

ANNUAL REPORT 2013-2014



*The Making Of A Dream Home*



SAHARA HOUSINGFINA CORPORATION LIMITED

BUILDING THE DREAM HOME FOR EVERY INDIAN

# Contents

SL NO.	SECTION	PAGE NO.
1	Directors' Report	07
2	Management Discussion & Analysis Report	13
3	Report on Corporate Governance	17
4	Auditors' Report on Corporate Governance	27
5	Declaration Regarding Compliance by Board Members and Senior Management Personnel with the Company's Code of Conduct	27
6	Corporate Social Responsibility	28
7	Hosfinas' Financials	30
8	Our Network	51



## CORPORATE INFORMATION

### Board of Directors

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

### Chief Executive Officer & Company Secretary

Shri D.J. Bagchi

### Chief Financial Officer

Shri Vivek Kapoor

### Senior Management Personnel

Shri Anup Kirtan	Credit & Operations
Shri K.D.Bhattacharya	System & 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

Andhra Bank  
Corporation Bank.  
ICICI Bank Ltd.  
Indian Overseas Bank  
State Bank of Hyderabad

### Registrars & Share Transfer Agents

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

**Contact Person: Shri S.P.Guha**

### Address of the Stock Exchange

BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001  
Company Stock Code – 511533  
International Securities Identification Number  
(ISIN) – INE – 135C01012

### Registered & Corporate Office

SAHARA HOUSINGFINA CORPORATION LIMITED  
Corporate Identification Number (CIN): L18100WB1991PLC099782  
Registered & Corporate Office: Sahara India Sadan, 2A Shakespeare Sarani,  
Kolkata- 700071, Tel: 91 33 22829067 / 9075 / 0811, Fax: +91 33 2282 9271  
Visit us at: www.saharahousingfina.com, Email: info.saharahousingfina@gmail.com



## BOARD OF DIRECTORS



Shri O. P. Srivastava



Shri J. B. Roy



Shri Seemanto Roy



Shri Brijendra Sahay



Shri Ranoj Dasgupta





## PROFILE OF DIRECTORS & KEY MANAGERIAL PERSONNEL

### PROMOTER DIRECTORS

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

Shri Om Prakash Srivastava, age 59 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 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 53 years, is one of the Promoter Directors of the Company. He holds a Bachelor's degree in commerce. He joined the 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 One Media and Entertainment, Air Sahara (now divested) and Sahara Infrastructure and Housing Limited. He played a key role in increasing the reach of the Hindi daily- Rashtriya Sahara in North India. He had also been the President of the West Bengal Hockey Federation.

#### ❖ SHRI SEEMANTO ROY (DIN No: 00183666)

Shri Seemanto Roy, age 37 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 Pariwar. He has more than 10 years of experience in the real estate sector. He has 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, Sahara Safe Drinking Water Supply Limited, Sahara India Club Royale Corporation Limited, Baghauli Sugar and Distillery Limited. He is credited with the creation of the Customer Delight Centre (CDC) at Aamby Valley City.

### INDEPENDENT DIRECTORS

#### ❖ SHRI BRIJENDRA SAHAY (DIN No: 00017600)

Shri Brijendra Sahay, age 75 years, is a retired IAS Officer and has served as the Chief Secretary, Government of U.P. (two times). He holds a Master's Degree in Economics and a Bachelor's Degree in Law. He has a total experience of over 35 years in Finance, Administration, Industrial and Urban Development. He has been the Chairman of U.P. State Textile Corporation, New Okhla Industrial Development Authority (NOIDA). He has also worked as the Cement Controller of India and later as Joint Secretary in the Ministry of Industry, as Deputy Secretary in the Ministry of Commerce, Govt. of India. He is the recipient of National Citizen's award, Lok Shree Award and National Amity Award. He is also on the Board of other companies like Sahara One Media & Entertainment Limited, Ginni International Limited, Sahara India Life Insurance Company Limited.

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

Shri Ranaj Dasgupta, age 75 years, holds a Masters degree in Agricultural Sciences and is known for his administrative, enterprising and dynamic qualities. His Directorships amongst others, include Sahara Infrastructure and Housing Limited, Sahara India Tourism Development Corporation Limited, Sahara India Infrastructural Development Limited and Sahara India Commercial Corporation Limited.

### KEY MANAGERIAL PERSONNEL

#### ❖ SHRI D.J. BAGCHI

Shri D.J. Bagchi, age 51 years, is a Fellow member of the Institute of Company Secretaries of India (ICSI) and a LLB, having about 25 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 the respective fields.

#### ❖ SHRI VIVEK KAPOOR

Shri Vivek Kapoor, age 45 years, holds a Bachelor's degree in Commerce from Calcutta University and has experience of over 20 years in managing accounts, finance, and administration. In his capacity as Corporate Manager - Finance & Corporate Affairs of the Company he has managed the Finance and Accounts department of the Company for a period exceeding 10 years and also looks after the regulatory compliance function as per NHB rules and regulations. He was designated as the Chief Financial officer of the Company, as defined in Section 2(19) of the Companies Act, 2013, with effect from May 29, 2014.

## CEO Speak ...



*Dear Shareholder,*

The major focus at Sahara Housing Finance Corporation Limited (SHCL) continues to be the provision for home loans to individuals and families for purchase, construction, extension, repair and renovation etc. of houses. The Company in its efforts to pursue this mission has developed loan products to cater to different types of customers including families in the self-employed category, where formal proof of income are neither easily available nor established.

