



## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Twentieth Annual General Meeting** of the members of SAHARA HOUSINGFINA CORPORATION LIMITED will be held on **Thursday, the 29th day of September, 2011 at 11.00 A.M.** at Sahara India Sadan, 2A, Shakespeare Sarani, Kolkata-700071 to transact the following business:

### ORDINARY BUSINESS

#### Item No.1- Adoption of accounts

To receive, consider and adopt the Balance Sheet as at March 31, 2011 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.

#### Item No.2- Re-appointment of Shri Om Prakash Srivastava

To appoint a Director in place of Shri Om Prakash Srivastava, who retires by rotation and, being eligible, seeks re-appointment.

#### Item No.3- Re-appointment of Shri Joy Broto Roy

To appoint a Director in place of Shri Joy Broto Roy, who retires by rotation and, being eligible, seeks re-appointment.

#### Item No.4- Re-appointment of Statutory Auditors

To appoint auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to pass the following resolution thereof:

“Resolved that M/s. Chaturvedi & Co., Chartered Accountants, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting on such remuneration as may be determined by the Board of Directors in consultation with the Auditors, and reimbursement of actual travel and other out of pocket expenses incurred by the Auditors for the purpose of their audit.”

### SPECIAL BUSINESS

#### Item No.5 - Appointment of Shri Seemanto Roy as Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as ORDINARY RESOLUTION.

“Resolved that Shri Seemanto Roy, who was appointed as an Additional Director of the Company and who holds office until the date of the Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956, and Article 96 of the Article of Association of the Company, and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956, proposing his candidature, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS BEHALF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 22, 2011 to Thursday, September 29, 2011 (both days inclusive).
4. Members are requested to notify immediately any change in their address to the Company / Share Transfer Agents if shares are held in physical mode and to the Depository Participants if shares are held in electronic mode.



5. Members/proxies should bring duly filled Attendance Slip sent herewith along with copy of the Report and Accounts to the AGM. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the meeting.
6. Members desirous of making a nomination in respect of their shareholding, as permitted under Section 109A of the Companies Act, 1956, are requested to submit the prescribed Form 2B (in duplicate) to the Registrar and Share Transfer Agents of the Company.
7. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representative(s) to attend and vote at the Annual General Meeting.
8. Members desiring any information with regard to Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready at the meeting. The Profit & Loss Account for the financial year ended March 31, 2011, the Balance Sheet as at that date, the Auditors' Report, the Directors' Report and all other documents annexed or attached to the Balance Sheet are available for inspection by the members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on working days up to this AGM.
9. Re-appointment of Directors: At the ensuing meeting, Shri Om Prakash Srivastava and Shri Joy Broto Roy retire by rotation, and being eligible, offer themselves for re-appointment. The details pertaining to these directors required to be provided pursuant to Clause 49 of the Listing Agreement are annexed herewith.
10. The Company has designated an exclusive email ID – dj.bagchi@saharahousingfina.com which would enable the members to post their grievances and monitor its redressal. Any member having any grievance may post the same to the said email address for its quick redressal.

*By Order of the Board of Directors*  
FOR, SAHARA HOUSINGFINA CORPORATION LIMITED

Place: Kolkata  
Date: August 12, 2011

**D. J. Bagchi**  
**Company Secretary**

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**ANNEXURE TO THE NOTICE**  
**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

**Item No.5 .**

**Appointment of Shri Seemanto Roy as Director**

Shri Seemanto Roy was appointed as an Additional Director of the Company with effect from July 8, 2011 in his capacity as a Promoter Director. Pursuant to provisions of Section 260 of the Companies Act, 1956, Shri Seemanto Roy holds office as Director upto the date of the ensuing Annual General Meeting. Notice in writing under Section 257 of the Companies Act, 1956, has been received from a shareholder of the Company signifying his intention to propose Shri Seemanto Roy as candidate for the office of Director.

Brief resume of Shri Seemanto Roy is given in the annexure of this notice. Keeping in view the enriched expertise and knowledge of Shri Seemanto Roy, the Board considers it desirable that the Company should continue to avail his guidance and advice.

The Board recommends the appointment of Shri Seemanto Roy. Except Shri Seemanto Roy none of the Directors is concerned or interested in passing of this Resolution.



**Details of the Directors seeking re-appointment in 20th Annual General Meeting**  
(In pursuance of Clause 49 of the Listing Agreement)

Name of Director	Shri Om Prakash Srivastava	Shri Joy Broto Roy
Date of Birth	June 27, 1955	January 12, 1961
Date of Appointment	August 24, 2002	August 24, 2002
Expertise in specific functional areas	Over 30 Years of experience in retail finance and real estate and has wide experience across various other industries	Vast experience across various industries including aviation, real estate, infrastructure and housing.
Qualifications	Master's Degree in Arts and Bachelor's Degree in Law	Bachelor's Degree in Commerce
Directorships held in other public companies	<ul style="list-style-type: none"> <li>• Sahara India Medical Institute Ltd.</li> <li>• Sahara India Commercial Corporation Ltd.</li> <li>• Sahara Prime City Ltd.</li> <li>• Sahara Realtors Corporation Ltd.</li> <li>• Sahara India Financial Corporation Ltd.</li> <li>• Sahara India Life Insurance Company Ltd.</li> <li>• Sahara One Media &amp; Entertainment Ltd.</li> <li>• Sain Processing &amp; Weaving Mills (P) Ltd.</li> <li>• Sahara India Power Corporation Ltd.</li> <li>• Sahara Hospitality Ltd.</li> <li>• Aamby Valley Global Sports Ltd. (Sahara Hills Ltd. )</li> <li>• AVL Villas Ltd.</li> <li>• Sahara Global Design Studio Ltd.</li> <li>• Sahara Global Mastercraft Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Sahara India Medical Institute Ltd.</li> <li>• Sahara India Commercial Corporation Ltd.</li> <li>• Sahara Prime City Ltd.</li> <li>• Sahara Infrastructure And Housing Ltd.</li> <li>• Sahara Net Corp Ltd.</li> <li>• Sahara India Power Corporation Ltd.</li> <li>• Sahara Hospitality Ltd.</li> </ul>
Committee Position held in other companies	<p><b>Audit Committee</b></p> <ul style="list-style-type: none"> <li>• Sahara India Life Insurance Company Ltd.</li> <li>• Sahara India Medical Institute Ltd.</li> <li>• Sahara India Commercial Corporation Ltd.</li> <li>• Sahara Prime City Ltd.</li> <li>• Sahara One Media &amp; Entertainment Ltd.</li> <li>• Sahara India Financial Corporation Ltd.</li> <li>• Sahara Hospitality Ltd.</li> </ul> <p><b>Shareholders'/ Investors' Grievance Committee</b></p> <ul style="list-style-type: none"> <li>• Sahara Prime City Ltd.</li> </ul>	<p><b>Audit Committee</b></p> <ul style="list-style-type: none"> <li>• Sahara India Power Corporation Ltd.</li> <li>• Sahara Hospitality Ltd.</li> </ul> <p><b>Shareholders'/ Investors' Grievance Committee</b></p> <ul style="list-style-type: none"> <li>• Sahara Infrastructure And Housing Ltd.</li> </ul>
Shares held in the Company	<b>Nil</b>	<b>Nil</b>



**Details of the Additional Director proposed to be appointed as Director, liable to retire by rotation**

Name of Director	Seemanto Roy
Date of Birth	30th January, 1977
Date of Appointment as Additional Director	8th July, 2011
Expertise in specific functional areas	Wide experience across various industries including aviation, real estate, Entertainment.
Qualifications	Bachelor's Degree in Arts
Directorships held in other public companies	<ul style="list-style-type: none"><li>• Aamby Valley Limited</li><li>• Sahara Prime City Limited</li><li>• Sahara India World Mart Corporation Limited</li><li>• Sahara India Institute Corp Ltd</li><li>• Sahara India Club Royal Corpn Ltd</li><li>• Sahara Safe Drinking Water Supply Ltd</li><li>• Sahara Adventure Sports Limited</li></ul>
Committee Position held in other companies	<b>Audit Committee</b> <ul style="list-style-type: none"><li>• Aamby Valley Limited</li><li>• Sahara Adventure Sports Limited</li></ul> <b>Shareholders'/ Investors' Grievance Committee- N/A</b>
Shares held in the Company	Nil

**IMPORTANT COMMUNICATION TO MEMBERS**

The Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by allowing paperless compliances by the companies and has permitted service of documents including Annual Report to its members through electronic modes. In the backdrop of this, the Company has given an option to the shareholders to receive the Annual Report through e-mail and is sending the Annual Report through e-mail to those members whose registered email IDs were available with us. To further support this initiative Members, whose e-mail IDs have not been registered so far, are requested to register their e-mail addresses to their respective Depository Participant, in respect of holdings in Demat form and , with the Company's RTA , M/s Link Intime India Private Limited, in respect of shares held in physical form.



**FORM OF PROXY**

SAHARA HOUSINGFINA CORPORATION LIMITED

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

Folio No. .... /Dp ID No\* ..... & Client ID No. \* .....

[(\*) Applicable for members holding Shares in electronic form)

I/We .....of.....in the district of ..... being a member/members of SAHARA HOUSINGFINA CORPORATION LIMITED hereby appoint .....of ..... or failing him/her of..... in the district of ..... as

my/our proxy to attend and vote for me/us on my/our behalf at the Twentieth Annual General Meeting of the Company to be held on Thursday, the September 29, 2011 at 11.00 A.M. at the Registered Office of the Company at Sahara India Sadan, 2A Shakespeare Sarani, Kolkata - 700 071 and at any adjournment thereof.

Signed this .....day of .....2011.

Signature .....

Affix Re. 1/- Revenue Stamp

Note : The Proxy must be returned duly completed so as to reach the Registered Office of the Company not less than 48 hours before the schedule time for holding the aforesaid meeting.

..... ✂ TEAR HERE .....

**ATTENDANCE SLIP**

SAHARA HOUSINGFINA CORPORATION LIMITED

Registered Office : Sahara India Sadan, 2A, Shakespeare Sarani

Kolkata - 700 071

Folio No. .... /Dp ID No\* ..... & Client ID No. \* .....

[(\*) Applicable for members holding Shares in electronic form)

(IN BLOCK LETTERS)

Address : .....

Name : .....

I/We hereby record my/our presence at the Twentieth Annual General Meeting of the Company at the Registered Office of the Company at Sahara India Sadan, 2A, Shakespeare Sarani, Kolkata -700 071 on Thursday, September 29, 2011 at 11.00 a.m.

Signature of Shareholder/Proxy Present: .....

- Note : (1) Member/Proxy holder are requested to bring their attendance slip with them when they come to the meeting and hand it over at the entrance after signing it.
(2) Members/Proxy holders who come to attend the meeting are requested to bring their copies of the Notice and Annual Accounts.

# Build your dream with us



SAHARA HOUSINGFINA CORPORATION LIMITED

*Building the dream for every Indian*



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## CORPORATE INFORMATION

### Board of Directors

Shri Om Prakash Srivastava  
Shri Joy Broto Roy  
Shri Seemanto Roy  
Shri Brijendra Sahay  
Shri Sakti Prasad Ghosh  
Shri Ranoj Dasgupta

### Chief Executive Officer & Company Secretary

Shri D.J. Bagchi

### Senior Management Personnel

Shri Vivek Kapoor	Finance & Corporate Affairs
Shri Anup Kumar Kirtan	Credit & Operations
Shri K. D. Bhattacharya	Systems & Administration
Shri Sarvesh Kumar	Regional Business Head – North & West
Shri S. C. Maitra	Regional Business Head - East
Shri R. N. Singh	Regional Business Head - South

### Statutory Auditors

M/s.Chaturvedi & Company,  
Chartered Accountants  
60, Bentinck Street,  
Kolkata – 700 069

### Internal Auditors

M/s. Chaturvedi & Partners  
212A, Chiranjiv Tower  
43, Nehru Place  
New Delhi – 110 019

### Bankers

Corporation Bank.  
ICICI Bank 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

### Registered Office

SAHARA INDIA SADAN  
2A, Shakespeare Sarani, Kolkata – 700 071, [www.saharahousingfina.com](http://www.saharahousingfina.com)





## BOARD OF DIRECTORS



Shri O. P. Srivastava



Shri J. B. Roy



Shri Seemanto Roy



Shri Brijendra Sahay



Shri S. P. Ghosh



Shri Ranoj Dasgupta



## PROFILE OF DIRECTORS & KEY MANAGERIAL PERSONNEL

### DETAILS OF THE DIRECTORS INCLUDING THEIR BRIEF PROFILE:

#### ❖ **SHRI OM PRAKASH SRIVASTAVA (DIN No: 00144000)**

Shri Om Prakash Srivastava, age 56 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 industrial and financial 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" 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. He was also an Executive Council Member of the Uttar Pradesh Technical University.

