAJ CHATURVEDI
Partner
Membership No. 091239

Place : Noida
Date : May 28, 2010

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for the Board of Directors and Senior Management of the Company. The same is available on the website of the Company at www.saharahousingfina.com.

As the Chief Executive Officer of Sahara Housingfina Corporation Limited and as required by Clause 49(1)(D)(ii) of the Listing Agreement of the Stock Exchanges in India, I hereby declare that all the Board members and senior management personnel of the Company have affirmed compliance with the Code of Conduct for the financial year 2009-10.

D. J. Bagchi
CEO & Company Secretary

Place: Noida
Date: May 28, 2010

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is “the continuing commitment by business to behave ethically and to contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

Emotional Commitment towards Society

Sahara India Pariwar's Social Development Organisation – **Sahara Welfare Foundation** has been involved in the Social Welfare Schemes with a purpose to reduce the problems of the public and give them a new ray of hope and give a prosperous future. Sahara India Pariwar's schemes are focused on those females and backward communities, who are on the edge of being affected in both social and economical aspects. It aims towards initiation of such activities and proposals, where all the people can participate actively in the Development process without prejudice of - what status they belong to both social & economical aspects, and, age group, caste, creed, gender and colour; so that they can lead a respectful life with honour.

- Mega Rehabilitation Scheme – Sahara Gram
- Rehabilitation Program for the Earthquake Victims of Lathur – Sahara Wadi
- Adoption of the families of Martyrs of Kargil and 26/11/2008 Mumbai
- “101 Samuhik Vivaah “ every year for the people of Poor & Backward Classes
- “Sakshar Bharat” (Literacy Program)
- “Jana Swasthya” Project –(Health Programs)
- Pulse Polio Immunization program
- Business Training Program
- Rehabilitation for Backward Classes
- Civic Development Projects
- Programs for solving the Problems relating to behavioural changes
- Disaster Management
- Research & Publication
- N.C.C. Scholarships
- Project for rehabilitation of physically handicapped
- Blood donations and Hepatitis – B prevention Camps & Awareness Workshops
- Constructing Funeral Ghats and their Reconstruction



**Foundation Stone of the
Kedernath Guest House laid by
Hon'ble Saharasriji.**



Hon'ble Saharasriji Laying the foundation stone of the guest house at Kedernath shrine.



Medicine distribution on World Filariasis Day



Flag-off of the Environment Awareness March.



Participants at the Environment Awareness March.



Distribution of Blanket to Families affected by Cold wave



Children participating in rally on the occasion of World Environment Day



Tribute to the martyrs of Dantewara Naxal attack



Participants in sewing and embroidery training at our Vocational Training Centre

Sahara India Pariwar is committed to make determined efforts to help INDIA emerge as a developed nation. It has always acted as a catalyst in the developmental projects of the country.

AUDITORS' REPORT

TO THE MEMBERS OF

SAHARA HOUSINGFINA CORPORATION LIMITED

1. We have audited the attached Balance Sheet of **Sahara Housingfina Corporation Limited**, as at March 31, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. 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 whether the financial statements are free of material mis-statement. 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 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose 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:
 - a. 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;
 - b. 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;
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Profit and Loss Account and 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;

- e. On the basis of written representations received from the Directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - ii. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For CHATURVEDI & CO.
Chartered Accountants
Firm Registration No.302137E