During the year ended March 31, 2014, During the year ended March 31, 2014, the Company recorded gross total income of ₹ 2110.85 lacs, Profit Before Tax (PBT) of ₹ 354.84 lacs, and Profit After Tax (PAT) of ₹ 264.10 lacs. The Net Owned Fund (NOF) & Assets under Management (AUM) balance of the Company as on March 31, 2014 stood at ₹ 3203.12 lacs and ₹ 16301.40 lacs respectively. Earnings Per Share (EPS) as on that date was ₹ 3.77. The Company disbursed loans aggregating to ₹ 3893.57 lacs, and the outstanding loan portfolio as at March 31, 2014 stood at ₹ 16301.40 lacs as against ₹ 15729.89 lacs in the previous year March 31, 2013.

In terms of Company's performance in the industry, there is clearly still a long way to go before the company can be said to be fulfilling its potential. The concerns for the industry, among others, are steep rise in the prices of real estate in recent years, which has the potential to exclude a large segment of the society as they get priced out, rising inflation, rapid pace of urbanisation, ever widening gap between demand and supply of housing, lower interest spreads due to increase in cost of funding and competitive rates on housing loans due to stiff competition from scheduled commercial banks. Housing policies are needed to create frameworks for efficient and effective shelter delivery systems, increasing supply of affordable housing through ownership, rental and other tenure options, responding to the diversity of need across different segments of the population and households in rural and urban areas. Housing policies are also needed to facilitate provision of accessible housing belonging to the disadvantaged and vulnerable groups lying on the marginal edges of the society.

The Company's major challenge continues to be resource mobilisation for generating new business and other common challenges facing the Industry like managing higher cost of funds, maturity mismatches (asset-liability mismatches), containing non-performing assets (NPAs), rising interest rates, thinning profit margins and fierce competition.

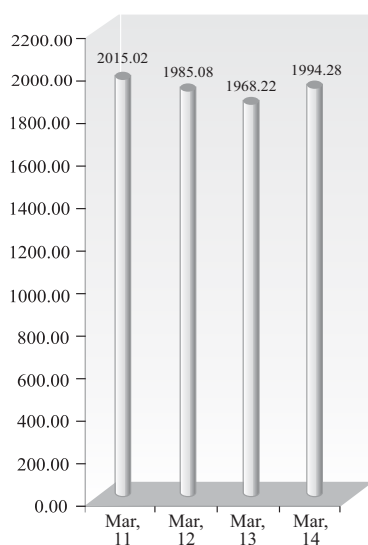
The demand for housing finance will continue to grow in view the demand-supply gap, increasing urbanisation and better growth prospects. As per Report on Trend and Progress of Housing in India 2013 - NHB, the share of Housing Finance Companies' (HFCs) in the total housing loan portfolio in the country have increased from 44 per cent in 2011-12 to 46 per cent in 2012-2013. The challenge, therefore, is expansion of housing finance to a wider section of the population with the necessary safeguards to preserve financial stability.

The trust and confidence of our valued customers, investors, support of lending institutions and the apex regulator, National Housing Bank (NHB), the Company will surely be able to establish itself as a prominent player in the Housing Finance sector in India.

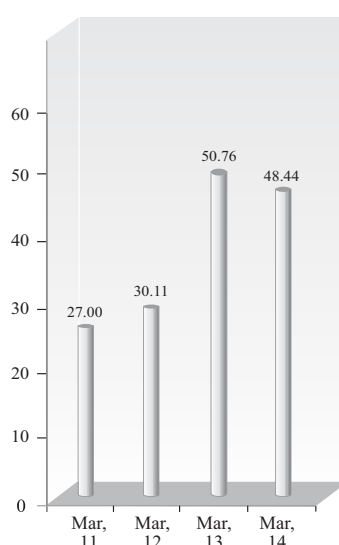
D. J. Bagchi  
Chief Executive Officer

## OPERATIONAL HIGHLIGHTS

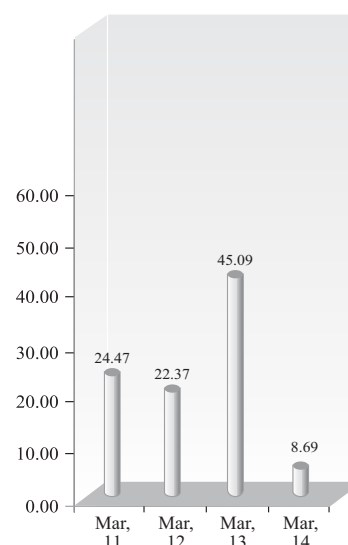
**Income from Operations**  
₹ in lacs



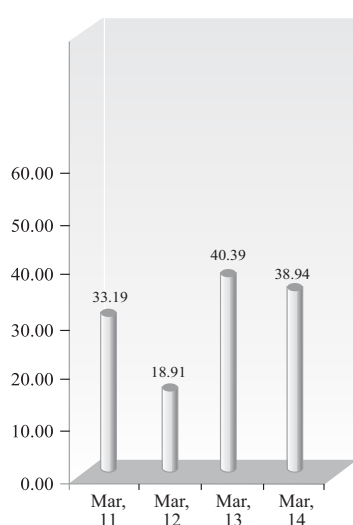
**Capital Adequacy Ratio**  
%



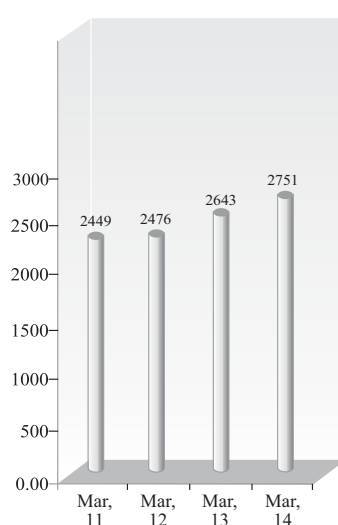
**Incremental Loan Sanctioned**  
₹ in Crores