#### ❖ **SHRI JOY BROTO ROY (DIN No: 00432043)**

Shri Joy Broto Roy, age 50 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 72 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 72 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, SHRISTI Infrastructure Development Corporation Limited, BENGAL, SHRISTI Infrastructure Development Limited, Home First Finance Company India Private Limited, Shristi Housing Development Private Limited, DBS Affordable Home Strategy Limited.

#### ❖ **SHRI RANOJ DASGUPTA (DIN No: 00216165)**

Shri Ranuj Dasgupta, age 72 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 SEEMANTO ROY (DIN No: 00183666)**

Shri Seemanto Roy, age 34 years, holds a Bachelors Degree in arts from Lucknow University. He has been the Head of Aamby Valley City and the Entertainment businesses of Sahara India Pariwar and contributed immensely during his association with these divisions of the Sahara India Group. He has more than 10 years of experience in the real estate sector. He had also been associated with the Sahara Airlines (now divested) in the capacity of Director. Presently, he holds, amongst others, directorships on the Board of Sahara Prime City Limited, Sahara India World Mart Corporation Limited, Sahara Adventure Sports Limited, Aamby Valley Limited etc. He created the Customer Delight Centre (CDC) at Aamby Valley City and subsequently headed the ₹ 100 Cr Lake Front Development project at Aamby Valley City.

### DETAILS OF THE KEY MANAGERIAL PERSONNEL INCLUDING BRIEF PROFILE:

#### ❖ **SHRI D. J. BAGCHI**

Shri D. J. Bagchi, age 48 years, is a Fellow member of the Institute of Company Secretaries of India (ICSI) and a LLB, having more than 20 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.



## CEO Speak ...

### Dear Shareholder,

Let me begin my address by briefly apprising you with the financial performance of the company. As outlined in the Annual Report, during the year ended March 31, 2011, your Company recorded a total income of ₹ 20.39 Cr Profit Before Tax (PBT) of ₹ 3.09 Cr and Profit After Tax (PAT) of ₹ 2.26 Cr. The Net Owned Fund (NOF) & Assets Under Management (AUM) balance of the Company as on March 31, 2011 stood

at ₹ 25.17 Cr & ₹ 152.15 Cr respectively. Earnings Per Share (EPS) as on that date was ₹ 3.23. There is clearly still a long way to go before the company can be said to be realising its potential, but the year under review contained a significant measure of progress on that journey.

The renewed optimism and positive sentiment generated by the better-than expected performance in the beginning of 2010 was short-lived as the global economy once again plunged into a state of uncertainty during the first half of 2010. The renewed volatility induced investor to resort to "flight to safety" principles, abandoning markets of the developed world for the developing markets, which were perceived to be relatively safe. This contributed to a spurt in capital inflows in the developing and emerging markets which eventually created appreciation pressures on their exchange rates and rise in asset prices.

One of the Board's most important priorities throughout FY 2010-11 was to resolve the funding issues facing the company apart from the other common challenges facing the Housing Finance Industry being, higher cost of funds, maturity mismatches (asset-liability mismatches), tackling non-performing assets (NPAs), rising interest rates, thinning profit margins and fierce competition.

One of the big challenges faced today by the industry is the widening gap between demand and supply of housing units and housing finance. As per the estimates the urban housing shortage in India is approximately 24.71 million dwelling units and the total housing shortage in rural areas is estimated at 47.43 million units at the end of 2012. "Affordable Housing" has, therefore, emerged as a key concern for the policy makers and the industry.

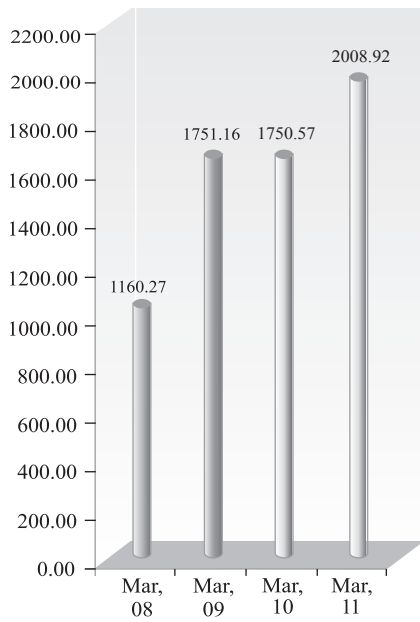
In order to survive and prosper, the Housing Finance Companies have to concentrate more on their operational efficiency and to this end; SHCL undertook various measures during the year to enhance its operational efficiency. SHCL presently operates from four regions and thirteen branches and is serving its customers through attractive and competitive home retail schemes. I am confident that with the trust and confidence of our customers, investors and the lending institutions, SHCL will be able to establish itself as a prominent player in the Housing Finance sector in India.

As we set our sights for the future, on behalf of the Board, the Executive Management Committee and the entire SHCL team I thank you for your valuable trust and seek your continued interest and support.

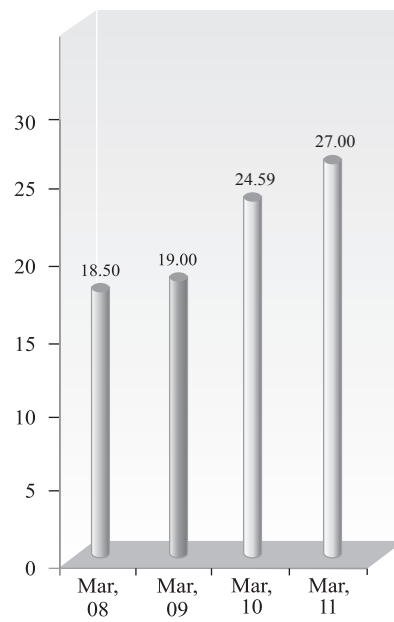
D. J. Bagchi  
Chief Executive Officer

**OPERATIONAL HIGHLIGHTS**

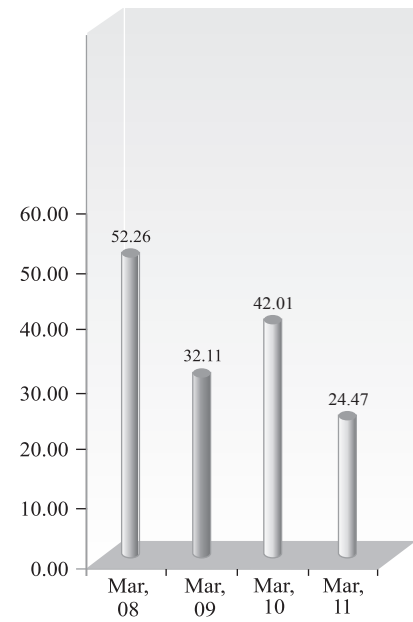
**Income from Operations**  
₹ in lacs



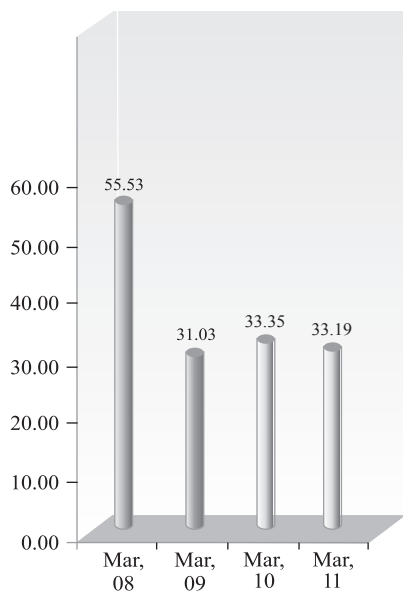
**Capital Adequacy Ratio**  
%



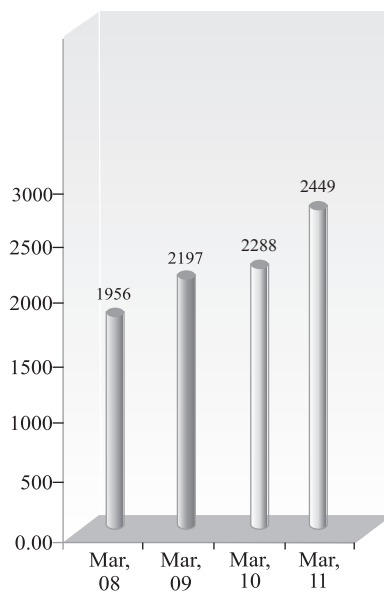
**Incremental Loan Sanctioned**  
₹ in Crores



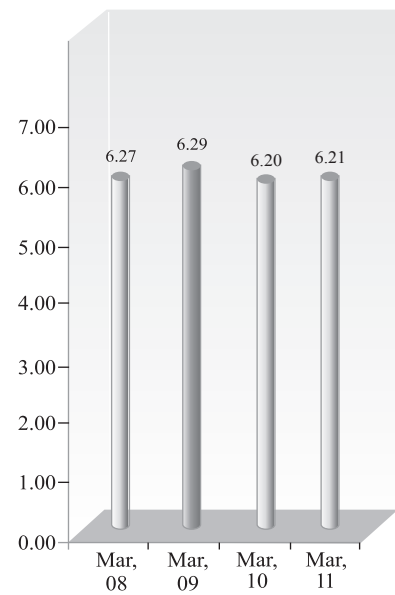
**Incremental Disbursement of Loans**  
₹ in Crores



**Loan Accounts**  
Numbers



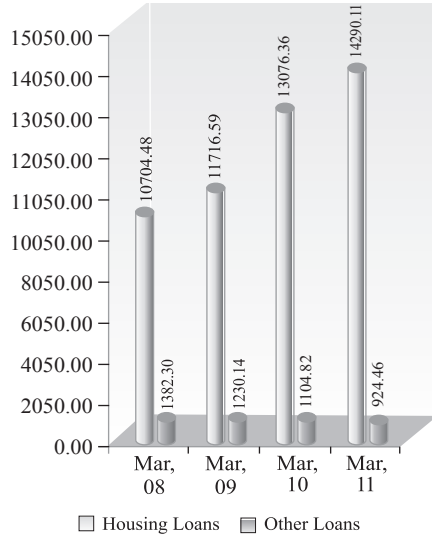
**Average Ticket Value**  
₹ in lacs





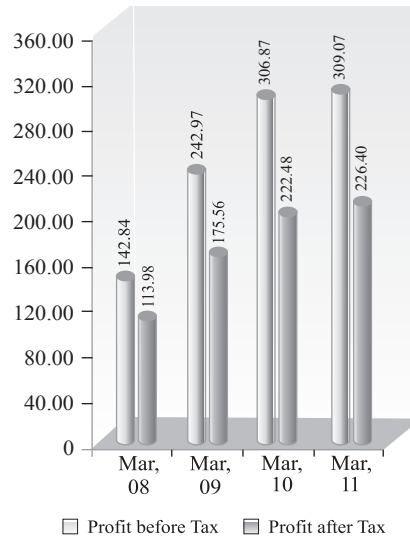
**Loan Outstanding -  
Housing Loan & Other Loan**

₹ in lacs



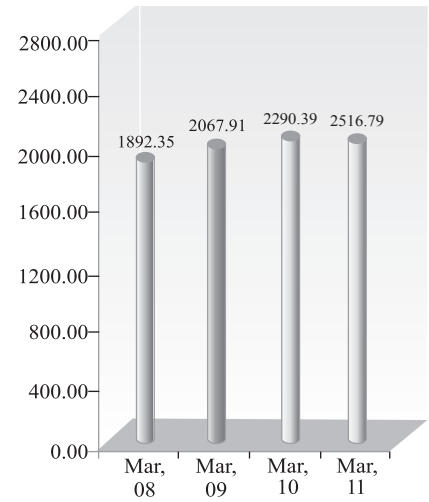
**Profit Before Tax &  
Profit After Tax**

₹ in lacs



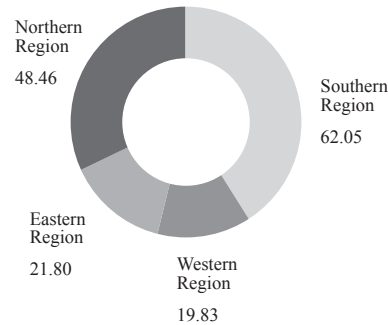
**Net Owned Fund (NOF)**

₹ in lacs



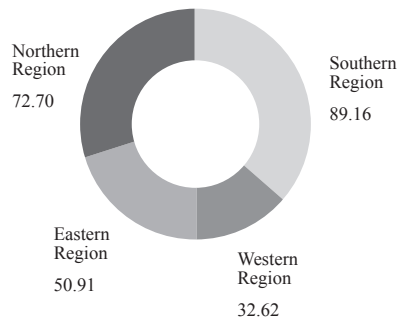
**Regionwise Loan Outstanding**

₹ in Crores



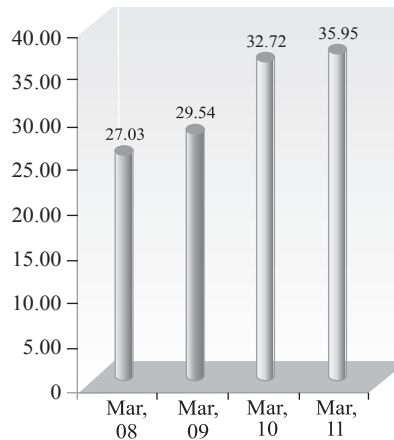
**Regionwise Cumulative Disbursement**

₹ in Crores



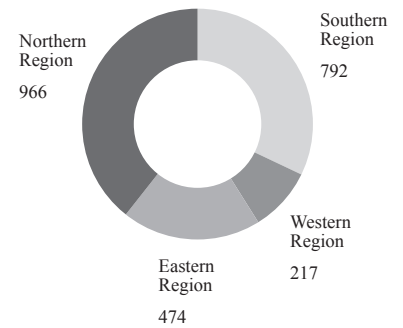
**Book Value of Shares**

₹



**Regionwise Loan Accounts**

Numbers



## DIRECTORS' REPORT

### To the members of Sahara Housingfina Corporation Limited,

The Directors have great pleasure in presenting the **Twentieth Annual Report** on the business and operations of your Company together with the Audited Accounts for the year ended March 31, 2011.