PANKAJ CHATURVEDI
Partner
Membership No. 091239

Place : Noida
Date : May 28, 2010

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

- i.
 - a. The Company has maintained 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 pursuant to a programme for physical verification of fixed assets, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c. There was no disposal of fixed assets during the year.
- ii. The Company being a Housing Finance Company, the provisions related to inventories as mentioned in clause 4 (ii) of the Order is not applicable.
- iii.
 - a. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4 (iii) (a), (b), (c) and (d) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
 - b. The Company has taken unsecured loan from a company listed in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and year end balance is ₹ 600,100,797/-.
 - c. In our opinion, the rate of interest and other terms and conditions on which loan had been taken, are prima facie not prejudicial to the interest of the Company.
 - d. The Company is regular in repaying the principal amounts and the payment of interest wherever stipulated.
- iv. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and with regard to the sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have neither observed nor have been informed of any continuing failure to correct major weaknesses in internal control system of the Company.
- v.
 - a. In our opinion and according to the information and explanations given to us, the particulars of all contracts or arrangements that needed to be entered into the register required to be maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - b. According to the information and explanations given to us, there was no transaction with regard to sale, purchase, or supply of goods, materials or services exceeding the value of rupees five lacs in respect of any party, in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956.
- vi. The Company has not accepted any deposits from the public in the current year within the meaning of Sections 58A and 58AA of the Companies Act, 1956, the rules framed there-under and the Housing Finance Companies (NHB) Directions, 2001 with regard to the deposits accepted from the public. Therefore in our opinion clause (vi) of Para 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company for the current year. We are informed by the management that no order has been passed by the Company Law Board, or Reserve Bank of India or any Court or any other Tribunal.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the products of the Company.
- ix.
 - a. According to the information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, service tax, cess and any other statutory dues applicable to it. We were informed that the operations of the Company during the year did not give rise to any liability for sales tax, custom duty, excise duty and any other statutory dues. There are no undisputed amounts payable in respect of these dues which have remained outstanding as at March 31, 2010 for a period of more than six months from the date they became payable.

- b. According to information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty or cess or any other statutory dues which have not been deposited on account of any dispute.
- x. The Company does not have any accumulated losses at the end of the financial year. The Company has not incurred cash losses in the financial year covered by our audit and in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- xii. In our opinion and according to the information and explanations given to us, the Company has maintained adequate records where the Company has granted loans and advances on the basis of security by way of pledge of residential houses and properties. The Company has not granted any loans and advances by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provisions of clause 4 (xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xiv. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. In our opinion, and according to the information and explanations given to us, term loans have been applied for the purposes for which they were raised.
- xvii. The Company is engaged in the housing finance business and is governed by National Housing Bank [NHB] guidelines for raising deposits and deployment of its funds in its business and the company has followed the NHB guidelines for fund raising and its deployment and adhering to the Asset Liability Committee (ALCO) Management guidelines prescribed by NHB and accordingly based on those guidelines we confirm that the company has not used its short term funds in long term investments and vice versa.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. Accordingly, clause 4(xviii) of the order is not applicable.
- xix. The Company has not issued any debentures during the year.
- xx. The Company has not raised money through public issue of shares during the year. Accordingly, clause 4(xx) of the order is not applicable.
- xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For CHATURVEDI & CO.
Chartered Accountants
Firm Registration No.302137E

PANKAJ CHATURVEDI
Partner
Membership No. 091239

Place : Noida
Date : May 28, 2010

Balance Sheet as at March 31, 2010

	Schedule Reference	As at March 31, 2010 ₹	As at March 31, 2009 ₹
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	70,000,000	70,000,000
Reserves and Surplus	2	159,038,967	136,790,978
LOAN FUNDS			
Secured Loans	3	497,163,376	431,970,160
Unsecured Loans	4	749,082,168	692,341,602
DEFERRED TAX LIABILITY		—	129,832
		1,475,284,511	1,331,232,572
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	17,253,718	16,745,246
Less : Depreciation		6,641,523	5,205,777
Net Block		10,612,195	11,539,469
INVESTMENTS	6	870,800	870,800
DEFERRED TAX ASSET		167,196	—
LOAN ASSETS	7	1,414,041,706	1,291,274,395
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry Debtors	8	745,201	140,290
Cash & Bank Balances	9	52,921,171	31,134,555
Other Loans & Advances	10	29,087,285	19,155,829
Total Current Assets		82,753,657	50,430,674
LESS: CURRENT LIABILITIES AND PROVISIONS	11	33,161,043	22,882,766
NET CURRENT ASSETS		49,592,614	27,547,908
		1,475,284,511	1,331,232,572
Significant Accounting Policies and Notes	17		