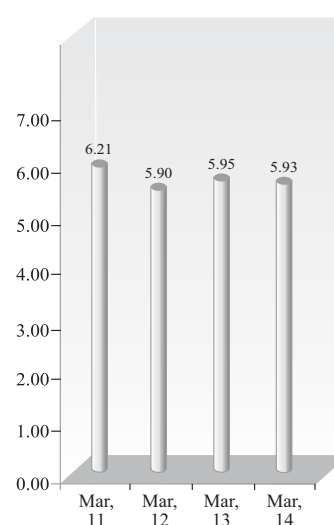
**Incremental Disbursement of Loans**  
₹ in Crores



**Loan Accounts**  
Numbers

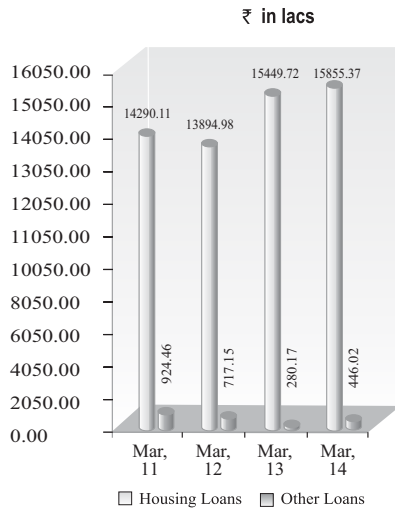


**Average Ticket Value**  
₹ in lacs

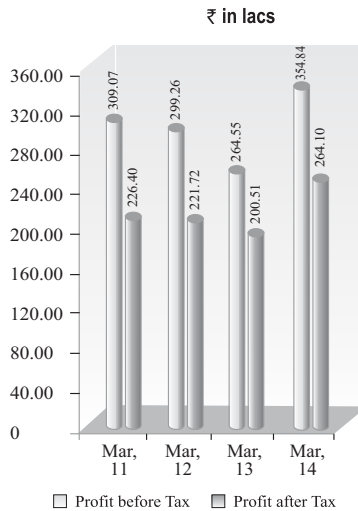




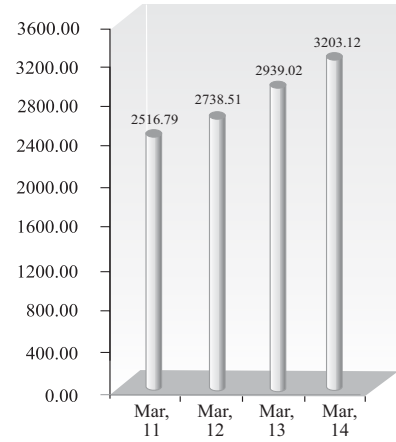
**Loan Outstanding -  
Housing Loan & Other Loan**



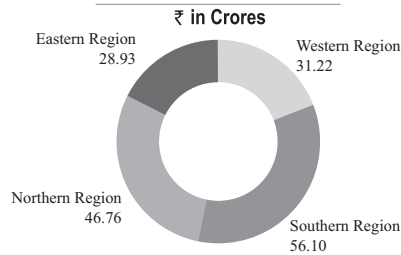
**Profit Before Tax &  
Profit After Tax**



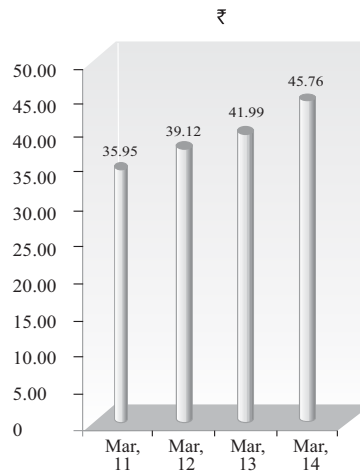
**Net Owned Fund (NOF)**  
₹ in lacs



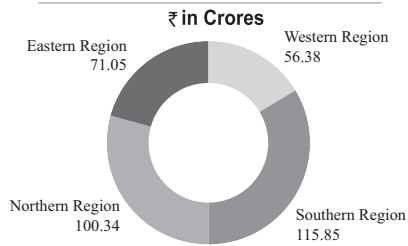
**Regionwise Loan Outstanding**



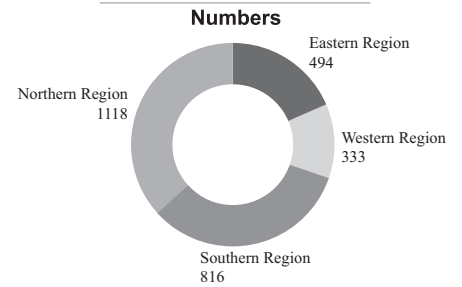
**Book Value of Shares**



**Regionwise Cumulative Disbursement**



**Regionwise Loan Accounts**







## REPORT OF THE DIRECTORS

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

The Board presents its Twenty-third Annual Report and the Audited Statement of Accounts of the Company for the year ended March 31, 2014.

### FINANCIAL HIGHLIGHTS

(₹)

Particulars	2013-2014	2012-2013
GROSS INCOME	21,10,85,348	21,52,22,065
Less:		
Financial Cost	11,94,06,184	13,01,46,574
Overheads	5,48,76,542	5,69,93,590
Depreciation	13,18,596	16,26,426
Profit Before Tax (PBT)	3,54,84,026	2,64,55,475
Provision for Taxation		
– Current Tax	1,07,54,928	97,55,500
– Deferred Tax	(17,46,134)	(33,89,505)
– Income Tax related to earlier years	65,434	38,640
Profit After Tax (PAT)	2,64,09,798	2,00,50,840
Add: Profit carried from earlier years	10,23,54,289	8,92,37,808
Profit available for appropriations	12,87,64,087	10,92,88,648
Appropriations		
Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961 read with Sec. 29C of the NHB Act, 1987	77,70,065	69,34,359
Balance carried to Balance Sheet	12,09,94,022	10,23,54,289

### PERFORMANCE

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

#### Income & Profit (PBT & PAT)

- The Profit and Loss Account shows a Profit Before Tax (PBT) of ₹ 354.84 lacs after making provisions for NPAs and Loan Assets and taking into account all expenses, including depreciation as against the PBT of ₹ 264.55 lacs for the previous year, representing increase of 34 per cent (approx). The provision for income tax (net of deferred tax) is ₹ 90.74 lacs and the profit after tax for the year is ₹ 264.10 lacs as against ₹ 200.51 lacs in the previous year, representing increase of 32 per cent (approx). Taking into account the balance of ₹ 1023.54 lacs being brought forward from the previous year, the distributable profit is ₹ 1209.94 lacs.