#### FINANCIAL PERFORMANCE

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

- The Profit and Loss Account shows a profit before tax of ₹ 309.07 lacs after making provisions for NPAs and Loan Assets (General) of ₹19.42 lacs and taking into account all expenses, including depreciation. The provision for income tax (net of deferred tax) is ₹ 82.67 lacs and the profit after tax for the year is ₹ 226.40 lacs. Taking into account the balance of ₹ 572.30 lacs being brought forward from the previous year, the distributable profit is ₹ 798.70 lacs.
- The Gross Income for the year under review increased by 15.65 percent to ₹ 2038.65 lacs in comparison to last financial year's income of ₹ 1762.76 lacs.
- The Profit After Tax (PAT) is ₹ 226.40 lacs as against ₹ 222.48 lacs in the previous year, representing a marginal increase.
- The total Assets Under Management of the Company as on March 31, 2011 is ₹ 15214.57 lacs as against ₹ 14181.18 lacs in the previous year, an increase of 7.29 percent (approx).
- Shareholders' Equity (Net Owned Fund) increased to ₹ 2516.79 lacs from ₹ 2290.39 lacs in the previous year, an increase of 9.88 percent (approx).
- The Earnings per share (EPS) is ₹ 3.23 as at March 31, 2011 as against ₹ 3.18 as at March 31, 2010.

#### FINANCIAL RESULTS

(₹)

Particulars	2010-2011	2009-2010
GROSS INCOME	203,865, 671	176,276,254
Less:		
Interest	133,276,648	111,124,220
Overheads	38,205,487	33,029,621
Depreciation	1,476,785	1,435,746
Profit Before Tax (PBT)	30,906,751	30,686,667
Provision for Taxation		
– Current Tax	8,942,712	85,91,127
– Deferred Tax	(867,948)	(297,028)
– Income Tax related to earlier years	192,224	144,578
Profit After Tax (PAT)	22,639,763	22,247,989
Add: Profit carried from earlier years	57,230,090	41,286,222
Profit available for appropriations	79,869,853	63,534,211
Appropriations		
Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	6,644,513	6,304,121
Balance carried to Balance Sheet	73,225,340	57,230,090





## 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, New Delhi as a non-deposit taking Housing Finance Company.

## OPERATIONAL RESULTS & NETWORK

During the year under review, your Company disbursed loans aggregating to ₹ 33.19 Cr. (Previous year ₹ 33.35 Cr.). The outstanding loan portfolio as at March 31, 2011 stood at ₹ 152.15 Cr. (Previous Year ₹ 141.81 Cr.).

The Cumulative Log-in, Sanction and Disbursement amount as on March 31, 2011 are as under:

Particulars	No. of Accounts		Amount (₹ in Cr.)	
	2010-11	2009-10	2010-11	2009-10
Cumulative Log-in	5062	4771	459.69	430.20
Cumulative Sanction	3063	2810	300.30	275.82
Cumulative Disbursement	2888	2595	245.38	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 scrupulously adhered to the prudential guidelines for Non-Performing Assets (NPAs), issued by the National Housing Bank (NHB) under its revised Directions of 2010, 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, 2010 dated June 10, 2010, every Housing Finance Company (HFC) shall maintain a minimum Capital Adequacy Ratio (CAR) of

12 percent. The Capital Adequacy Ratio of SHCL as on March 31, 2011 was 27 percent. During the year, NHB stipulated that the loan to value ratio (LTV) for individual housing loans up to ₹ 20 lakhs should not exceed 90 percent and for loans above ₹ 20 lakhs, the LTV should not exceed 80 percent. Your Company has scrupulously complied with the amended guidelines.

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

The Company has also been following directions, guidelines, circulars issued by SEBI, BSE, MCA, from time to time pertaining to listed companies.

## DIRECTORS

Shri Subrata Roy Sahara and Shri Malka Komaraiah, Directors, have resigned from the Board with effect from June 17, 2011 and February 7, 2011 respectively. The Board places on record its deep appreciation for the valuable contribution made by them during their tenure as Directors of the Company.

Shri Seemanto Roy was inducted as an Additional Director (Non-executive) w.e.f July 8, 2011 under Section 260 of the Companies Act, 1956. He shall hold office upto the date of the ensuing AGM of the Company and, being eligible, offers himself for appointment. The Board firmly believes that his association shall be highly rewarding to the Company.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Om Prakash Srivastava and Shri Joy Broto Roy, 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 appointment / re-appointment are furnished in the section 'Directors' Profile' published elsewhere in this Annual Report and the notice of the ensuing AGM also contains the disclosures pertaining to these Directors as required under Clause 49 of the Listing Agreement. None of the aforesaid Directors of the Company are disqualified for being appointed / re-appointed as Directors pursuant to Section 274 (1) (g) of the Companies Act, 1956.

## INTERNAL CONTROL

As per the NHB Directions, your Company has framed policies on 'Know Your Customer & Anti-Money Laundering Standards (amended on November 10, 2010)', 'Fair Practice Code' (as amended on May 30, 2011) 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 inhouse (Conformity Assessment Team) 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 2010-11, 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 August 11, 2011 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., (Firm Registration No.302137E) Chartered Accountants, Kolkata, as the Statutory Auditors, of the Company for the financial year 2011-12.

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.

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 2011-12.

#### **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**

Since no employee is in receipt of remuneration in excess of the limits as laid down under Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended by the Companies (Particulars of Employees) Amendment Rules, 2011, no disclosures in this regard are applicable.

#### **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**

The Company has entered into an agreement with CDSL / NSDL for transaction of shares in dematerialized form. As on March 31, 2011, only 3.15 percent of the Company's paid up Share Capital consisting of 2,20,261 shares were held in physical form. 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 aims to align HR practices with business goals, motivate people for higher performance and build a competitive working environment. Productive high performing employees are vital to the company's success. The Board values and appreciates the contribution and commitment of the employees towards performance of your Company during the year. In pursuance of the Company's commitment to develop and retain the best available talent, the Company continued to offer in-house training programme to staff members in executive development, leadership and management skills. The Company had organised various training programmes for upgrading the skill and knowledge of its employees in different operational areas. 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.

Employee relations remained cordial and the work atmosphere remained congenial during the year.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956 and based on the information provided by the management, your Directors state 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 COVERAGE TO BORROWERS

Your Company in tie-up with National Insurance Company Limited offers comprehensive insurance cover product called “**NATIONAL INSURANCE SAHARA HOME LOAN SURAKSHA BIMA**” which provides protection to 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 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

A certificate from the Statutory Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges is attached to the Corporate Governance Report.

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.

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

### STATUTORY DISCLOSURES

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

### A NOTE OF APPRECIATION

Your Directors place on record their appreciation for the advice, guidance and support given by various regulatory authorities including the NHB, RBI, SEBI, MCA, Registrar of Companies, the Stock Exchange (BSE), Depositories and all the bankers of the Company. The Directors would also like to acknowledge the role of all its stakeholders – shareholders, borrowers, key partners, and lenders for their continuing support to the Company.

Your Directors value the professionalism of all employees of the Company who have relentlessly worked in a challenging environment and whose efforts have stood the Company in good stead.

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 Directors

**(O. P. Srivastava)**  
Director

**(S. P. Ghosh)**  
Director

Lucknow  
August 11, 2011

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### Preface

Sahara Housingfina Corporation Limited was incorporated as 'Livewell Home Finance Limited' in the state of Andhra Pradesh on August 19, 1991 and the Certificate for Commencement of Business was issued on October 25, 1991 with the main objective of providing housing finance. The Company's name was subsequently changed to its present name w.e.f. 20th January 2005.

The Company conforms to the Directions including that of prudential norms issued by NHB from time to time. The company has traversed its journey through its share of difficulties in repositioning itself after takeover & restructuring and is now in a position with confidence to take off for high volume business.

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 home loan schemes.

### OVERVIEW OF THE INDIAN ECONOMY

#### Macroeconomic Overview

The Indian economy has emerged with remarkable rapidity from the slowdown caused by the global financial crisis of 2007-09. With growth in 2009-10 now estimated at 8.0 per cent by the Quick Estimates released on January 31, 2011 and 8.6 percent in 2010-11 as per the Advance Estimates of the Central Statistics Office (CSO) released on February 7, 2011, the turnaround has been fast and strong. Growth is strong in 2110-11 (as per the Advance Estimates) with a rebound in agriculture and continued momentum in manufacturing, though there was a deceleration in services caused mainly by the deceleration in community, social and personal services, reflecting the base effect of fiscal stimulus in the previous two years. That there has been a deceleration in industry and manufacturing, in particular, as indicated by index of industrial production (IIP) data pertaining to November, 2010 is a matter of some concern. However, buoyancy in other indicators of industrial performance and the short- run nature of the IIP slowdown suggests that the deceleration is more in the nature of road bumps than indication of any long -run problem. The medium to long-run prospect of the economy, including the industrial sector, continues to be positive. On the demand side, a rise in saving and investment and pick-up in private consumption have resulted in strong growth of the gross domestic product (GDP) at constant market place at 9.7 percent in 2010-11. A sequenced and gradual withdrawal of the monetary accommodation is helping contain inflationary pressures. Inflation which remained at elevated levels for a large part of the current fiscal was largely driven by food items, though the goods that were inflating at the start of the fiscal year were different from the goods for which prices are rising now. Notwithstanding the tightening monetary markets and moderate growth in deposits the financial situation remained orderly with a pickup in credit growth, vibrant equity market and stable foreign exchange market. A moderation in the current account of balance- of- payment position is likely with deceleration

in imports and acceleration in exports as per the latest monthly merchandise trade data. Though downside risks of global events, particularly movements in prices of commodities like crude oil (exacerbated by political turmoil in the Middle East), remain, the Indian Economy is poised to further improve and consolidate in terms of key macroeconomic indicators.

(Source: <http://indiabudget.nic.in>).

#### Inflation

- The inflation situation in the economy continues to be a cause for concern. Despite large scale tightening of the monetary policy by the RBI and other steps taken by the government, inflation continues to remain close to the double digit mark.
- In May 2011, WPI based headline inflation stood at 9.1 percent. This is higher than 8.7 percent inflation recorded in April 2011. Core inflation too has moved up from 8 percent in April 2011 to 8.6 percent in May 2011.
- Near term outlook for inflation is not too encouraging and there are chances that we may see inflation jump to the double digit territory on a few occasions.
- High international oil prices, likely decontrol of diesel prices, high global food prices and hike in Minimum Support Prices for the upcoming agriculture season are some of the factors that constitute the upside risks to inflation. (Source: Report by the Economic Affairs and Research Division, FICCI).

#### Money & Banking

Data on money supply growth shows that broad money (M3) registered a growth of 15.9 percent in the year 2010-11. This growth was only a tad lower when compared to a growth of 16.9 percent registered in the year 2009-10. However, it is important to note that growth in money supply in 2010-11 was considerably weak when compared to the growth of nominal GDP that stood at 19.1 percent.