As per our report of even date attached

For CHATURVEDI & CO.
Chartered Accountants
Firm Registration No.302137E

PANKAJ CHATURVEDI
Partner
Membership No. 091239

Place : Noida
Date : May 28, 2010

FOR AND ON BEHALF OF THE BOARD

O. P. SRIVASTAVA Director

S. P. GHOSH Director

D. J. BAGCHI Chief Executive Officer & Company Secretary

Profit and Loss Account for the year ended March 31, 2010

	Schedule Reference	For the Year ended March 31, 2010 ₹	For the Year ended March 31, 2009 ₹
INCOME			
Income from Operations	12	175,057,171	175,116,127
Other Income	13	1,219,083	4,320,219
		176,276,254	179,436,345
EXPENDITURE			
Staff Expenses	14	16,229,390	14,736,791
Operating & Other Expenses	15	16,800,231	15,926,160
Interest and Other Financial Charges	16	111,124,220	123,283,423
Depreciation		1,435,746	1,192,778
		145,589,587	155,139,152
PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		30,686,667	24,297,193
Less: Provision for Taxation			
- Current Tax		8,591,127	7,269,179
- Deferred Tax		(297,028)	(669,440)
- Fringe Benefit Tax		—	198,964
- Income Tax related to earlier years		144,578	(57,710)
PROFIT/(LOSS) AFTER TAX		22,247,989	17,556,200
Add : Profit carried from earlier year		41,286,222	28,583,306
Profit available for appropriations		63,534,211	46,139,506
APPROPRIATIONS			
Special Reserve in terms of Section 36(1)(viii) of the Income Tax Act, 1961		6,304,121	4,853,284
Balance carried to Balance Sheet		57,230,090	41,286,222
		63,534,211	46,139,506
Earning Per Share : Basic - (₹)		3.18	2.51
Earning Per Share : Diluted - (₹)		3.18	2.51
Significant Accounting Policies and Notes	17		

As per our report of even date attached

For CHATURVEDI & CO.
Chartered Accountants
Firm Registration No.302137E

PANKAJ CHATURVEDI
Partner
Membership No. 091239

Place : Noida
Date : May 28, 2010

FOR AND ON BEHALF OF THE BOARD

O. P. SRIVASTAVA Director

S. P. GHOSH Director

D. J. BAGCHI Chief Executive Officer & Company Secretary

Cash Flow Statement for the year ended March 31, 2010

	For the Year ended March 31, 2010 ₹	For the Year ended March 31, 2009 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit Before Tax and Extraordinary Items	30,686,667	24,297,193
Adjustments for :		
Depreciation	1,435,746	1,192,778
Fixed Assets Written Off	—	1,486,963
Provision for sub-standard assets	877,543	704,848
Investment income—interest/dividend	(523,701)	(3,276,649)
Interest and finance charges Paid	111,124,220	123,283,423
Operating profit before working capital changes	143,600,475	147,688,556
Adjustments for Working Capital Changes		
(Increase)/Decrease in Debtors	(604,911)	93,077
(Increase)/Decrease in Advances	(1,776,086)	335,860
Increase/(Decrease) in Current Liabilities	1,190,276	(3,017,982)
Increase/(Decrease) in Provisions	352,296	373,756
Cash Generated from Operations	142,762,050	145,473,268
Direct Tax paid	(8,355,317)	(7,716,801)
Net Cash from Operating Activities	134,406,732	137,756,467
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(508,472)	(2,422,123)
Income from Investments	523,701	3,276,649
Net Cash From Investing Activities	15,229	854,526
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Increase/(Decrease) in Term Loan (Net of Repayment)	65,193,216	20,228,378
Increase/(Decrease) in Unsecured Loan (Net of Repayment)	56,740,566	(23,226,095)
(Increase)/Decrease in Housing Loan (Net of Repayment)	(123,444,907)	(85,995,270)
Interest and Finance Charges paid	(111,124,220)	(123,283,423)
Net Cash from Financing Activities	(112,635,345)	(212,276,410)
D. NET INCREASE IN CASH AND CASH EQUIVALENTS :	21,786,616	(73,665,417)
Cash and Cash equivalents of the beginning of the year	31,134,555	104,799,972
Cash and Cash equivalents of the end of the year	52,921,171	31,134,555
Notes:		
1 The cash flow statement has been prepared under the indirect method as set out in the Accounting Standard 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.		
2 Figures in brackets indicate cash outflow.		
3 Previous year figures have been regrouped and recast wherever necessary to conform to current year classification.		
4 Cash and cash equivalents consist of following :		
Cash in hand	122,410	52,075
Balance with scheduled Banks :		
In Current Accounts	34,748,761	16,032,480
In Term/Fixed Deposit Accounts	18,050,000	15,050,000
	52,921,171	31,134,555

