



Directors' Report

Dear Shareowners,

Your Directors have pleasure in presenting the **Eighteenth Annual Report** together with the Audited Statement of Accounts of the Company for the year ended **31st March, 2009**. (Rupees)

Particulars	2008-2009	2007-2008
Profit Before Tax (PBT)	2,42,97,193	1,42,83,970
Provision for Taxation		
– Current Tax	72,69,179	32,65,160
– Deferred Tax	(6,69,440)	(4,17,440)
– Income Tax related to earlier years	(57,710)	(1,57,596)
– Fringe Benefit Tax	1,98,964	1,95,603
Profit After Tax (PAT)	1,75,56,200	1,13,98,243
Add: Profit carried from earlier years	2,85,83,306	2,31,56,960
Profit available for Appropriations	4,61,39,506	3,45,55,203
Appropriations		
Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	48,53,284	59,71,897
Balance carried to Balance Sheet	4,12,86,222	2,85,83,306

FINANCIAL PERFORMANCE

The year under review has witnessed unprecedented upheaval in economic conditions in domestic and global markets. The huge and sudden swings in business scenario from peak levels in first half to deep plunge in the second half of financial year have left significant adverse impact in many sectors. Notwithstanding these adverse economic conditions, your company during the year under review recorded a total income of Rs. 1794.36 lacs, against Rs. 1220.44 lacs in the previous year, an increase of 47.03%. The profit after tax (PAT) for the financial year ended 31st March, 2009 recorded an increase of 54.02% to Rs. 175.56 lacs from Rs. 113.98 lacs in the previous year. Shareholders equity (Net Owned Fund) increased to Rs. 2067.91 lacs from Rs. 1892.35 lacs in the previous year, an increase of 9.28%.

The Company not only continues to maintain but, has also improved the momentum of growth despite the adverse global economic scenario.

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.

FUND RAISING

TERM LOANS

During the year under review term loans aggregating to Rs. 15 Crore was availed from the Bank of Rajasthan taking the total term loan outstanding as on 31st March, 2009 to Rs. 43.20 Crore.

CAPITAL ADEQUACY RATIO (CAR)

As per the Housing Finance Companies (NHB) Directions, 2001 dated 27th December, 2002, every Housing Finance Company shall maintain a minimum Capital Adequacy Ratio (CAR) of 12%. The Capital Adequacy Ratio of SHCL as on 31st March, 2009 was 19%.

OPERATIONAL RESULTS & NETWORK

During the year under review, your Company disbursed loans aggregating to Rs. 31.03 Cr. The outstanding loan portfolio as at 31st March, 2009 stood at Rs. 129.47 Cr. (Previous Year Rs. 120.87 Cr).

The Cumulative Log-in, Sanction And Disbursement amount as on 31st March, 2009 are as under :

Particulars	No. of Accounts	Amount
Cumulative Log-in	4255	Rs. 375.40 Cr.
Cumulative Sanction	2406	Rs. 233.81 Cr.
Cumulative Disbursement	2167	Rs. 178.83 Cr.

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 Vishakapatnam) and is serving the customers through its attractive and competitive loan schemes.

UNCLAIMED DEPOSITS

During the year under review, the Company had neither accepted nor renewed any deposits from the Public. The amount of Rs. 1,54,331/- lying as unclaimed deposits as on 31st March, 2008 was deposited during the year in terms of the provisions of Section 205C of the Companies Act, 1956, in the Investor Education & Protection Fund (IEPF) of the Central Government. The Company also filed E-form 1 as required under Rule 3 of the Investor Education and Protection Fund Rules, 2001.

REDEMPTION OF 9% UNSECURED, NON-CONVERTIBLE, REDEEMABLE DEBENTURES

The Company redeemed 800 Nos-9% unlisted, unsecured, non-convertible redeemable debentures (ISIN 135C08017) of Rs. 100,000/- each, of the aggregate value of Rs. 8,00,00,000/- (Rupees Eight Crore) issued by the Company on 31st May, 2003 on the due date i.e. 31st August, 2008 together with the interest accrued thereon.

Further, the Company has executed the corporate action to extinguish the above ISIN from accounts in both the depositories i.e. NSDL & CDSL.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Brijendra Sahay and Shri Ranaj Dasgupta, 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 from 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.

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.

NON-PERFORMING ASSETS AND PROVISIONS FOR CONTINGENCY

Your Company scrupulously 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.

TECHNOLOGY UPDATION

During the financial year 2008-2009, 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 30th June, 2009, 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 2009-10.

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

AUDITORS' REPORT

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

PARTICULARS OF EMPLOYEES

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.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO

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

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

NHB GUIDELINES

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

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

DEPOSITORY SYSTEM

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

With a view to enhancing the Company's competitive strengths, your Company undertook several initiatives during the year to further upgrade the knowledge and skills of its frontline staff, with the objective of enhancing value creation for its customers. The Company continued to offer in-house training programme to staff members in executive development, leadership and management skills. The Company also sponsored its employees at various levels to attend various seminars and



programmes conducted by various organizations and institutions including Training programmes conducted by the National Housing Bank so as to update their knowledge and to keep them abreast of all the developments in their respective fields.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and that there are no material departures.
- in the selection of the Accounting Policies, consultation with the Statutory Auditors have been made and have applied them consistently, made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the State of Affairs of the company at the end of the financial year and of the Profit of the company for that period.
- proper and sufficient care has been taken to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- the Annual Accounts have been prepared on a Going Concern Basis.

INSURANCE PROTECTION TO BORROWERS

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

(a) PERSONAL ACCIDENT INSURANCE:

- * Death due to accident;
- * Accidental loss of two limbs, two eyes or one limb and one eye;
- * Permanent total disablement from injuries other than named above.

(b) PROPERTY INSURANCE:

- * Fire
- * Storm
- * Earthquake
- * Riot, Strike and Malicious damage
- * Lightning
- * Explosion / Implosion
- * Aircraft damage, Impact damage
- * Subsidence and Landslide including Rock Slide
- * Bursting or Overflowing of Water Tanks & Pipes, Missile testing operations
- * Leakage from Automatic Sprinkler Installations, Bush Fire.
- * Other natural calamities.

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

CORPORATE GOVERNANCE

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

Pursuant to Clause 49 of the Listing Agreement with the Stock 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 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 Customers/Borrowers, Shareholders, Debenture holders, RTA, Banks, Financial Institutions, Service Providers and Counsellors, for their continued support and patronage. The Directors are grateful for the co-operation of regulatory authorities including the NHB, RBI, SEBI, the Registrar of Companies, the Stock Exchange and the Depositories.

for and on behalf of the Board of Directors

(O. P. Srivastava)

Director

(S. P. Ghosh)

Director

Mumbai
30.06.2009

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 31st March, 2009.

Name	Shri D. J. Bagchi
Age	46 Yrs.
Designation/Nature of Duties	Chief Executive Officer
Gross Remuneration (P.M.)	Rs. 2,43,002/-
Qualification	FCS, LLB.
Experience (years)	20
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.