Money supply growth in 2010-11 was driven by growth seen in bank credit to the commercial sector [20.6 percent]. The other important component of money supply, net foreign exchange of assets of the banking sector, registered a moderate growth of just about 7.4 percent in 2010-11.

Latest numbers available show that year on year growth in money supply in the period up to May 21, 2011 was 16.8 percent. Growth in the corresponding period [up to May 22, 2010] in the previous year was 15.1 percent.

Amongst sources of money supply, while bank credit to the commercial sector registered a growth of 21.3 percent in the period up to May 21, 2011, net bank credit to the government went up by 17.9 percent. Net foreign exchange assets of the banking sector registered a growth of 7.6 percent during the same time period.

As regards bank credit and deposit growth, we see that the year on year growth in non-food credit in the period up to





May 21, 2011 has been almost 22.1 percent. This is higher than the credit growth target of 19 percent set by the RBI for the current year. Growth in deposits in the period up to May 21, 2011 has been of the order of 17.4 percent and is in line with RBI target growth of 17 percent for the current year. These numbers indicate that the trend seen in the previous year – of deposit growth lagging credit growth – continues in the current financial year. Of course the growth rate in deposits has picked up in recent months and to that extent eased some pressure on the banks as they worked hard to maintain their margins. Given the present credit and deposit situation, banks have been complaining of a tight liquidity situation.

#### **Financial Stability Report by RBI**

The Reserve Bank of India presented its assessment of the health of India's financial sector in its Financial Stability Report, during second week of June. The highlights of the report are:

- The global risk scenario has improved, though there are signs of a slowdown in growth during 2011 in most countries, including some developing economies in Asia.
- Liquidity in the system remained in deficit mode given strong credit demand and high level of currency in circulation.
- Banks in India will face many challenges as they migrate to the advanced approaches under Basel II and prepare for Basel III.
- A series of stress testing in respect of credit, liquidity and interest rate risks showed that banks remained reasonably resilient though their profitability could be affected significantly.
- Banks need to remain vigilant to the headwinds from the prevailing inflation and interest rate situation which may affect their asset quality as changes in interest rate were found to have the most significant (negative) impact on slippage ratio of the banks.
- Greater access of domestic corporates to ECBs has resulted in increased currency mismatches. Many companies which have raised money through foreign currency convertible bonds could face severe funding problems in the next two years due to lackluster equity markets. According to RBI, a very large proportion of these FCCBs may not get converted into equity thus requiring their refinancing at the much higher interest rates prevalent today. (Source: Report by the Economic Affairs and Research Division, FICCI).

#### **Prospects**

Based on the performance of the economy over the last five years and analysis of the underlying trends of critical variables, India's real GDP is expected to grow by 9 percent (+/- 0.25) in 2011-12. The Indian economy had grown at above 9 percent for three consecutive years starting in 2005-06. So the economy is expected to revert to pre-crisis growth levels next year. India's incremental capital-output ratio (ICOR) is estimated to be 4.1 for the eleventh plan. Since savings and investment now show a positive momentum and the Government is implementing a gradual exit from the stimulus package, the savings and investment rates are likely to rise further. Hence it is expected

that the economy's growth will breach the 9 percent mark in 2011-12. (Source: <http://indiabudget.nic.in>).

#### **Overview of the Housing and Real Sector**

Over the years, the credible and a responsive regulatory regime and the market-orientation of the housing finance system have contributed significantly to growth of a vibrant primary housing market. The market has witnessed growing competition in pricing and marketing of new innovative products. The profile has changed from a rigid sellers' market to a competition and choice-oriented buyers' market. This has also meant the growth of a dynamic and efficient demand-driven market. The increased focus on the huge market for affordable housing has attracted the builder community as well as the lending institutions. Though there have been concerns on lack of transparency in the industry practices, some of the industry players are reworking their business model with a positive outlook on the viability of this market segment. Though "scales" will continue to be a challenge, going forward, it can be optimistically expected that the affordable housing solutions will emerge as options in the market to suit the average Indian families whose disposable income is steadily on the rise. The industry is just about seeing housing units at affordable prices being delivered in the market place to suit the needs of the average household. The real estate boom in India was inextricably linked to the country's economic stability, which made India a preferred investment destination. With sustained demand for housing for India's population coupled with commercial and industrial boom, large-scale real estate projects were launched across the country. With high profit potential, these projects have been funded through diversified sources that included overseas and domestic private funds and private equity funds. To create an environment friendly climate for foreign investments, foreign direct investment of up to 100 per cent was allowed since 2005 in townships, built-up housing and construction development projects with the liberalization of FDI regulations. The free and enhanced inflow of funds catalyzed the organized development of housing. However, in 2008, the global meltdown in the financial and real sector triggered a downturn in the Indian real estate market too. The real estate and the construction sector faced liquidity crunch as the banking industry adopted a very cautious approach towards financing the real estate and construction companies. The lending institutions too, faced liquidity crunch. This was reflected in the cautious and more prudent approach adopted by the lenders in terms of lower loan-to value loans, construction-linked payment and financing only for projects nearing completion. Further, real estate developers also had to increasingly depend on other sources of funding, such as private equity and stock markets, which also provided limited scope. Funding through receivables from residential projects under construction were also blocked with falling demand and buyers deferring payments until they took possession of properties. The resultant fall in valuation coupled with high interest rates and low availability of money created stress and uncertain conditions in the market with homebuyers remaining away from the market for most part of the period. The property price-cycle and the interest rate-cycle continued to affect the sentiments of the market and the decision of potential buyers and borrowers. In the residential segment, the period witnessed the launch of residential projects with some price rationalization. However, the price corrections are

more pronounced in new launches than existing projects. Further, the correction in prices, cuts in bank interest rates, and smaller unit sizes per apartment, with increased emphasis on affordable housing, has together resulted in improved environment for homeownership. The current scenario has also opened up new locations for residential development, as far-flung suburban locations, where land is relatively inexpensive, have witnessed the launch of aggressively priced projects in recent times. With huge latent demand for housing units in India, the residential sector, for most part of the year, led the recovery in the real estate market in terms of sales volume and asset pricing. (Source: NHB's Report on Trends and Progress of Housing in India-2010)

### **Housing Finance Industry Structure and Developments**

The housing finance system has evolved over a period of time. The mainstream financing institutions in the country, including the commercial banks and the Housing Finance Institutions are increasing their presence and role in purveying housing credit. The housing finance sector is well integrated with the broader financial market. As per the mandate, the National Housing Bank (NHB) operates as a principal agency for promoting, regulating and providing financial and other support to housing finance institutions at local and regional levels. Since 1988, the number of specialized entities, viz. Housing Finance Companies (HFCs) has increased significantly both in public and private sector. As on 30th June, 2010 fifty two (52) HFCs having branches across the country are registered with the National Housing Bank.

Although Scheduled Commercial Banks (SCBs) constitute the largest mobilizers of savings in the country, they were initially reluctant to lend for housing. Their outlook on housing has considerably changed and towards the end of the 1990s, against the backdrop of lower interest rates, rising disposable incomes, stable property prices and fiscal incentives, commercial banks began to focus on housing finance requirements of retail customers. Market became increasingly demand driven with favourable demographic and employment trends. Besides, the SCBs and HFCs, there are a large number of Co-operative Sector Institutions, Micro Finance Institutions (MFIs) present in both rural and urban areas serving the formal and informal sector people. Though with limited capacity to undertake housing finance, the MFIs have made a beginning and are becoming more visible in this segment.

With the emergence of the banks in the housing finance sector, there has been an exponential growth in housing finance during the last 5 years and the Compounded Annual Growth Rate (CAGR) has been around 30 per cent. However, during the year 2008-09, there has been a slight slowdown in off-take of housing finance, mainly on account of the impact of global economic conditions and its resultant effect on demand and liquidity in the system. The housing finance market has witnessed robust growth during the last decade. While the share of the HFCs has declined, the share of the commercial banks has increased. The market share of commercial banks has increased from 31 per cent in 2000-01 to over 60 per cent in 2008-09 due to their wider network, access to low cost deposits and their new areas of interest and expansion. The market share of the housing finance companies has declined from 69 per cent during

2000-01 to 38 per cent during 2008-09. However, the HFCs continued to upgrade their skills and systems to account for a steady growth in their portfolios, well contained non-performing assets and improved reach and depth in the market. Overall, the volumes have grown and the competition in the market has benefited the borrowers. The sector is becoming increasingly demand-driven and market oriented. NHB sees sustainability of the trend, combined with robust risk-management skills, as key to the health and soundness of the housing finance system and the market.

Increased competition has led to the introduction of new mortgage products in the market. These products include variable interest rate loans, customized products with features like ballooning equated monthly installments (EMI) or reducing EMIs, depending on the need and eligibility of the borrowers concerned. In addition, some banks and HFCs are offering home equity loans (loans against the mortgage of existing property), which may be used for non-housing purposes.

Housing Finance has evolved through various stages, with NHB as the key institution at the centre-stage. Today, over 20 HFCs have a mortgage loan portfolio of over ₹ 1000 billion. The housing industry and the responsive housing credit system can potentially play an important role in stimulating the local and the national economies and in the distribution of economic resources. "Scaling up" is a key challenge for the stakeholders in the sector. (Source: NHB's Report on Trends and Progress of Housing in India-2010)

### **Prospects for the Industry**

Presently, the Indian housing finance market is oligopolistic in nature and the major players are Banks, HFCs and the Co-operative sector institutions. These three types of financial institutions account for over 95 per cent of the Indian housing finance market. However, their geographical coverage has not reached the interiors of the urban and rural areas which accommodate a large section of the poor and vulnerable masses. As a result, a large number of other small scale institutions viz. micro-finance institutions (MFIs), community based organisations (CBOs), self-help groups (SHGs) etc have emerged to cater to the housing and housing finance needs of these segments of the population. Although, the cost of housing finance from these small sources are comparatively high to that of the Banks, HFCs and co-operative sector institutions, the easy, quick and timely availability of finance are supporting the growth and development of these small scale institutions.

The regulatory framework established by the National Housing Bank coupled with its financing and promotional support has led to widening and deepening of the housing finance system along sound and sustainable lines. Moreover, as the regulations relate to nearly all aspects of HFCs functioning, the potential promoters also feel comfortable and protected in taking higher equities in these institutions. Regulations have also controlled the proportion of nonperforming assets (NPA) in the industry, which has remained at 1.5 per cent and below (currently 0.83 per cent), the expansion in housing credit notwithstanding. With enhanced confidence in the HFCs, the banks' lending to the housing finance companies have gone up quite significantly, growing 25-30 per cent between 2003-04 to 2009-10. This has further added to the depth and reach of the housing finance





system. Greater funding by the banks for the HFCs, has also added to greater integration of the housing finance system with the broader financial market.

The housing finance sector in India continues to be driven by the combined effect of the policies and the market. While sizeable segments of the population are still outside the fold of the formal system and still untapped, the lending agencies are looking to serve these segments with special skills and products to increase their market share. The lending institutions, at the same time, recognize the risk in lending to such segments such as non-salaried, non-conventional etc. and they charge higher interest rates corresponding to higher risks and higher cost-to-service. As this market segment is quite huge and is rapidly growing, it offers an enormous untapped potential for the lending institutions. There is also a significant segment of borrowers on the margin who can be reached profitably by the credit institutions provided their level of confidence and comfort is enhanced through an appropriate institutional mechanism. The Government of India had announced exploring a market-oriented mechanism for Mortgage Guarantee to support and expand lending and improve home ownership in the country. NHB is exploring mortgage guarantee product in the country in collaboration with some international partners including the IFC and the ADB. This venture will seek to improve 'accessibility' and 'affordability' of housing finance for the newer segments of the population and act as an incentive for the lenders. This venture will also promote market for MBS in the country and bring about efficiencies in practices and operations, inducing stability in the industry, while ensuring expansion. ( Source: NHB's Report on Trends and Progress of Housing in India-2010)

#### Opportunities and Threats

A Technical Group constituted by the Ministry in 2006 to assess the urban housing shortage has estimated that at the end of the 10th Five Year Plan (2007-08), the total housing shortage in the country was 24.71 million. The Technical Group further distributed the housing shortage among various categories as under:-

Categorywise break up of Housing Shortage

Category	Housing shortage Dwelling units in Millions	Percentage share in housing shortage
Economically Weaker Sections(EWS)	21.78	88.14
Low Income Group (LIG)	2.89	11.70
Middle Income Group (MIG) & Higher Income Group (HIG)	0.04	0.16
Total	24.71	100.00

The Technical Group has further estimated the total requirement of housing during the 11th Five Year Plan period (2007-2012) will be 26.53 million. A projected investment of ₹ 361318.10 Cr. was required to meet this housing requirement as per 11th Plan

document. (source: [www.indiacurrentaffairs.org](http://www.indiacurrentaffairs.org))

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 has 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 accesability 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

Increase in liquidity and credit off take had caused the RBI to adopt measures to curtail growth. Hence, CRR and Repo rates were increased multiple times. This led to an increase in housing loan rates, which reached a high of 10-11 per cent in mid- 2010 and in the end of the financial year, interest rates reached their peak at around 12 per cent.