As per our report of even date attached

For CHATURVEDI & CO.
Chartered Accountants
Firm Registration No.302137E

PANKAJ CHATURVEDI
Partner
Membership No. 091239

Place : Noida
Date : May 28, 2010

FOR AND ON BEHALF OF THE BOARD

O. P. SRIVASTAVA Director
S. P. GHOSH Director
D. J. BAGCHI Chief Executive Officer & Company Secretary

Schedules Annexed to and forming part of the Balance Sheet

	As at March 31, 2010 ₹	As at March 31, 2009 ₹
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
30,000,000 Equity Shares of ₹ 10/- each	300,000,000	300,000,000
20,000,000 Preference Shares of ₹ 10/- each	200,000,000	200,000,000
	500,000,000	500,000,000
Issued, Subscribed and Paid up		
7,000,000 Equity Shares of ₹ 10/- each	70,000,000	70,000,000
SCHEDULE 2		
RESERVES AND SURPLUS		
Special Reserve created and maintained in terms of Section 36(1)(viii) of the Income Tax Act, 1961		
Balance as per Last Balance Sheet	44,851,151	39,997,867
Add : Transferred from Profit and Loss Account	6,304,121	4,853,284
	51,155,272	44,851,151
General Reserve	501,605	501,605
Capital Reserve	152,000	152,000
Securities Premium Account	50,000,000	50,000,000
Profit and Loss Account	57,230,090	41,286,222
	159,038,967	136,790,978
SCHEDULE 3		
SECURED LOANS		
Term Loans		
From Banks	497,163,376	431,964,996
Interest accrued & due	—	5,164
	497,163,376	431,970,160

Notes

1. The Term Loans from Andhra Bank is secured by Negative Lien on assets refinanced by them individually. Further, the term loan of Andhra Bank is also, secured by immovable properties of third parties and personal guarantee of a Director and his relatives. Repayable within one year is ₹ 28,576/- (Previous year ₹ 512,820/-)
2. Term Loan from The Bank of Rajasthan Ltd. is secured by Negative Lien over the specific assets created by the utilisation of the said loan and immovable assets of a group company. Repayable within one year is ₹ 140,004,800/- (Previous year ₹ 94,288,800/-)

SCHEDULE 4

UNSECURED LOANS

Loan from Body Corporate	600,100,797	597,100,797
Interest Accrued and Due	148,981,371	95,240,805
	749,082,168	692,341,602

Schedules Annexed to and forming part of the Balance Sheet

SCHEDULE 5 FIXED ASSETS

Description	Gross Block				Depreciation				Net Block	
	As at April 1, 2009	Additions during the year	Write off during the year	As at March 31, 2010	Upto April 1, 2009	For the year	Write off during the year	Upto March 31, 2010	As at March 31, 2010	As at March 31, 2009
Building	5,745,548	—	—	5,745,548	1,057,485	93,652	—	1,151,137	4,594,411	4,688,063
Computers	5,763,158	422,515	—	6,185,673	2,176,143	965,921	—	3,142,064	3,043,609	3,587,015
Furniture & Fixtures	2,353,884	85,957	—	2,439,841	1,171,761	152,905	—	1,324,666	1,115,175	1,182,123
Air Conditioners	320,471	—	—	320,471	49,200	15,222	—	64,422	256,049	271,271
Office Equipment	427,493	—	—	427,493	67,109	20,306	—	87,415	340,078	360,384
Electrical fittings	316,969	—	—	316,969	54,499	15,056	—	69,555	247,414	262,470
Vehicles	1,817,723	—	—	1,817,723	629,580	172,684	—	802,264	1,015,459	1,188,143
Total	16,745,246	508,472	—	17,253,718	5,205,777	1,435,746	—	6,641,523	10,612,195	11,539,469
Previous year	17,343,123	2,422,123	3,020,000	16,745,246	5,546,036	1,192,778	1,533,037	5,205,777	11,539,469	11,797,087

		As at March 31, 2010 ₹	As at March 31, 2009 ₹
SCHEDULE 6			
INVESTMENTS			
(Non-trade, Unquoted, Long Term Government Securities)			
Unquoted			
11.43% GOI Stock		597,200	597,200
Quoted			
Equity Shares			
Indian Overseas Bank Limited		273,600	273,600
(11,400 Equity Shares face value of ₹ 10/- each, Market Value ₹ 1,048,230/-, Previous Year ₹ 998,070/-)			
		870,800	870,800
SCHEDULE 7			
LOAN ASSETS			
Housing Loans			
Standard		1,286,962,173	1,157,127,414
Substandard		20,673,624	14,531,771
Less: Provision for Non Performing Assets			
– Sub-standard		1,084,133	484,196
– Doubtful		2,550,401	2,422,616
Other Loans			
Standard		110,482,373	123,014,078
Less: General Provision		441,930	492,056
		1,414,041,706	1,291,274,395