- The Gross Income for the year under review was ₹ 2110.85 lacs as against the previous financial year's income of ₹ 2152.22 lacs representing a marginal decline in gross total income by 1.92 per cent (approx).

#### Net Owned Fund (NOF) & Assets under Management (AUM)

- Shareholders' Equity (Net Owned Fund) as at March 31, 2014 was ₹ 3203.12 lacs as against ₹ 2939.02 lacs in the previous year, representing an increase of 8.98 per cent.
- The total Assets under Management of the Company as on March 31, 2014 was ₹ 16301.40 lacs as against ₹ 15729.89 lacs in the previous year, thereby registering a marginal increase of 3.63 per cent.



### Earnings Per Share (EPS)

The Earnings per share (EPS) as at March 31, 2014 was ₹ 3.77 as against ₹ 2.86 as at March 31, 2013.

### Authorized Share Capital

The Authorised Share Capital of the Company stands at ₹ 50,00,00,000 (divided into 3,00,00,000 Equity shares of ₹ 10/- each and 2,00,00,000 Preference Shares of ₹ 10/- each). During the year there has been no change in the Authorised Share Capital of the Company.

### Paid-up Share Capital

The issued, subscribed and paid-up equity share capital of the Company stands at ₹ 7,00,00,000 divided into 70,00,000 equity shares of face value of ₹ 10/- each.

### Subordinated Debt

As on March 31, 2014, your Company's outstanding subordinated debt were ₹ 25 crore. The debt is subordinated to present and future senior indebtedness of your Company.

### Capital Adequacy

As per the Housing Finance Companies (NHB) Directions, 2010, every Housing Finance Company (HFC) shall maintain a minimum Capital Adequacy Ratio (CAR) of 12 per cent. The Capital Adequacy Ratio of SHCL as on March 31, 2014 was 48.44 per cent. The following table sets out our capital adequacy ratios as at March 31, 2012, 2013 and 2014.

Particulars	As at March 31		
	2014	2013	2012
Capital Adequacy Ratio	48.44	50.76	30.11

### LOANS PERFORMANCE

During the year under review, the Company disbursed loans aggregating to ₹ 3893.57 lacs as against ₹ 4039.49 lacs in the previous year March 31, 2013. The outstanding loan portfolio as at March 31, 2014 stood at ₹ 16301.40 lacs as against ₹ 15729.89 lacs in the previous year March 31, 2013.

**The Cumulative Log-in, Sanction and Disbursement amount as on March 31, 2014 are as under:**

Particulars	No. of Accounts		Amount (₹ in lacs)	
	2013-14	2012-13	2013-14	2012-13
Cumulative Log-in	6037	5677	55743.83	53974.31
Cumulative Sanction	3867	3565	37528.05	36658.92
Cumulative Disbursement	3674	3359	34362.93	30469.36

### Fresh loans

The year-wise sanction and disbursement details for the previous five years are as under;

(₹ In Lacs)

Particulars	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10
Sanction	869.13	4509.49	2119.48	2447.59	4600.24
Disbursement	3893.57	4039.49	1891.46	3319.06	3335.45

The Company continues to serve 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).

### NON-PERFORMING ASSETS AND PROVISIONS FOR CONTINGENCY

The Company strictly adheres to the prudential guidelines for Non- Performing Assets (NPAs) issued by the National Housing Bank (NHB) under its Directions of 2010, as amended from time to time. As per the prudential norms, the income on such NPAs is not to be recognised. The Company has made provision for contingencies on standard as well as non-performing housing loans and property loans as per the norms.

The amount of gross Non-Performing Assets (NPA) as on March 31, 2014 was ₹ 254.59 lacs, which is equivalent to 1.56 per cent of the loan portfolio of the Company as against ₹ 201.98 lacs, which was 1.28 per cent of the housing loan portfolio as at March 31, 2013.

### CREDIT RATING

The 'Long-term Bank Facilities' of the Company aggregating to ₹ 5000 lacs have been assigned a CARE BB+ (Double B Plus) rating from Credit Analysis & Research Limited (CARE Ratings).

### DIVIDEND

The Board of Directors felt it prudent to retain the earnings for the year under review to be ploughed back in the lending business which shall result in augmenting the Company's growth and consequently shareholders' wealth.

### DEPOSITS

Your Company is registered as a non-deposit taking Housing Finance Company with National Housing Bank (NHB), New Delhi. The Company has neither accepted in the past nor has any future plans, by virtue of its registration, to accept any public deposits, by whatever name called. Accordingly, the Company has not accepted / renewed any deposits during the year within the meaning of Section 58(A) of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. There are no unclaimed deposits as on March 31, 2014.



## **NATIONAL HOUSING BANK (NHB) GUIDELINES**

The Company has complied with the provisions of the Housing Finance Companies (NHB) Directions, 2010 as prescribed by NHB and has been in compliance with the various Circulars, Notifications and Guidelines issued by National Housing Bank (NHB) from time to time.