With a view to support the real estate demand (largely home loans), HFCs including banks hiked their lending rates by 100-150 bps and started offering sops in the form of (1) fixed rate of interest on loans for certain tenure, (2) Lower loan processing charges, (3) instant access to loans. The loan to value ratio continues to remain in the range of 80-85 per cent. In line with global trends, the interest rate scenario has been volatile.

#### 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 is fully geared to take appropriate and timely action with the objective of becoming financially even stronger in the years to come.

### Risk Management

Risks include credit risk, liquidity risk, and interest rate risk, operational risk 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. The Company has also 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 percent 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

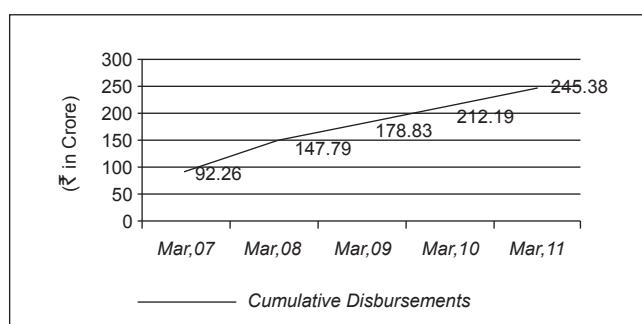
SHCL's major focus has been to provide home loans to individuals and families for purchase, construction, extension, repair and renovation of houses. The Company has also developed loan products for the families in the self-employed category where formal income proofs are not easily available and the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

<b>Individual Housing Loans (HL)</b>	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.
<b>Home Improvement Loans (HIL)</b>	This loan is extended to help the borrower meet his requirement of improvement/renovation of the existing house.
<b>Home Extension Loan (HEL)</b>	This loan is given to enable the individual to expand the home/construct additional space to meet the growing requirements of the family.
<b>Land Loans (LL)</b>	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.

<b>Mortgage Loans (ML)</b>	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.
<b>Non Residential Property Loans (NRPL)</b>	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.
<b>Home Loan Enhancement (HLE)</b>	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.
<b>Loan Take Over / Balance Transfer (BT)</b>	Exiting home loan takeover from HFCs/Banks. Exiting mortgage loan takeover from HFCs/Banks. Exiting non residential premises loan takeover from HFCs/Banks.

### Disbursements

During the year under review, your Company disbursed housing loans aggregating to ₹ 33.19 Cr. Year- wise cumulative disbursements during the last five years ended March 31, 2011 is shown as below:



### Subordinated Debt

During the year, the Company did not issue any subordinated debt. As at March 31, 2011, the Company has no outstanding subordinated debt.

### Spread on Loans

The average yield on loan assets during the year was 12.93 percent per annum as compared to 13.03 percent per annum in the previous year. The average all-inclusive cost of funds was 10.30 percent per annum as compared to 9.55 percent per annum in the previous year. The spread on loans over the cost of borrowings for the year was to 2.63 percent per annum as against 3.48 percent 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:

- Improving the existing schemes and introduction of customer-friendly products.
- Raising funds through loans at attractive rate of interest and terms and continuing negotiation with lenders for reducing overall cost of funds.
- Strengthening 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.
- 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.

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)	<b>Cost of Funds</b>	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)	<b>Cost of Operation</b>	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)	<b>Product Diversification</b>	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.

### 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.

High inflation is the biggest threat that HFCs and banks face. Prime lending rate is at an average of 13.5 per cent. While head line inflation is at around 8.31 percent. Lending rates are highest in a decade and higher than the rates that prevailed in the phase of pre-Lehman collapse when the cash reserve ratio was 9 percent and inflation at 13 percent. To curtail inflation if the RBI raises policy rates further, banks may be prompted to raise lending rates which may hurt loan demand.

Despite efficiency, interest rates have been one of the key

differentiators. Every borrower, corporate or individual is sensitive to interest rates.

One of the key concerns emerging among developers is about banks getting a little more cautious about lending to the realty sector. Banks are reluctant to lend money to realty companies as RBI made it tougher for banks to provide high value loans to properties costing over ₹75 lakh. The RBI had also raised the provision requirement for loans.

This move by RBI gives more space for HFCs to capitalize and consolidate its market share by providing loans at very competitive rate to enable the developers come up with affordable housing project and be part of the Government's objective of providing housing for all.

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.

### Human Resources Development

The total work force strength of the Company as on March 31, 2011 was 70. 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, 2011 is ₹ 362.25 lacs (Previous Year ₹ 329.79 lacs).

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

Statements in this report, describing the company's objectives, estimations, projections, expectations are "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. SHCL assumes no responsibility in case the actual results differ materially due to change in internal or external factors.



## REPORT ON CORPORATE GOVERNANCE

Corporate Governance refers to a set of laws, regulations and good practices that enable an organization to perform efficiently and ethically generate long term wealth and create value for all its stakeholders. The Company believes that sound Corporate Governance is critical for enhancing and retaining investor trust and the Company always seeks to ensure that its performance goals are met with integrity. 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 management with strategic direction needed to create long term shareholders value. 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., equity, transparency, fairness, disclosure, accountability and commitment to values.

### COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY

The Company's essential character revolves around values based on transparency, integrity, professionalism and accountability. At the highest level, the Company continuously endeavors to improve upon these aspects on an ongoing basis and adopts innovative approaches for leveraging resources, converting opportunities into achievements through proper empowerment and motivation, fostering a healthy growth and

development of human resources to take the Company forward.

### 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 AS ON AUGUST 11, 2011

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 community related goals of the company.

### COMPOSITION AND CATEGORY OF THE BOARD OF DIRECTORS AS ON AUGUST 11, 2011 ARE AS FOLLOWS:

Directors	Category	No. of Other Directorship(s) <sup>1</sup>	No. of Other Committee Memberships/Chairmanships In Public Companies excluding SHCL <sup>2</sup>	
			Chairmanship	Membership
Shri Om Prakash Srivastava	Non-Independent, Non- Executive	14	–	08
Shri Joy Broto Roy	Non-Independent, Non- Executive	07	–	03
Shri Brijendra Sahay	Independent, Non- Executive	02	–	02
Shri Sakti Prasad Ghosh	Independent, Non-Executive	02	–	02
Shri Ranoj Dasgupta	Independent, Non-Executive	08	–	03
Shri Seemanto Roy (Additional Director)	Non-Independent, Non-Executive	07	–	02

1. Excludes Directorship in Indian Private Limited Companies (excluding Pvt. Ltd. Companies that are subsidiaries of Public Company), Foreign Companies, Section 25 Companies under 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.

#### Notes:

- i. Other Directorships and Committee Memberships of Directors are as on March 31, 2011 except that of Shri Seemanto Roy, whose details are as of July 8, 2011.

- 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.
- iv. Shri Malka Komaraiah, and Shri Subrata Roy Sahara, Directors, resigned from the Board of Directors w.e.f. February 7, 2011 and June 17, 2011 respectively.

All the Directors of the Company are non-executive Directors and half of them i.e. 50 per cent are Independent Directors. The current Board structure is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchange.



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 in accordance with the provisions of the Companies Act, 1956. 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

Category	No. of Directors	Percentage to total no. of Directors
Executive Directors	Nil	Nil
Non- Executive Directors		
– Non Independent Directors	3	50.00
– Independent Directors	3	50.00

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

#### 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 dates on which the Board Meetings were held during the year 2010-11 are as under:

- |                        |                       |
|------------------------|-----------------------|
| (1) May 28, 2010       | (4) November 10, 2010 |
| (2) August 14, 2010    | (5) February 7, 2011  |
| (3) September 29, 2010 |                       |

#### ATTENDANCE AT THE BOARD MEETINGS AND AT ANNUAL GENERAL MEETING (AGM) DURING THE FINANCIAL YEAR 2010-2011

Name of Director	No. of Board Meeting Attended (Total Meetings Held:5)	Whether Attended Last AGM
Shri Subrata Roy Sahara (resigned w.e.f. 17/06/2011)	–	No
Shri Joy Broto Roy	4	No
Shri Om Prakash Srivastava	4	No
Shri Brijendra Sahay	3	Yes
Shri Sakti Prasad Ghosh	5	Yes
Shri Ranoj Dasgupta	5	Yes
Shri Malka Komaraiah (resigned w.e.f. 07/02/2011)	–	No
Shri Seemanto Roy (appointed w.e.f 08/07/2011)	NA	NA

#### INFORMATION TO THE BOARD

The Board of Directors has complete access to the information within the Company, which inter alia includes -

- 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 Transaction;
- 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;

#### POST MEETING INTERNAL COMMUNICATION SYSTEM

The important decisions taken at the Board / Committee Meetings are communicated to the concerned departments promptly.

#### 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.

#### DETAILS OF SITTING FEES PAID DURING 2010-2011

Name of Directors	Sitting Fees paid for		Total (₹)
	Board Meeting (₹)	Audit Committee (₹)	
Shri Om Prakash Srivastava	40,000	40,000	80,000
Shri Joy Broto Roy	40,000	N.A.	40,000
Shri Brijendra Sahay	30,000	20,000	50,000
Shri Sakti Prasad Ghosh	50,000	40,000	90,000
Shri Ranoj Dasgupta	50,000	40,000	90,000

Note: 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.





## COMMITTEES OF THE BOARD

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:
  - 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.
  - Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
  - 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.
  - Reviewing the financial statements and draft audit report, including quarterly/half yearly financial information.
  - Reviewing with management the annual financial statements before submission to the Board, focusing 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).

- Reviewing the Company's financial and risk management policies.
  - Disclosure of contingent liabilities.
  - Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
  - 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.
  - Discussion with internal auditors of any significant findings and follow-up thereon.
  - 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.
  - 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.
  - 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 29, 2010 was attended by the Chairman of the Audit Committee, Shri S.P.Ghosh.
  - V. 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 2010-11			Whether Attended Last AGM (Y/N)
		Held	Attended	%	
Shri Sakti Prasad Ghosh (Chairman)	Independent	4	4	100	Y
Shri Brijendra Sahay	Independent	4	2	50	Y
Shri Ranaj Dasgupta	Independent	4	4	100	Y
Shri Om Prakash Srivastava	Non-independent & Non-Executive	4	4	100	N



VI. During the FY 2010-11, the Audit Committee meetings were held on May 28, 2010, August 14, 2010, November 10, 2010, and February 07, 2011. The necessary quorum was present at all the meetings.

VII. Details of Audit Committee for the financial year ended March 31, 2011 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	Sri 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.
- Three meetings of the Shareholders'/Investors Grievance Committee were held during FY 2010-11.
- 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 2010-11	
		Held	Attended
Shri Sakti Prasad Ghosh	Chairman	03	03
Shri Ranaj Dasgupta	Member	03	03

- 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-Exchanges, 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.

#### C) REMUNERATION COMMITTEE (Non-mandatory)

- 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's 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.



iii. 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, 2011.

#### 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 Exchanges, 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](http://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 November 10, 2010 amended & adopted the Code on 'Know Your Customer and Anti-Money Laundering Standards' which was earlier adopted at the Board Meeting dated June 30, 2006 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 May 30, 2011 amended & adopted the policy on Fair Practices Code which was earlier adopted at the Board Meeting dated October 28, 2006 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, 2011. 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) Receive, investigating and acting upon complaints and concerns (collectively, the "Reports" ) of any employee (or the Whistle Blower) regarding an actual/possible violation of the SHCL's Code of Conduct or an event that could affect the business and/or reputation of his/her own any other Group Company.
- (b) Establishing a fearless atmosphere where no reporting employee or Whistle Blower has the fear of being harassed, demoted, retaliated or threatened in any way, and thereafter maintaining the same.