Schedules Annexed to and forming part of the Balance Sheet

	As at March 31, 2010 ₹	As at March 31, 2009 ₹
SCHEDULE 8		
SUNDRY DEBTORS		
Outstanding for a period exceeding six months *	—	—
Other Debts	745,201	140,290
(*Interest Unrecognised ₹ 3,800,125/- Previous Year ₹ 2,597,747/-)	745,201	140,290
SCHEDULE 9		
CASH AND BANK BALANCES		
Cash in hand	122,410	52,075
Balance with Scheduled Banks		
– In Current Accounts	34,748,761	16,032,480
– In Term/Fixed Deposits Accounts	18,050,000	15,050,000
	52,921,171	31,134,555
SCHEDULE 10		
LOANS AND ADVANCES		
Instalments due from Borrowers - Principal	1,941,668	1,982,570
Less : Provision for		
– Sub-standard Assets	66,226	24,711
– Doubtful Assets	338,476	180,044
	1,536,966	1,777,815
Refundable Deposits	584,470	583,970
Other Advances	4,915,168	2,985,810
Interest Receivable	92,604	216,456
Income Tax	11,434,067	4,674,462
Advance Income Tax	7,421,030	5,900,000
Advance Fringe Benefit Tax	546,565	535,583
Tax Deducted at Source	2,556,415	2,481,733
	29,087,285	19,155,829
SCHEDULE 11		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors	4,005,137	2,320,083
Other Current Liabilities	2,738,305	3,152,005
Advances from Customers	3,715,759	3,796,837
	10,459,201	9,268,925
Provisions		
For Taxation	20,894,185	12,158,480
For Fringe Benefit Tax	544,475	544,475
For Gratuity	719,778	575,930
For Leave Encashment	543,404	334,956
	22,701,842	13,613,841
	33,161,043	22,882,766

Schedules Annexed to and forming part of the Profit & Loss Account

	For the Year Ended March 31, 2010 ₹	For the Year Ended March 31, 2009 ₹
SCHEDULE 12		
INCOME FROM OPERATIONS		
Interest Income	168,550,856	169,716,981
Fee Income	6,506,315	5,399,146
	175,057,171	175,116,127
SCHEDULE 13		
OTHER INCOME		
Dividend Income	51,300	39,900
Interest on Term Deposits with Banks	415,251	3,179,599
Interest on GOI Stocks	57,150	57,150
Miscellaneous Income	695,382	1,043,570
	1,219,083	4,320,219
SCHEDULE 14		
STAFF EXPENSES		
Salaries & Bonus	15,433,209	13,940,425
Staff Welfare	293,332	286,690
Contribution to Provident Fund & ESI	502,849	509,676
	16,229,390	14,736,791
SCHEDULE 15		
OPERATING AND OTHER EXPENSES		
Rent	2,626,840	2,952,655
Travelling and Conveyance		
– Directors	104,436	14,050
– Others	2,391,357	1,161,212
Legal and Professional Fee	4,287,731	3,135,708
Printing and Stationery	743,518	723,939
Communication Charges	1,348,580	1,545,806
General Expenses	1,050,468	940,178
Insurance	239,735	321,677
Repairs and Maintenance - Others	503,447	745,500
Rates, Taxes and Licences	82,815	83,034
Office Maintenance	701,731	690,185
Vehicles Maintenance	1,061,437	770,671
Advertisement and Publicity	201,192	167,949
Electricity Charges	436,011	319,893
Payment to Auditors		
– As Statutory Auditors	88,240	44,120
– As Tax Auditors	22,060	11,030
– Other Capacity	33,090	106,742
Provision for Non-Performing Assets	927,669	765,712
Provision for Loan Assets - General	(50,126)	(60,864)
Fixed Asset Written Off	—	1,486,963
	16,800,231	15,926,160
SCHEDULE 16		
INTEREST AND OTHER CHARGES		
Interest on		
Term Loans	55,426,704	63,226,796
Inter Corporate Deposit	53,894,907	55,031,137
Debentures	—	3,037,808
Upfront Fees	1,323,600	1,264,050
Bank and Other Charges	479,009	723,632
	111,124,220	123,283,423

SCHEDULE 17

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. METHOD OF ACCOUNTING

The financial statements are based on historical cost convention in accordance with Generally Accepted Accounting Principles (GAAP) comprising of mandatory accounting standards issued by the Institute of Chartered Accountants of India, the directions issued by the National Housing Bank (NHB) and the provision of the Companies Act, 1956.