## **OTHER REGULATORY COMPLIANCE**

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

## **DIRECTORS**

Shri Sakti Prasad Ghosh, Independent & Non-executive Director, has resigned from the Board with effect from May 29, 2014. The Board places on record its deep appreciation for the valuable contribution made by him during his tenure as a Director of the Company.

In accordance with the provisions of Section 149 of the Companies Act, 2013, Members' approval is being sought for the appointment of Shri Brijendra Sahay and Shri Ranaj Dasgupta as Independent Directors for a term of 5 consecutive years from the conclusion of Company's 23rd Annual General Meeting to the conclusion of Company's 28th annual General Meeting with respect to the financial years 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19. The Company has received requisite notices in writing from the members proposing the names of Shri Brijendra Sahay and Shri Ranaj Dasgupta for appointment as Independent Directors. The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under section 149(6) of Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges. Necessary resolutions for the appointment/re-appointment of the aforesaid directors have been included in the notice of the ensuing Annual General Meeting.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Shri Joy Broto Roy, (Non-executive - Non-independent) Director of the Company, retires by rotation at the ensuing Annual General Meeting of the Company and is eligible, for re-appointment.

Brief resume of the Directors proposed to be appointed/reappointed, nature of their expertise in specific functional areas and names of companies in which they hold directorship and membership/chairmanship of Board committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are provided in the annexure to the Notice of the Twenty-third Annual General Meeting being sent to the members along with the Annual Report. All the Directors of the Company have confirmed that they are not disqualified for being re-appointed as directors in term of sub section 2 of Section 164 the Companies Act, 2013.

## **AUDITORS**

M/s Chaturvedi & Co., Chartered Accountants, [ICAI Firm Registration No: 302137E], Kolkata, were re-appointed as Statutory Auditors in the twenty-second Annual General Meeting of the Company and their term is scheduled to end at the conclusion of the ensuing Annual General Meeting and they are eligible for re-appointment.

Certificates have been received from them as per the provisions of Section 139 of the Companies Act, 2013 to the effect that their re-appointment as Auditors of the Company, if made, would be within the limits prescribed under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for reappointment as Statutory Auditors of the Company.

Based on the recommendation of the Audit Committee, the Board of Directors has recommended the appointment of M/s Chaturvedi & Company, Chartered Accountants, as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the Twenty sixth (26th) Annual General Meeting of the Company with respect to the financial years 2014-15, 2015-16 and 2016-17, subject to ratification of the appointment by the Members of the Company at every Annual General Meeting as per the provisions of the Companies Act, 2013.

The Board of Directors recommend the appointment of M/s Chaturvedi & Co., Chartered Accountants, Kolkata, as the Statutory Auditors, of the Company for the financial years 2014-15, 2015-16 and 2016-17.

## **NOTES TO ACCOUNTS AND AUDITORS REPORT**

No adverse remark or observation is given by the Statutory Auditors. The observations made by the Statutory Auditors in their report, read with the relevant notes to accounts, are complete, transparent and self-explanatory and therefore do not call for any further comments by the Board.

## **INTERNAL CONTROL**

The Company has an adequate internal audit system in place whereby internal audit is conducted by the internal auditors and reports are submitted on a periodic basis. The audit function maintains its independence and objectivity while carrying out its assignments. It evaluates on a continuous basis the adequacy and effectiveness of internal control mechanism, adherence to policies, procedures as well as regulatory and legal requirements. The function also recommends improvement in operational processes and suggests streamlining of controls against various risks. The Audit Committee of the Board reviews the internal audit function on a continuous basis.

## **INSURANCE OF COMPANY'S PROPERTY**

Your Company has insured its various properties and facilities against the risk of fire, theft, etc., so that financials are not impacted in the unfortunate event of such incidents.



#### **ASSET LIABILITY MANAGEMENT COMMITTEE (ALCO)**

The Asset Liability Management Committee (ALCO) lays down policies and quantitative limits that involve assessment of various types of risks and shifts in assets and liabilities to manage such risks. ALCO ensures that the liquidity and interest-rate risks are contained within the limits laid down by the Board. The Company has also implemented NHB's Asset Liability Management Guidelines.

#### **CODES, STANDARDS AND POLICIES**

##### **'Know Your Customer & Anti-Money Laundering Measures**

Your Company has a Board approved Know Your Customer & Anti Money Laundering Measure Policy (KYC & AML Policy) in place and the Company adheres to the said Policy. The said Policy is in line with the National Housing Bank guidelines.

The Company has also adhered to the compliance requirement in terms of the said policy relating to the monitoring and reporting of cash / suspicious transactions. The Company is committed to furnish to Financial Intelligence Unit (FIU), India, in the electronic medium, information of all cash transactions of the value of more than Rupees ten lakh or its equivalent in foreign currency and suspicious transactions, whether or not made in cash, in terms of the said Policy.

##### **Fair Practice Code**

Your Company has in place a Fair Practice Code (FPC), which includes guidelines on appropriate staff conduct when dealing with the customers and on the organisation's policies vis-à-vis client protection. The FPC captures the spirit of the National Housing Bank guidelines on fair practices for Housing Finance Companies.

##### **Whistle Blower Policy**

Your Company believes and is committed to adherence to high ethical standards and compliance with laws and regulations applicable to its business. During the year, your Company adopted a Whistle Blower Policy which provides for a vigil mechanism that encourages and supports its Directors and employees to report to the management / Chairperson of the Audit Committee any instances of unethical behaviour, actual or suspected, fraud etc. The said policy, however, provides for adequate safeguards against the victimisation of the Whistle Blower who avail this mechanism. The policy also provides for direct access to the Chairperson of the Audit Committee in exceptional cases.

#### **Code of Conduct for Board Members and the Senior Management**

Your Company has adopted a Code of Conduct for its Board Members and Senior Management personnel. The code requires the directors and employees of the Company to act honestly, ethically and with integrity and in a professional and respectful manner.