### SHAREHOLDERS' INFORMATION

#### GENERAL INFORMATION ABOUT THE COMPANY

<i>Financial Year</i>	<i>April 01 – March 31</i>
Financial Reporting Calendar: 2011-12(Tentative)	<ul style="list-style-type: none"> <li>• Results for quarter ended June 30, 2011 – 2nd week of Aug, 2011</li> <li>• Results for quarter ended Sept 30, 2011 – 2nd week of Nov, 2011</li> <li>• Results for quarter ended Dec 31, 2011 – 2nd week of Feb, 2012</li> <li>• Annual Results – May, 2012</li> </ul>
Listing on Stock Exchanges	Bombay Stock Exchange Limited (BSE). Phiroze Jeejebhoy Towers Dalal Street, Fort, Mumbai- 400 001 [Annual Listing Fees for the year 2011-12 have been paid]
Stock Code & ID at BSE	511533/SAHARAHOUS
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

### 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

- (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 (i) any Accounting allegation or Legal Allegation or report of a retaliatory act and (ii) 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 given in the Balance Sheet.

### RECONCILIATION OF SHARE CAPITAL AUDIT

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

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.

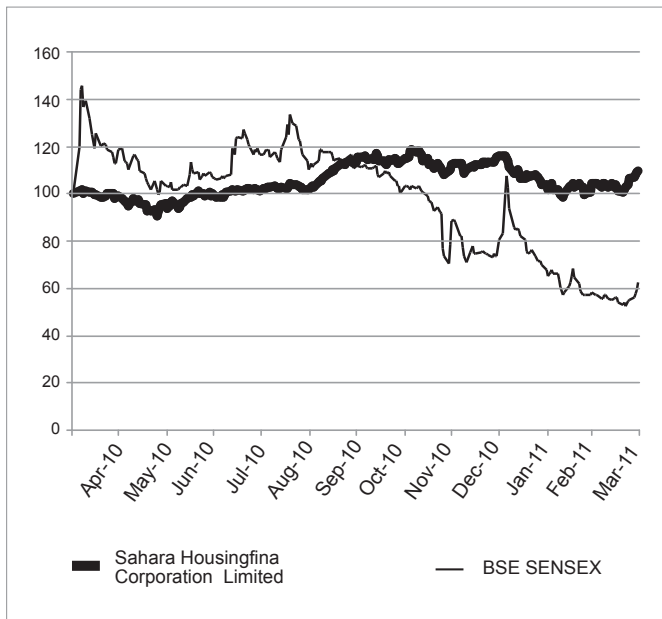


The Company ensures effective interaction with the shareholders at the Annual General Meeting. The Directors pay special attention in answering the various queries raised by the shareholders at the AGM.

As required under Clause 52 of the Listing Agreement, periodic statements, reports, results, announcements etc. are uploaded at the website, [www.corpfiling.co.in](http://www.corpfiling.co.in). The objective of e-filing is to disseminate information to various classes of market participants like investors, regulatory organizations, research institutions, etc.

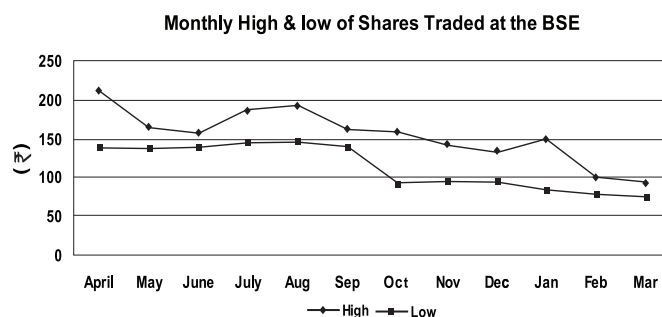
The shareholders may also visit Company's website, [www.saharahousingfina.com](http://www.saharahousingfina.com) for online information about the Company.

### STOCK PERFORMANCE Vs. BSE SENSEX



Note: Share prices and BSE Sensex indexed to 100 as on first working day of the financial year 2010-2011.

### Monthly High & low of Shares Traded on the BSE during the Financial Year 2010-11



### 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	
2010	April	213.00 (07.04.2010)	133.70 (05.04.2010)	430022	
	May	166.00 (11.05.2010)	134.00 (27.05.2010)	41204	
	June	158.95 (17.06.2010)	135.15 (07.06.2010)	62208	
	July	183.00 (20.07.2010)	142.00 (05.07.2010)	159563	
	August	185.40 (19.08.2010)	146.10 (31.08.2010)	233326	
	September	170.00 (08.09.2010)	150.00 (29.09.2010)	92678	
	October	165.45 (19.10.2010)	136.00 (29.10.2010)	80776	
	November	146.85 (08.11.2010)	87.00 (29.11.2010)	86150	
	December	128.90 (02.12.2010)	91.30 (10.12.2010)	62450	
	2011	January	153.90 (05.01.2011)	91.00 (31.01.2011)	241441
		February	96.50 (04.02.2011)	75.05 (11.02.2011)	45993
		March	88.70 (31.03.2011)	70.00 (21.03.2011)	50710

Year High: ₹ 213.00 (07.04.2010) Year Low: 70.00 (21.03.2011)





#### DETAILS OF PREVIOUS THREE GENERAL BODY MEETINGS

Year	Date and time	Location	Special resolution (s) passed
19th A.G.M.	29.09.2010 11.00 A.M	Sahara India Sadan 2A, Shakespeare Sarani, Kolkata 700 071	No Special Resolution
18th A.G.M.	23.09.2009 11.00 A.M.	Sahara India Sadan 2A, Shakespeare Sarani, Kolkata 700 071	Yes, Appointment of Shri D.J. Bagchi, CEO, as Manager u/sec. 269 of the Companies Act.
17th A.G.M.	27.09.2008 11.00 A.M.	Sahara India Sadan 2A, Shakespeare Sarani, Kolkata 700 071	No Special Resolution

#### ADDITIONAL SHAREHOLDER INFORMATION

##### 20th Annual General Meeting

Date : September 29, 2011 Day : Thursday Time : 11:00 A.M.

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

Book Closure Dates: Thursday, September 22, 2011 to Thursday, September 29, 2011 (both days inclusive)

#### SHAREHOLDING PATTERN AS ON MARCH 31, 2011

No. of ordinary shares held	No. of shareholders	No. of shares	%
Promoters:			
Indian Promoters:			
- Sahara Prime City Limited (Formerly Sahara India Investment Corporation Limited)	01	29,40,000	42.00
- Sahara India Corp Investment Limited.	01	16,38,587	23.41
- Sahara India Finance & Investment Limited	01	4,16,000	05.94
Total	03	49,94,587	71.35
Others			
Private Corporate Bodies:			
i) Gandevi Commerce Pvt. Ltd.	01	7,23,044	10.33
ii) Other	200	1,58,383	02.26
Indian Public	8,080	11,12,206	15.89
NRIs/OCBs	35	11,780	00.17
Foreign Institutional Investors	-	-	-
Total	8316	20,05,413	28.65
Grand Total	8319	70,00,000	100.00

Note: None of the shares of the promoters/person acting in concert with promoters are pledged or encumbered with any bank/financial institution.

#### DISTRIBUTION OF SHAREHOLDING (SHARES) AS ON MARCH 31, 2011

SHAREHOLDING (NO. OF SHARES)	NUMBER OF SHAREHOLDERS	PERCENTAGE OF CAPITAL
0001 - 2000	8247	99.13
2001 - 3000	31	00.37
3001 - 4000	12	00.14
4001 - 5000	5	00.06
5001 - 10000	14	00.17
10001 And Above	10	00.12
TOTAL	8319	100.00



#### TOP 10 SHAREHOLDERS LIST (AS ON MARCH 31, 2011)

Sr. No.	No. of Shareholders	No. of Shares	% of Share Capital
1	Sahara Prime City Limited	29,40,000	42.00
2	Sahara India Corp Investment Limited	16,38,587	23.41
3	Gandevi Commerce Pvt Ltd	7,23,044	10.33
4	Sahara India Finance & Investment Limited	4,16,000	05.94
5	Hirak Leasing and Investment Private Ltd	41,100	00.59
6	Madhu Bala Mittal	21,221	00.30
7	Sunita Kantilal Vardhan	14,327	00.20
8	Daya Dass	14,188	00.20
9	Sharmila Parasa	13,500	00.19
10	Meeta Kantilal Vardhan	13,077	00.19
	<b>Total</b>	<b>58,35,044</b>	<b>83.35</b>

#### SHARE TRANSFER SYSTEM

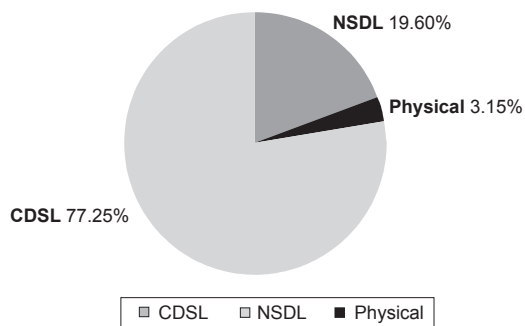
All the applications regarding physical transfer, transmission, splitting of share certificates, dematerialization and rematerialization are processed by the Registrar and Share Transfer Agents, 'Link Intime India Pvt. Ltd.'

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, 2011 a total of 67, 79, 739 shares of the Company, which forms 96.85 per cent 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, 2011



#### INVESTOR CORRESPONDENCE

##### Registrar & Transfer Agent

##### (1) Shri S. P. Guha

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

##### Secretarial Department

##### (2) Shri D. J. Bagchi

Company Secretary & Compliance Officer  
Sahara India Sadan  
2A, Shakespeare Sarani, Kolkata- 700 071  
Phone : 033-2282 9067/ 0811  
Fax : 033-2282 4910  
e-mail : dj.bagchi@saharahousingfina.com

##### Shri Vinay Kumar Mishra

Manager- Secretarial  
Sahara India Sadan  
2A, Shakespeare Sarani, Kolkata- 700 071  
Phone : 033- 2282 9067(ext:207) Fax: 033 – 2282 4910  
e-mail : vinay.mishra@sahara.in

**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 Housingfinas Corporation Limited

We have examined the compliance of the conditions of Corporate Governance of Sahara Housingfinas Corporation Limited for the year ended March 31, 2011 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 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 : Lucknow  
Date : May 30, 2011



**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](http://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 2010-11.

Place : Lucknow  
Date : May 30, 2011

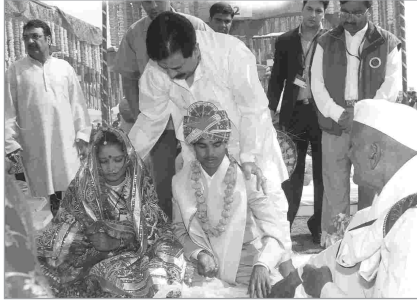
D. J. Bagchi  
CEO & Company Secretary

## 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.



*Hon'ble Saharasri giving his blessings to the newly wed couple at 101 Samuhik Vivah Ceremony*



*Mobile Health Unit team examining the patients at a remote location*

- 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



*101 mass marriages of under privileged girls*



*Wheel chairs donated on the occasion of Jyoti Diwas*





The Mayor of Gorakhpur with the recipients of Scholarship Scheme, sponsored by Sahara India Pariwar.