The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis except those with significant uncertainties.

2. REVENUE RECOGNITION

Interest Income/Fees on housing loans is accounted for on accrual basis, other than on Non-Performing Assets, which is accounted for on cash basis in accordance with the NHB Guidelines.

Repayment of housing loans is generally by way of Equated Monthly Installments (EMIs) comprising principal and interest. EMIs commence once the entire loan is disbursed. Pending commencement of EMIs, Pre-EMIs (PEMIs) interest is receivable every month. Interest on loans is computed on a monthly rest basis.

Dividend is accounted on accrual basis when the right to receive the dividend is established.

3. PROVISIONS ON HOUSING LOANS

Housing Loans are classified as per the NHB Guidelines, into performing and non-performing assets classified in to sub-standard, doubtful and loss assets based on criteria stipulated by NHB.

4. FIXED ASSETS

Fixed assets are stated at cost, less accumulated depreciation and Impairment losses. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

The carrying amounts are reviewed at each balance sheet date when required to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.

5. DEPRECIATION

Depreciation on fixed assets is charged on Straight Line Method at the rates prescribed in Schedule XIV of the Companies Act, 1956. The depreciation is calculated on pro-rata basis for the assets acquired during the year.

6. INVESTMENTS

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and market value. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. Cost such as brokerage, commission etc., pertaining to investment, paid at the time of acquisition, are included in investment cost.

7. TAXES ON INCOME

Tax expense for the year comprises of the current and deferred tax. Current taxes are measured at the current rates of tax in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax assets and liabilities are recognized for future tax consequences attributable to the timing differences that results between taxable profits and profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognized on unabsorbed depreciation and carry forward of losses under tax laws to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Profit & Loss Account in the year of change.

8. EARNINGS PER SHARE (EPS)

Basic earnings per share are calculated by dividing the net earnings after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For calculating diluted earning per share, the number of shares comprises the weighted average shares considered for deriving basic earning per share, and also the weighted average number of shares, if any which would have been used in the conversion of all dilutive potential equity shares. The number of shares and potentially dilutive equity shares are adjusted for the bonus shares and the sub-division of shares, if any.

9. EMPLOYEE BENEFITS

The Company's contribution to the Provident Fund is deposited with Government administered provident fund and the same has been charged to Profit and Loss Account.

Provision for Gratuity has been made on the basis of actuarial valuation carried out by an actuary in accordance with Accounting Standard (AS) 15 (Revised) "Employee Benefits" issued by the Institute of Chartered Accountants of India.

Liability for Leave encashment is provided on the balance leave of eligible employees as at the date of Balance Sheet, in accordance with company's policy.

10. PROVISIONS AND CONTINGENCIES

A provision is recognised when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised and are disclosed by way of a note to the accounts.

B. NOTES ON ACCOUNTS

1. Housing Loans and instalments due from borrowers are secured or partly secured by
 - a. Equitable Mortgage of property and/or
 - b. Assignment of Life Insurance Policies and/or
 - c. Personal Guarantee of borrowers and/or
 - d. Undertaking to create a security.
2. In the opinion of the Board of Directors the Current Assets, Loans and Advances are approximately of the value stated above, if realized in the ordinary course of the business.
3. Earning per share (Basic and Diluted) :

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Weighted average no. of Equity Shares outstanding as on last day of the Financial Year (No.)	7,000,000	7,000,000
Net Profit (₹)	22,247,989	17,556,200
Basic and Diluted Earnings per Share (₹)	3.18	2.51
Face Value of Equity Shares (₹)	10	10

4. Auditor's Remuneration :

Particulars	Year ended March 31, 2010 (₹)	Year ended March 31, 2009 (₹)
Statutory Audit Fee	88,240	44,120
Tax Audit Fee	22,060	11,030
Limited Review of Results	33,090	50,562
Certification Charges	—	56,180
	143,390	161,892

5. The major components of deferred tax assets/(liabilities) are given below :

Component	As at March 31, 2010 (₹)	As at March 31, 2009 (₹)
Deferred Tax Assets		
Retirement Benefits	429,356	309,610
Provision for doubtful debts/loans	1,523,148	1,224,872
(A)	1,952,504	1,534,482
Deferred Tax Liabilities		
Depreciation (B)	1,785,308	1,664,314
Net Deferred Tax (A) – (B)	167,196	(129,832)

6. Segment Information

The Company's main business is to provide loans for the purchase or construction of residential houses. All other activities of the Company are related to the main business. As such there are no separate reportable segments, as per the Accounting Standard on 'Segment Reporting' (AS 17), issued by the Institute of Chartered Accountants of India.