The declaration by the CEO of the Company regarding compliance with the Code of Conduct for Board Members and Senior Management is annexed with the Corporate Governance report.

#### **Code for Prevention of Insider Trading Practices**

Your Company has formulated and adopted a Code for Prevention of Insider Trading Practices in accordance with the model code of conduct as prescribed under the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended. The code lays down guidelines, which includes procedures to be followed and disclosures to be made while dealing in the shares of the Company. The code is applicable to the promoters, directors, senior designated employees and the said persons are restricted from dealing in the securities of the Company during the 'restricted trading periods' notified by the Company.

#### **LISTING OF SHARES OF THE COMPANY**

The Equity Shares of your Company continue to remain listed (Group-B) on the BSE Ltd. The Company has paid the listing fees as payable to the BSE Ltd. for the financial year 2014-15.

#### **TECHNOLOGY UPDATION**

Partial commissioning of the operational module was achieved on the later part of the financial year, thereby increasing the dependence on technology and strengthening the reporting system generated through operational module.

Alike earlier years, emphasis remained on regular updation of systems and procedures to provide adequate checks and alerts against probable frauds that may arise due to misrepresentation by applicants and even to ensure fair practice in dealing with borrowers.

#### **STATUTORY INFORMATION**

##### **Particulars regarding conservation of energy, technology absorption, and foreign exchange earnings and outgo**

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.

#### **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 to date, no disclosures in this regard are applicable.

#### **STEPS TAKEN TO COMPLY WITH THE PROVISIONS OF THE COMPANIES ACT, 2013**

##### **i. Appointment of Chief Financial Officer (CFO)/Key Managerial Person u/s 203(1)**

The Board of Directors of the Company has appointed Shri Vivek Kapoor, (who has been in the employment of the Company w.e.f. 12.08.2003) as the Chief Financial officer as defined in Section 2(19) of the Companies Act, 2013.

##### **ii. Appointment of Secretarial Auditor under u/s 204**

The Board of Directors of the Company has appointed Shri P.V.Subramanian, Practicing Company Secretary (CP: 2077) as the Secretarial Auditor of the Company for the financial year 2014-2015. The report of the Secretarial Auditor for the financial year 2014-2015 as submitted, shall form part of the Board's Report in terms of Section 204(1) of the Companies Act, 2013.

#### **DEPOSITORY SYSTEM**

The Company has entered into an agreement with CDSL / NSDL for transaction of shares in dematerialized form. As on March 31, 2014, only 3.05 per cent of the Company's paid up Share Capital consisting of 2,13,105 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**

Your Company has continuously been working to improve human resource competence and capabilities in the Company to deliver the desired results. The Company aims to align HR practices with business goals, motivate people for higher performance and build a competitive working environment. Rewarding 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 also sponsored its employees at various levels to attend various seminars and programmes conducted by various organizations and institutions including training programmes conducted by National Housing Bank.

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 as at March 31, 2014 and of the Profit of the company for year ended on date.
- 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" affording 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**

The Auditor's certificate on Corporate Governance issued by the Statutory Auditors of the Company for the year under review, in pursuance of the Clause 49 of the Listing Agreement is annexed to the report of the Directors on Corporate Governance.

Your Company has been complying with the principles of good corporate governance over the years. The Board of Directors support the broad principles of Corporate Governance. In addition to basis 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, Corporate Governance Report and CEO's declaration regarding compliance of Code of Conduct by Board Members and Senior Management personnel form part of this Annual Report.

#### **GO GREEN INITIATIVES**

Like previous year, the go green initiative to send annual report in electronic format to the shareholders who have registered their e-mail ID with their Depository Participant, shall be continued. The shareholders who have not yet registered their e-mail ID

are requested to do so to enable the Company to effectively comply with this initiative.

#### **ACKNOWLEDGEMENTS**

The Directors thank the valued customers, shareholders for their goodwill, patronage and support.

The 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 – borrowers, key partners, and lenders for their continuing support to the Company. The Board would also like to express its sincere appreciation to the Company's RTA, Service Providers and Counsellors for their continued co-operation. The Directors recognize and appreciate the efforts and hard work of all the employees of the Company and their continued contribution to its progress.

for and on behalf of the Board of Directors

Kolkata  
August 13, 2014

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

**(Brijendra Sahay)**  
Director

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### GLOBAL ECONOMIC PERSPECTIVE

The global economy is expected to pick up speed as the year progresses and is projected to expand by 2.8 percent this year, strengthening to 3.4 and 3.5 percent in 2015 and 2016, respectively. High-income economies will contribute about half of global growth in 2015 and 2016, compared with less than 40 percent in 2013. Developing countries are headed for a third consecutive year of disappointing growth below 5 percent, as first quarter weakness in 2014 has delayed an expected pick-up in economic activity, says the World Bank's latest Global Economic Prospects report, issued on June 10, 2014. The financial health of economies has improved. With the exception of China and Russia, stock markets have done well in emerging economies, notably, India and Indonesia. A gradual tightening of fiscal policy and structural reforms are desirable to restore fiscal space depleted by the 2008 financial crisis.

### OVERVIEW OF THE INDIAN ECONOMY

In 2014-15, the Indian economy is poised to overcome the sub-five (5) per cent growth of gross domestic product (GDP) witnessed over the last two years. The growth slowdown in the last two years was broad based, affecting in particular the industrial sector. Inflation too declined during this period, but continued to be above the comfort zone, owing primarily to the elevated level of food inflation. Yet, the developments on the macro stabilization front, particularly the dramatic improvement in the external economic situation with the current account deficit (CAD) declining to manageable levels after two years of worryingly high levels was the redeeming feature of 2013-14. The fiscal deficit of the Centre as a proportion of GDP also declined for the second year in a row as per the announced medium term policy stance. Reflecting the above and the expectations of a change for the better, financial markets have surged. Moderation in inflation would help ease the monetary policy stance and revive the confidence of investors, and with the global economy expected to recover moderately, particularly on account of performance in some advanced economies, the economy can look forward to better growth prospects in 2014-15 and beyond.