Baikunth Dham built with the support of Sahara India Pariwar being inaugurated by the Mayor of Lucknow and Shri O.P. Srivastava



Shri Rao Saheb Shekhawat, Member of Legislative Assembly, Amravati inaugurating the Mobile Health Units under the aegis of Sahara Welfare Foundation



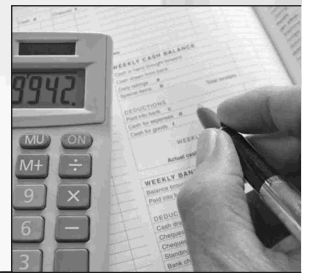
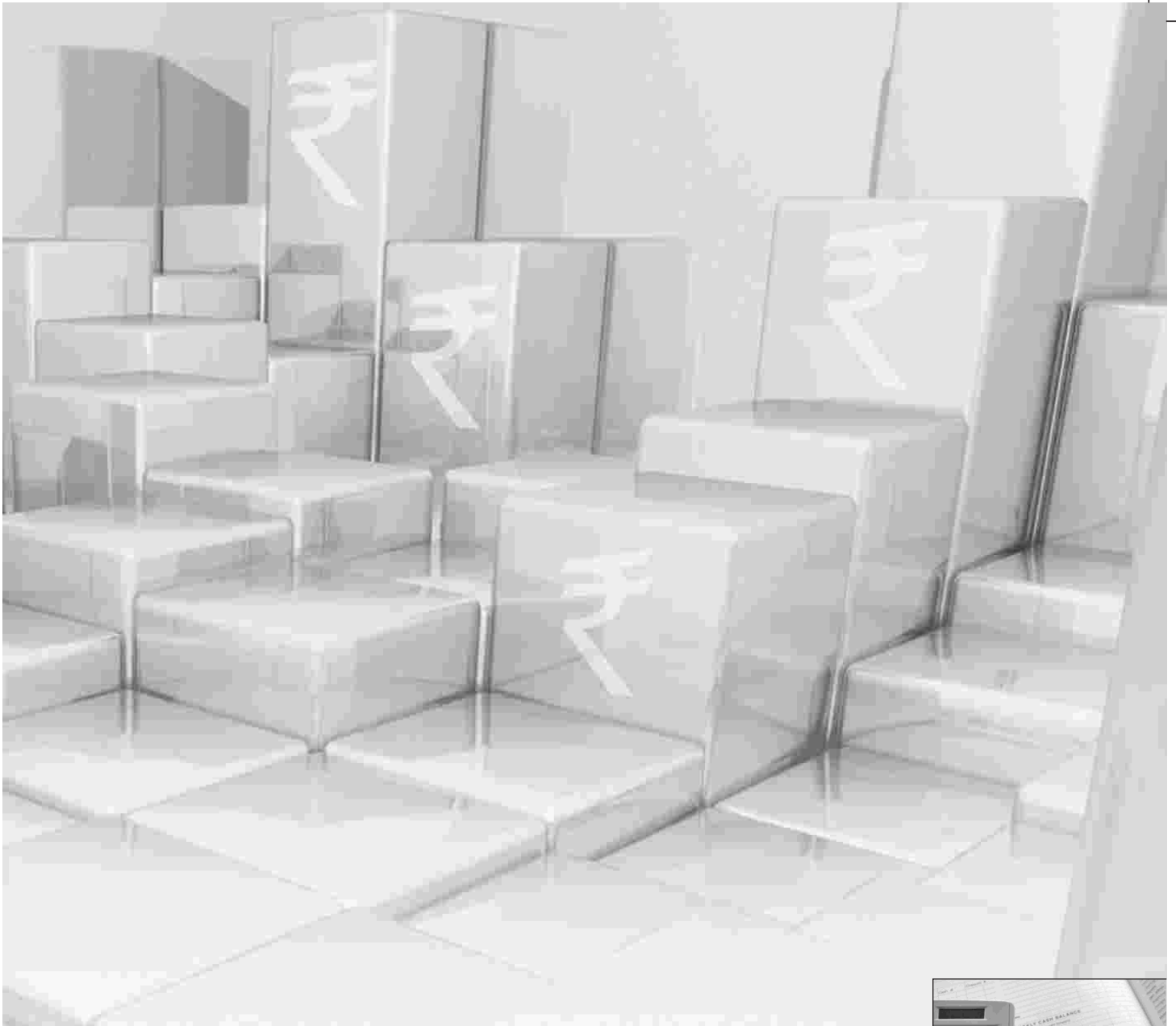
Participants on the occasion of Environment Day rally organised by Sahara India Pariwar



The fleet of Mobile Health Units equipped with Primary Health Care are ready to move in rural areas of Amravati



The members of Sahara India Pariwar marching on the streets of Gorakhpur on the Environment Awareness Day



**HOSFINAS'**  
**FINANCIALS**



## 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, 2011, 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 (Auditors' 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, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011 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, 2011;
    - 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 : Lucknow  
Date : May 30, 2011



**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, however a Fixed Asset was written-off.
- 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 Revised Housing Finance Companies (NHB) Directions, 2010 with regard to the deposits accepted from the public. Therefore in our opinion clause (vi) of Para 4 of the Companies (Auditors' 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, 2011 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 : Lucknow  
Date : May 30, 2011





## Balance Sheet as at March 31, 2011

	Schedule Reference	As at March 31, 2011 ₹	As at March 31, 2010 ₹
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	70,000,000	70,000,000
Reserves and Surplus	2	181,678,730	159,038,967
<b>LOAN FUNDS</b>			
Secured Loans	3	517,462,089	497,163,376
Unsecured Loans	4	802,551,149	749,082,168
		<b><u>1,571,691,968</u></b>	<b><u>1,475,284,511</u></b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	17,299,761	17,253,718
Less : Depreciation		<u>8,117,158</u>	<u>6,641,523</u>
Net Block		9,182,603	10,612,195
<b>INVESTMENTS</b>	6	870,800	870,800
<b>DEFERRED TAX ASSET</b>		1,035,144	167,196
<b>LOAN ASSETS</b>	7	1,515,776,616	1,414,041,706
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Sundry Debtors	8	444,082	745,201
Cash & Bank Balances	9	50,024,993	52,921,171
Other Loans & Advances	10	<u>24,748,047</u>	<u>29,087,285</u>
Total Current Assets		75,217,122	82,753,657
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>	11	<u>30,390,317</u>	<u>33,161,043</u>
<b>NET CURRENT ASSETS</b>		44,826,805	49,592,614
		<b><u>1,571,691,968</u></b>	<b><u>1,475,284,511</u></b>
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 : Lucknow  
Date : May 30, 2011

**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, 2011

	Schedule Reference	For the Year ended March 31, 2011	For the Year ended March 31, 2010
		₹	₹
<b>INCOME</b>			
Income from Operations	12	200,891,803	175,057,171
Other Income	13	2,973,868	1,219,083
		<b>203,865,671</b>	<b>176,276,254</b>
<b>EXPENDITURE</b>			
Staff Expenses	14	19,359,778	16,229,390
Operating & Other Expenses	15	18,845,709	16,800,231
Interest and Other Financial Charges	16	133,276,648	111,124,220
Depreciation		1,476,785	1,435,746
		<b>172,958,920</b>	<b>145,589,587</b>
<b>PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS</b>		<b>30,906,751</b>	<b>30,686,667</b>
Less: Provision for Taxation			
- Current Tax		8,942,712	8,591,127
- Deferred Tax		(867,948)	(297,028)
- Income Tax related to earlier years		192,224	144,578
<b>PROFIT/(LOSS) AFTER TAX</b>		<b>22,639,763</b>	<b>22,247,989</b>
Add : Profit carried from earlier year		57,230,090	41,286,222
Profit available for appropriations		<b>79,869,853</b>	<b>63,534,211</b>
<b>APPROPRIATIONS</b>			
Special Reserve in terms of Section 36(1)(viii) of the Income Tax Act, 1961			
		6,644,513	6,304,121
Balance carried to Balance Sheet		73,225,340	57,230,090
		<b>79,869,853</b>	<b>63,534,211</b>
Earning Per Share : Basic - (₹)		3.23	3.18
Earning Per Share : Diluted - (₹)		3.23	3.18
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 : Lucknow  
Date : May 30, 2011

**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, 2011

	For the Year ended March 31, 2011	For the Year ended March 31, 2010
	₹	₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit Before Tax and Extraordinary Items	30,906,751	30,686,667
Adjustments for :		
Depreciation	1,476,785	1,435,746
Fixed Assets Written off	7,152	—
Provision for sub-standard assets	1,941,805	877,543
Investment income—interest/dividend	(1,886,632)	(523,701)
Interest and finance charges paid	133,276,648	111,124,220
Operating profit before working capital changes	<u>165,722,509</u>	<u>143,600,475</u>
Adjustments for Working Capital Changes		
(Increase)/Decrease in Debtors	301,119	(604,911)
(Increase)/Decrease in Advances	(1,961,133)	(1,776,086)
Increase/(Decrease) in Current Liabilities	4,224,016	1,190,276
Increase/(Decrease) in Provisions	266,395	352,296
Cash Generated from Operations	<u>168,552,905</u>	<u>142,762,050</u>
Direct Tax paid	<u>(10,432,918)</u>	<u>(8,355,317)</u>
<b>Net Cash from Operating Activities</b>	<b><u>158,119,987</u></b>	<b><u>134,406,732</u></b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(54,345)	(508,472)
Income from Investments	<u>1,886,632</u>	<u>523,701</u>
<b>Net Cash From Investing Activities</b>	<b><u>1,832,287</u></b>	<b><u>15,229</u></b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Increase/(Decrease) in Term Loan (Net of Repayment)	20,298,713	65,193,216
Increase/(Decrease) in Unsecured Loan (Net of Repayment)	53,468,981	56,740,566
(Increase)/Decrease in Loan Assets (Net of Repayment)	(103,339,499)	(123,444,907)
Interest and Finance Charges paid	<u>(133,276,648)</u>	<u>(111,124,220)</u>
<b>Net Cash from Financing Activities</b>	<b><u>(162,848,453)</u></b>	<b><u>(112,635,345)</u></b>
<b>D. NET INCREASE IN CASH AND CASH EQUIVALENTS :</b>	<b><u>(2,896,178)</u></b>	<b><u>21,786,616</u></b>
Cash and Cash equivalents at the beginning of the year	<u>52,921,171</u>	<u>31,134,555</u>
Cash and Cash equivalents at the end of the year	<b><u>50,024,993</u></b>	<b><u>52,921,171</u></b>

### Notes:

- 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.
- Figures in brackets indicate cash outflow.
- Previous year figures have been regrouped and recast wherever necessary to conform to current year classification.
- Cash and cash equivalents consist of following :

Cash in hand	50,018	122,410
Balance with scheduled Banks :		
In Current Accounts	39,924,975	34,748,761
In Term/Fixed Deposit Accounts	10,050,000	18,050,000
	<u>50,024,993</u>	<u>52,921,171</u>

As per our report of even date attached

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

**PANKAJ CHATURVEDI**  
Partner  
Membership No. 091239

Place : Lucknow  
Date : May 30, 2011

**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, 2011 ₹	As at March 31, 2010 ₹
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
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
	<b>500,000,000</b>	<b>500,000,000</b>
<b>Issued, Subscribed and Paid up</b>		
7,000,000 Equity Shares of ₹ 10/- each	<b>70,000,000</b>	<b>70,000,000</b>
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Special Reserve created and maintained in terms of Section 36(1)(viii) of the Income Tax Act, 1961</b>		
Balance as per Last Balance Sheet	51,155,272	44,851,151
Add : Transferred from Profit and Loss Account	6,644,513	6,304,121
	57,799,785	51,155,272
<b>General Reserve</b>	501,605	501,605
<b>Capital Reserve</b>	152,000	152,000
<b>Securities Premium Account</b>	50,000,000	50,000,000
<b>Profit and Loss Account</b>	73,225,340	57,230,090
	<b>181,678,730</b>	<b>159,038,967</b>
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b>		
<b>Term Loans</b>		
From Banks	517,158,576	497,163,376
Interest accrued & due	303,513	—
	<b>517,462,089</b>	<b>497,163,376</b>
<b>Notes</b>		
1. The Term Loan 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 ₹ 28,576/-).		
2. Term Loans from ICICI Bank Ltd. (formerly 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 ₹110,004,800/- (Previous year ₹140,004,800/-).		
<b>SCHEDULE 4</b>		
<b>UNSECURED LOANS</b>		
Loan from Body Corporate	600,100,797	600,100,797
Interest Accrued and Due	202,450,352	148,981,371
	<b>802,551,149</b>	<b>749,082,168</b>



## Schedules Annexed to and forming part of the Balance Sheet

### SCHEDULE 5 FIXED ASSETS

Description	Gross Block				Depreciation				Net Block	
	As at April 1, 2010	Additions during the year	Write off during the year	As at March 31, 2011	Upto April 1, 2010	For the year	Write off during the year	Upto March 31, 2011	As at March 31, 2011	As at March 31, 2010
Buildings	5,745,548	—	—	5,745,548	1,151,137	93,652	—	1,244,789	4,500,759	4,594,411
Computers	6,185,673	6,350	—	6,192,023	3,142,064	1,003,372	—	4,145,436	2,046,587	3,043,609
Furniture & Fixtures	2,439,841	24,846	—	2,464,687	1,324,666	155,687	—	1,480,353	984,334	1,115,175
Air Conditioners	320,471	—	—	320,471	64,422	15,222	—	79,644	240,827	256,049
Office Equipment	427,493	23,149	8,302	442,340	87,415	21,112	1,150	107,377	334,963	340,078
Electrical fittings	316,969	—	—	316,969	69,555	15,056	—	84,611	232,358	247,414
Vehicles	1,817,723	—	—	1,817,723	802,264	172,684	—	974,948	842,775	1,015,459
<b>Total</b>	<b>17,253,718</b>	<b>54,345</b>	<b>8,302</b>	<b>17,299,761</b>	<b>6,641,523</b>	<b>1,476,785</b>	<b>1,150</b>	<b>8,117,158</b>	<b>9,182,603</b>	<b>10,612,195</b>
<b>Previous year</b>	<b>16,745,246</b>	<b>508,472</b>	<b>—</b>	<b>17,253,718</b>	<b>5,205,777</b>	<b>1,435,746</b>	<b>—</b>	<b>6,641,523</b>	<b>10,612,195</b>	<b>11,539,469</b>