7. Related Party Disclosures

List of Related Parties

a. Major shareholders having control over the Company

- Sahara India Corp Investment Limited
- Sahara Prime City Limited (formerly Sahara India Investment Corporation Ltd.)
- Sahara India Finance & Investment Limited

b. Key Management Personnel

D. J. Bagchi, Chief Executive Officer, Company Secretary/Manager (u/s 269 of The Companies Act, 1956)

c. Companies under common control

Sahara India Commercial Corporation Limited

8. Disclosure of Related Party Transactions between the Company and related parties for the year ended March 31, 2010

Particulars	For the year ended March 31, 2010 (₹)	For the year ended March 31, 2009 (₹)
Rent Paid		
Sahara India Commercial Corporation Ltd.	1,526,400	1,711,976
Interest Paid		
Sahara India Commercial Corporation Ltd.	53,894,907	53,511,409
Sahara India Life Insurance Corporation Ltd.	—	1,519,728
Sahara Infrastructure & Housing Ltd. (formerly Gora Projects Ltd.)	—	3,534,273
Loan Outstanding		
Sahara India Commercial Corporation Ltd.	600,100,797	597,100,797

9. Sundry Creditors do not include amount payable to Small Scale Industrial Undertakings (SSIs) or to Micro, Small and Medium Enterprises as at March 31, 2010.

10. Employee Benefit Plan :

Gratuity Plan

Funded status of the Gratuity Plan and the amount recognised as required by AS 15 is set out below :

Particulars	As at March 31, 2010 (₹)	As at March 31, 2009 (₹)
Change in Benefit Obligation		
Liability at the beginning of the year	575,930	400,601
Interest Cost	51,828	39,061
Current Service Cost	133,625	128,228
Actuarial (gain)/loss on obligations	(41,605)	8,040
Liability at the end of the year	719,778	575,930
Amount recognized in the Balance Sheet		
Liability at the end of the year	719,778	575,930
Fair value of plan assets at the end of the year	—	—
Difference	719,778	575,930
Amount recognized in the Balance Sheet	719,778	575,930
Expenses recognized in the Income Statement		
Current Service Cost	133,625	128,228
Interest Cost	51,828	39,061
Expected return on plan assets	—	—
Net Actuarial (gain)/loss to be recognized	(41,605)	8,040
Expense recognized in the Profit and Loss Account	143,848	175,329
Balance Sheet Reconciliation		
Opening Net Liability	575,930	400,601
Expense as above	143,848	175,329
Employer's Contribution	—	—
Amount Recognised in the Balance Sheet	719,778	575,930
Assumptions		
Discount rate	8.00%	8.00%
Rate of return on plan assets	—	—

11. Managerial Remuneration

Schedule-14, Staff Expenses include Managerial Remuneration of ₹ 2,867,513/- (Previous Year ₹ 3,112,184/-)

Particulars	For the Year Ended March 31, 2010 (₹)	For the Year Ended March 31, 2009 (₹)
Salary	2,796,322	2,922,896
Company's Contribution to Provident Fund	18,287	19,313
Perquisites	52,904	169,975
Total	2,867,513	3,112,184

12. Expenditure in Foreign Currency : ₹ Nil (Previous Year ₹ Nil)

13. The balances in Sundry Debtors, Sundry Creditors and Advances are subject to confirmations and adjustments, if any. Such adjustments, in the opinion of the management, are not likely to be material.

14. Previous year figures have been regrouped and reclassified wherever necessary to conform to current year's classification.

As per our report of even date attached

For CHATURVEDI & CO.