### IMPORTANCE OF HOUSING AND HOUSING SHORTAGE

Housing is a basic human need like food and clothing. Housing has been termed as the *"Engine for Growth for the Economy"*. Housing has a direct impact on employment and income generation. It has various backward and forward linkages and is linked to a host of industries and vocations. Further, a dwelling is defined as a holding space, a physical and psychological envelope within which every individual can find an opportunity to be himself, along with the family. Investments in the housing sector, across the entire spectrum from luxury housing to low income housing, contributes to economic growth. This has been demonstrated across the world in developed as well as developing economies.

The house-building industry is a major employer with strong and large multiplier effects. Further, housing is increasingly seen to have social consequences and diverse economic effects.

The housing industry is one of the largest employment generator in India, only second to agriculture. The housing sector is ranked 4th as per multiplier effect in terms of income generation ahead of agriculture and transport. The housing and real estate industry ranks 3rd amongst 14 major industries in terms of its linkage effect.

Mortgage lending has significantly contributed to the growth in housing production (construction) and housing consumption activities. Outstanding Mortgage debt in the country accounts for nearly 9 per cent of India's GDP. A host of vocations and professions directly or indirectly derive their livelihoods from housing which includes construction workers, builders, developers, suppliers, civil engineers, valuers, property consultants, furnishers, interior decorators, and plumbers – a virtually unending list.

Further, indirect impact of housing is in terms of improved habitat, living, educational, social and cultural standards leading to human capital formation which together result in improved quality of life and thereby the future earning capabilities. Housing as an asset provides an important source of income for for livelihoods of all members of the households. The house value is an important collateral for contracting other loans, that improve the earning and repayment capacity of the borrower. All these together lead to improved productivity further leading to enhanced income, and saving and repayment potentials on sustainable lines.

The technical group on housing shortage has estimated the housing shortage in urban India at 18.78 million units with 95 per cent of the shortage of housing in the EWS /LIG segments in 2012. The Working Group on Rural Housing for the Twelfth Five Year Plan (2012-17), has estimated the total housing shortage in rural areas at 43.9 million units out of which more than 90 per cent of the shortage of housing lies with the lower income and marginalised groups. Hence, the need for low cost, safe and affordable housing, on "project mode" for mass / cluster housing will need to be considered for making a significant difference in the present condition. An appropriate successful model can be replicated on a large scale to cater to the underserved and unserved segments, which can lead to inclusive housing and contribute to inclusive growth.

### THE INDIAN HOUSING FINANCE MARKET

The housing finance market in India is growing fast and is served by multiplicity of institutions across the vast geographical and income spread. Banks and housing finance institutions are the dominant players offering mostly plain vanilla amortization home loans with relatively short maturities at predominantly floating rates.

Over the last 25 years, there has been a veritable revolution in housing finance in India and especially in the last one and half decade. This is demonstrated by the housing finance statistics that captures the magnitude of change from the year 2000 onwards. The outstanding housing loans of the HFCs were ₹ 25,326.01 crore as on 31st March 2000, and that of the SCBs were ₹18,524.88 crore i.e. a total of ₹ 43,850.89 crore between



these two major sets of institutions. The same has exponentially grown to ₹ 2,85,711 crore and ₹ 4,62,200 crore for HFCs and SCBs respectively with the total at ₹ 7,47,911 crore as on 31st March 2013 which means a growth of 1605.58 per cent.

Access to housing finance has thus considerably widened. Housing loans are available at all the metropolitan, urban and semi-rural branches of banks and in almost all branches of housing finance companies. The number of housing finance institutions registered with NHB has grown from an almost negligible number in the early nineties to 57 currently. These intermediaries are spread across the country and are quite diverse in their housing finance activities. However, more than 80 per cent of the low income groups and economically weaker sections in urban areas do not have access to institutional finance. This can be attributed to the low income levels, lack of collateral and proper title deeds, combined with informal sector employment of these people. (Source: Report on Trend and Progress of Housing in India 2013- NHB).

#### **INSTITUTIONS PROVIDING HOUSING FINANCE**

A number of institutions have evolved providing a variety of service in the housing finance sector. As on today, the need for finance for housing in the country is catered to by the following types of institutions:

- Financial Institutions(FIs)
- Scheduled Commercial Banks (SCBs)
- Scheduled Co-operative Banks (Scheduled State Co-operative Banks, Scheduled District Co-op Banks and Urban Co-op Banks)
- Regional Rural Banks
- Agriculture and Rural Development Banks
- Housing Finance Companies, and
- State Level Apex Co-operative Housing Finance Societies
- NBFCs/MFIs/SHGs have also been lending for housing though in a small way.

The Indian mortgage market is expected to grow at around 19 per cent in the next five years owing to enabling factors such as stable operating environment, buoyant property prices, etc. The scheduled commercial banks hold more than 70 per cent of the share in the housing finance market. However, the share of HFCs is also growing and is indicative of the strength of their focused approach, targeting of special customer segments, relatively superior customer service, and significant growth plans. (Source: Report on Trend and Progress of Housing in India 2013- NHB).