**As at  
March 31, 2011**  
₹

**As at  
March 31, 2010**  
₹

### 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 ₹ 1,637,040/-, Previous Year ₹ 1,048,230/-)

**870,800**

**870,800**

### SCHEDULE 7 LOAN ASSETS

#### Housing Loans

Standard 1,404,227,752 1,286,962,173  
Substandard 24,783,440 20,673,624  
Less: Provision for Non Performing Assets  
– Sub-standard 1,029,487 1,084,133  
– Doubtful 4,281,780 2,550,401

#### Other Loans

Standard 92,446,477 110,482,373  
Less: General Provision 369,786 441,930

**1,515,776,616**

**1,414,041,706**





## Schedules Annexed to and forming part of the Balance Sheet

	As at March 31, 2011 ₹	As at March 31, 2010 ₹
<b>SCHEDULE 8</b>		
<b>SUNDRY DEBTORS</b>		
Outstanding for a period exceeding six months *	—	—
Other Debts	444,082	745,201
(*Interest Unrecognised ₹ 5,924,781/- Previous Year ₹ 3,800,125/-)	<u>444,082</u>	<u>745,201</u>
<b>SCHEDULE 9</b>		
<b>CASH AND BANK BALANCES</b>		
Cash in hand	50,018	122,410
Balance with Scheduled Banks		
– In Current Accounts	39,924,975	34,748,761
– In Term/Fixed Deposits Accounts	10,050,000	18,050,000
	<u>50,024,993</u>	<u>52,921,171</u>
<b>SCHEDULE 10</b>		
<b>LOANS AND ADVANCES</b>		
Instalments due from Borrowers - Principal	3,062,657	1,941,668
Less : Provision for		
– Sub-standard Assets	41,304	66,226
– Doubtful Assets	700,615	338,476
	<u>2,320,738</u>	<u>1,536,966</u>
Refundable Deposits	786,774	584,470
Other Advances	5,637,336	4,915,168
Interest Receivable	8,276	92,604
Income Tax	4,674,462	11,434,067
Advance Income Tax	8,960,000	7,421,030
Advance Fringe Benefit Tax	347,601	546,565
Tax Deducted at Source	2,012,860	2,556,415
	<u>24,748,047</u>	<u>29,087,285</u>
<b>SCHEDULE 11</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors	5,569,216	4,005,137
Other Current Liabilities	3,737,276	2,738,305
Advances from Customers	5,376,724	3,715,759
	<u>14,683,216</u>	<u>10,459,201</u>
<b>Provisions</b>		
For Taxation	13,832,013	20,894,185
For Fringe Benefit Tax	345,511	544,475
For Gratuity	892,673	719,778
For Leave Encashment	636,904	543,404
	<u>15,707,101</u>	<u>22,701,842</u>
	<u>30,390,317</u>	<u>33,161,043</u>



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

	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
	₹	₹
<b>SCHEDULE 12</b>		
<b>INCOME FROM OPERATIONS</b>		
Interest Income	197,443,186	168,550,856
Fee Income	3,448,617	6,506,315
	<u>200,891,803</u>	<u>175,057,171</u>
<b>SCHEDULE 13</b>		
<b>OTHER INCOME</b>		
Dividend Income	39,900	51,300
Interest on Term Deposits with Banks	1,789,582	415,251
Interest on GOI Stocks	57,150	57,150
Miscellaneous Income	1,087,236	695,382
	<u>2,973,868</u>	<u>1,219,083</u>
<b>SCHEDULE 14</b>		
<b>STAFF EXPENSES</b>		
Salaries & Bonus	18,422,095	15,433,209
Staff Welfare	342,453	293,332
Contribution to Provident Fund & ESI	595,230	502,849
	<u>19,359,778</u>	<u>16,229,390</u>
<b>SCHEDULE 15</b>		
<b>OPERATING AND OTHER EXPENSES</b>		
Rent	3,397,533	2,626,840
Travelling and Conveyance		
– Directors	53,454	104,436
– Others	2,306,072	2,391,357
Legal and Professional Fee	4,506,289	4,287,731
Printing and Stationery	654,585	743,518
Communication Charges	1,361,723	1,348,580
General Expenses	1,077,782	1,050,468
Insurance	192,182	239,735
Repairs and Maintenance - Others	352,478	503,447
Rates, Taxes and Licences	86,487	82,815
Office Maintenance	987,186	701,731
Vehicles Maintenance	1,114,355	1,061,437
Advertisement and Publicity	194,766	201,192
Electricity Charges	468,468	436,011
Payment to Auditors		
– As Statutory Auditors	88,240	88,240
– As Tax Auditors	22,060	22,060
– Other Capacity	33,092	33,090
Provision for Non-Performing Assets	2,013,950	927,669
Provision for Loan Assets - General	(72,145)	(50,126)
Fixed Asset Written Off	7,152	—
	<u>18,845,709</u>	<u>16,800,231</u>
<b>SCHEDULE 16</b>		
<b>INTEREST AND OTHER CHARGES</b>		
<b>Interest on</b>		
Term Loans	78,811,986	55,426,704
Unsecured Loans	54,009,072	53,894,907
Upfront Fees	—	1,323,600
Bank and Other Charges	455,590	479,009
	<u>133,276,648</u>	<u>111,124,220</u>



## **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 relevant 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 Loan Assets 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 Loan Assets 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, in to performing and non-performing assets. Non-Performing Assets are further 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. Loan Assets 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, 2011	Year ended March 31, 2010
Weighted average no. of Equity Shares outstanding as on last day of the Financial Year (No.)	7,000,000	7,000,000
Net Profit (₹)	22,639,763	22,247,989
Basic and Diluted Earnings per Share (₹)	3.23	3.18
Face Value of Equity Shares (₹)	10	10

4. Auditor's Remuneration :

Particulars	Year ended March 31, 2011 (₹)	Year ended March 31, 2010 (₹)
Statutory Audit Fee	88,240	88,240
Tax Audit Fee	22,060	22,060
Limited Review of Results	33,092	33,090
<b>Total</b>	<b>143,392</b>	<b>143,390</b>



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

Component	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
<b>Deferred Tax Assets</b>		
Retirement Benefits	508,087	429,356
Provision for doubtful debts/loans	2,133,551	1,523,148
(A)	2,641,638	1,952,504
<b>Deferred Tax Liabilities</b>		
Depreciation (B)	1,606,494	1,785,308
<b>Net Deferred Tax (A) – (B)</b>	<b>1,035,144</b>	<b>167,196</b>

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
- 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, 2011

Particulars	For the year ended March 31, 2011 (₹)	For the year ended March 31, 2010 (₹)
<b>Rent Paid</b>		
Sahara India Commercial Corporation Limited	1,526,400	1,526,400
<b>Interest Paid</b>		
Sahara India Commercial Corporation Limited	54,009,072	53,894,907
<b>Loan Outstanding</b>		
Sahara India Commercial Corporation Limited	600,100,797	600,100,797

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, 2011.





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, 2011 (₹)	As at March 31, 2010 (₹)
<b>Change in Benefit Obligation</b>		
Liability at the beginning of the year	719,778	575,930
Interest Cost	64,498	51,828
Current Service Cost	139,317	133,625
Actuarial (gain)/loss on obligations	(30,920)	(41,605)
Liability at the end of the year	892,673	719,778
<b>Amount recognized in the Balance Sheet</b>		
Liability at the end of the year	892,673	719,778
Fair value of plan assets at the end of the year	—	—
Difference	892,673	719,778
Amount recognized in the Balance Sheet	892,673	719,778
<b>Expenses recognized in the Income Statement</b>		
Current Service Cost	139,317	133,625
Interest Cost	64,498	51,828
Expected return on plan assets	—	—
Net Actuarial (gain)/loss to be recognized	(30,920)	(41,605)
Expense recognized in the Profit and Loss Account	172,895	143,848
<b>Balance Sheet Reconciliation</b>		
Opening Net Liability	719,778	575,930
Expense as above	172,895	143,848
Employer's Contribution	—	—
Amount Recognised in the Balance Sheet	892,673	719,778
<b>Assumptions</b>		
Discount rate	8.00%	8.00%
Rate of return on plan assets	—	—

11. Managerial Remuneration

Schedule-14, Staff Expenses include Managerial Remuneration of ₹ 3,963,155/- (Previous Year ₹ 2,867,513/-)

Particulars	For the Year Ended March 31, 2011 (₹)	For the Year Ended March 31, 2010 (₹)
Salary	3,898,429	2,796,322
Company's Contribution to Provident Fund	18,000	18,287
Perquisites	46,726	52,904
<b>Total</b>	<b>3,963,155</b>	<b>2,867,513</b>

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 : Lucknow

Date : May 30, 2011

**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 : Lucknow  
 Date : May 30, 2011

**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 • Tel: (033) 2282 9271/9067, 3298 4850 • Fax: (033) 2282 4910/9271  
www.saharahousingfina.com

### EASTERN REGION

#### Regional & Branch Office – Kolkata

46, Dr. Sundari Mohan Avenue (2nd Floor), Kolkata - 700 014  
Tel : (033) 2289 6708 • Fax: (033) 2289 6708

#### Branch Office – Siliguri

Studio Photo Focus Building: 2nd Floor  
Hill Cart Road, Siliguri – 734 401  
Tel : (0353) 2534401, Fax : (0353) 2534401

#### Branch Office – Asansol

199/1/B, S B Gorai Road, Budha More  
Asansol - 713 304  
Tel : (0341) 2284780, Fax : (0341) 2284780

#### Branch Office – Durgapur

A-210, 1st Floor, Kamdhenu Building  
Muti Utility Plaza, City Centre  
Durgapur - 713 216  
Tel : (0343) 2543248, Fax : (0343) 2543248

#### Branch Office – Ranchi

R. No 107, 1st Floor, Mahalaxmi Complex  
Line Trunk Road, Thana - Kotwali  
Zilla-65, Ranchi-834 001  
Tel : (0651) 2207497, Fax : (0651) 2207497

### WESTERN REGION

#### Regional & Branch Office – Mumbai

403 4th floor, Sanjay Appa Chamber,  
New Link Road, Andheri (E) Mumbai-400 093  
Phone : (022) 28311082, Fax : (022) 28311082

#### Branch Office – Pune

Shreenath Plaza, "C" Wing, Office No. 31, 1st Floor, Dnyaneshwar Paduka Chowk  
Shivaji Nagar, Off. Fergusson College Road, Pune – 411 005  
Tel : (020) 3052 2247

### NORTHERN REGION

#### Regional & Branch Office – Lucknow

Lalbagh Office: 2nd Floor, 7 Forsyth Road, Near Allied Surgical & Equipments, Lucknow-226 001  
Tel: (0522) 2612512, 4005958, 2333462, Fax: (0522) 2612512

#### Branch Office – Gorakhpur

Rastriya Sahara Complex, 1st Floor  
7 Park Road, University Crossing, Gorakhpur-273 001  
Tel: (0551) 2202285, Fax: (0551) 2202285

#### Branch Office – Kanpur

24/18 Shyam Sundar Building (Opposite LIC Building)  
1st Floor, Mall Road, Kanpur-208 001  
Tel: (91) 9335634680

### SOUTHERN REGION

#### Regional & Branch Office – Hyderabad

Sahara Manzil, 2nd Floor, Opposite A.P. Secretariat, Saifabad, Hyderabad-500 063  
Tel: (040) 23244355, 6636 3664/3665, Fax: (040) 6636 3664

#### Branch Office – Vishakapatnam

Door No.-11-226/52, Flat No. 115  
1st Floor, Sai Dharani Castle  
Opp. Gopalepatnam Police Station, Gopalepatnam  
Vishakapatnam-530027  
Tel: (0891) 2784864, Fax: (0891) 2784864

#### Branch Office – Vijayawada

Sarada Tower, Flat No. 4 (1st Floor)  
Adjacent to Cheunnupati Petrol Bunk, Labbipet  
Vijayawada - 520 010  
Tel: (0866) 2471559, Fax : (0866) 2471559





SAHARA HOUSINGFINA CORPORATION LIMITED

*Building the dream for every Indian*

Visuals of the 19th Annual General Meeting





**SAHARA**  
INDIA PARIWAR

Corporate Office : SAHARA INDIA SADAN, 2A - Shakespeare Sarani, Kolkata - 700 071 INDIA.  
Website : [www.saharahousingfina.com](http://www.saharahousingfina.com)