Chartered Accountants

Firm Registration No.302137E

PANKAJ CHATURVEDI

Partner

Membership No. 091239

Place : Noida

Date : May 28, 2010

FOR AND ON BEHALF OF THE BOARD

O. P. SRIVASTAVA *Director*

S. P. GHOSH *Director*

D. J. BAGCHI *Chief Executive Officer & Company Secretary*

Additional information pursuant to the Part IV of Schedule VI of the Companies Act, 1956
BALANCE SHEET ABSTRACT & GENERAL BUSINESS PROFILE

I. Registration No. : **State Code**
Balance Sheet Date :

II. Capital raised during the year (Amount in ₹ Thousand)

Public Issue **Right Issue**
Bonus Issue **Private Placement**

III. Position of Mobilisation and Deployment of funds (Amount in ₹ Thousand)

Total Liabilities **Total Assets**

Sources of funds

Paid-up Capital **Reserves & Surplus**
Secured Loans **Unsecured Loans**

Applications of funds

Net Fixed Assets **Investments**
Net Current Assets **Misc. Expenditure**
Accumulated losses **Housing Loans**
Deferred Tax Asset

IV. Performance of Company (Amount in ₹ Thousand)

Turnover **Expenditure**
Profit/(Loss) Before Tax **Profit/(Loss) After Tax**
Earning per share (₹) **Dividend**

V. Generic Names of three Principal Products/Services of the Company (as per monetary terms)

Item Code (ITC Code) **N.A.** **Product Description** **N.A.**
The company is a housing finance company

As per our report of even date attached

For CHATURVEDI & CO.
Chartered Accountants
Firm Registration No.302137E
PANKAJ CHATURVEDI
Partner
Membership No. 091239
Place : Noida
Date : May 28, 2010

FOR AND ON BEHALF OF THE BOARD

O. P. SRIVASTAVA Director
S. P. GHOSH Director
D. J. BAGCHI Chief Executive Officer & Company Secretary

CORPORATE OFFICE

Sahara India Sadan

2A, Shakespeare Sarani, 1st Floor, Kolkata -700 071 • Phone No.: (033) 2282 9271/9067, 3298 4850

EASTERN REGION

Regional & Branch Office – Kolkata

46, Dr. Sundari Mohan Avenue (2nd Floor), Kolkata - 700 014

Phone No. : (033) 2289 6708

Branch Office – Siliguri

Studio Photo Focus Building: 2nd Floor

Hill Cart Road, Siliguri – 734 401

Phone No.: (0353) 2534401

Branch Office – Asansol

199/1/B, S B Gorai Road, Budha More

Asansol - 713 304

Phone No.: (0341) 2284780

Branch Office – Durgapur

A-210, 1st Floor, Kamdhenu Building

Durgapur, Muti Utility Plaza, City Centre

Durgapur - 713 216

Phone No. : (0343) 2543248

Branch Office – Ranchi

R. No 107, 1st Floor, Mahalaxmi Complex

Line Trunk Road, Thana - Kotwali

Zilla-65, Ranchi-834 001

Phone No.: (0651) 2207497

WESTERN REGION

Regional & Branch Office – Mumbai

Solitaire Corporate Park, 4th Floor; Building No-5, Unit No-541/542, 167

Guru Hargovindji Marg, Chakala, Andheri (E) Mumbai-400 093

Phone : (022) 6668 8050

Branch Office – Pune

Shreenath Plaza, "C" Wing, Office No. 31, 1st Floor, Dnyaneshwar Paduka Chowk

Shivaji Nagar, Off. Fergusson College Road, Pune – 411 005

Phone No. (020) 3052 2247

NORTHERN REGION

Regional & Branch Office – Lucknow

Lalbagh Office: 2nd Floor, 7 Forsyth Road, Near Allied Surgical & Equipments, Lucknow-226 001

Phone No. (0522) 2612512, 4005958, 2333462

Branch Office – Gorakhpur

Rashtriya Sahara Complex, 1st Floor

7 Park Road, University Crossing, Gorakhpur-273 001

Phone No.: (0551) 2202285

Branch Office – Kanpur

24/18 Shyam Sundar Building (Opposite LIC Building)

1st Floor, Mall Road, Kanpur-208 001

Phone No.: +91 9335634680

SOUTHERN REGION

Regional & Branch Office – Hyderabad

Sahara Manzil, 2nd Floor, Opposite A.P. Secretariat, Saifabad, Hyderabad-500 063

Phone No.: (040) 6636 3664/3665, 23244355

Branch Office – Vishakapatnam

Door No.-11-226/52, Flat No. 115

1st Floor, Sai Dharani Castle

Opp. Gopalepatnam Police Station, Gopalepatnam

Vishakhapatnam-530027

Phone No.: (0891) 2784864

Branch Office – Vijayawada

Sarada Tower, Flat No. 4 (1st Floor)

Adjacent to Cheunnupati Petrol Bunk, Labbipet

Vijayawada - 520 010

Phone No.: (0866) 2471559