#### **HOUSING FINANCE COMPANIES**

The key success factors

The key factors for HFCs to succeed in the Indian housing finance industry include:

- Cost of funds
- Strong credit function
- Cost of operations

- Product features
- Brand recognition

#### **Opportunities and Threats**

Housing finance in India is growing rapidly. With the intervention of the banking sector and the emergence of more specialized financial institutions, the sector is attracting a wide range of customers ranging from individuals to corporations to groups. The composition of funds for the housing sector - a mix of short and medium-term funds, is a concern. Measures are being considered for channelling long-term pension and provident funds as well as external funds into the housing sector. A securitization market has also begun to operate, as a measure for better matching of assets and liabilities. The Government of India, Reserve Bank of India and the National Housing Bank have attached priority to the housing finance sector and continue their support to the sector through fiscal and regulatory measures. The burgeoning middle class, their increasing purchasing power, the changing demographics, and the increasing number of nuclear families coupled with a low delinquency rate have resulted in a low number of non-performing assets compared to other sectors. Further, this has enabled the sector to grow at a phenomenal rate and attracting many institutional players representing high volume.

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

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

#### **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.





### Risk Management

Risks include credit risk, liquidity risk, and interest rate risk, operational risk market risk. The credit risks are minimized by having established credit appraisal system in place, prescribing exposure limits, periodic review of the portfolio. The Company operates in the mid segment and a substantial majority of borrowers are in the salary group. The Company has EXPERIAN checks, field verification, stringent legal and technical due diligence etc. which have helped to reduce incremental delinquencies. The operational risks are minimized by strengthening the internal control procedures and addressing the deficiencies reported by the internal auditors. 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/loan asset sale/assignment route as well as rate SWAP arrangements when probable with Banks/Institutions.

### Risk Management Committee

The Company 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.

### 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.

### Marketing and Selling Arrangements

The Company 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.

### 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.

### Loan products offered by the Company are as under:

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



### **Spread on Loans**

The average yield on loan assets during the year was 12.32 per cent p.a. as compared to 12.68 per cent p.a. in the previous year. The average all-inclusive cost of funds was 9.21 per cent p.a. as compared to 9.70 per cent p.a. in the previous year. The spread on loans over the cost of borrowings for the year was 3.11 per cent p.a. as against 2.98 per cent p.a. 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.

### **Human Resources Development**

The Company has dedicated staff strength of 50 persons as on March 31, 2014. 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 views the market requirement from time to time. Outstanding performers are rewarded by elevation to the higher cadre.

Loan asset per employee of the Company as at March 31, 2014 was ₹ 326.03 lacs.

### **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.

#### *Bibliography*

- 1) <http://www.worldbank.org/en/publication/global-economic-prospects>)
- 2) <http://indiabudget.nic.in/es2013-14/echap-01.pdf>)
- 3) Report on Trend and Progress of Housing in India 2013- NHB).



## REPORT ON CORPORATE GOVERNANCE

### 1. CORPORATE GOVERNANCE

Corporate Governance is the interaction of the Management, Members and the Board of Directors to help ensure that all stake holders are protected against managers acting solely in their own interest. Governance process has to ensure that the societal measures employed by the Company are utilized in a manner that meets with the stakeholders' aspirations and societal expectations. Corporate Governance consists of laws, policies, procedures and, most importantly, practices that ensure the well being of the assets of the Company. Corporate Governance is at its highest levels when Management is acting as if they are long-term investors in the Company. The aim is to align as nearly as possible the interests of individuals, corporations and society.

Sahara Housingfina Corporation Limited is committed to sound corporate governance practice in the way it conducts its business and deals with its stakeholders. The Company has always worked towards building trust with shareholders, employees, customers, suppliers, and other stakeholders based on the principles of good corporate governance, viz., integrity, equity, transparency, fairness, disclosure, accountability and commitment to values.

#### Composition of the Board

On March 31, 2014 the Company's Board of Directors consisted

of 6 (six) members. All the Directors of the Company are Non-executive Directors and half of them i.e. 50% are Independent Directors. The composition of the Board satisfies the requirements of Clause 49 of the Listing Agreement.

All the directors on the Board as on March 31, 2014 are liable to retire by rotation. Of the retiring directors at least one third retires every year and if eligible, qualify for re-appointment. In terms of the Article of Association of the company, the strength of the Board shall not be less than 3 (three) and more than 12 (twelve).

#### Board Composition As On March 31, 2014

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

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

#### Information Related To Other Directorships/ Committee Memberships/ Chairmanships In Other Companies reckoned in line with Clause 49 of the Listing Agreement

Directors	Category	No. of Other Directorship(s)*	No. of Other Committee Memberships/Chairmanships In Public Companies Excluding SHCL**	
			Chairmanship	Membership
Shri Om Prakash Srivastava (00144000)	NED	10	01	07
Shri Joy Broto Roy (00432043)	NED	06	—	04
Shri Seemanto Roy (00183666)	NED	12	—	03
Shri Brijendra Sahay (00017600)	NED (I)	03	—	05
Shri Sakti Prasad Ghosh# (00183802)	NED (I)	04	01	02
Shri Ranoj Dasgupta (00216165)	NED (I)	04	04	01



NED- Non-Executive Director/ NED (I) - Non-Executive Director (Independent)

\* Excludes Directorship in Indian Private Limited Companies, Foreign Companies, Companies under Section 25 of the Companies Act, 1956, and Alternate Directorships, if any.

\*\* Represents Membership / Chairmanship of Audit Committee and Stakeholders Relationship Committee / Shareholders /Investor's Grievance Committee of all public limited companies as prescribed under Clause 49 (I) (C) of the Listing Agreement.

# Shri Sakti Prasad Ghosh (Independent & Non-executive Director) has resigned as a Director from the Board of Directors of the Company w.e.f. May 29, 2014 at the Board Meeting held on that date.

Note:

- Other Directorships and Committee Memberships of Directors are as on March 31, 2014.
- None of the directors hold any equity shares in the Company.

#### NUMBER OF BOARD MEETINGS

The Board met five times during the year on May 29, 2013, August 14, 2013, September 28, 2013, November 13, 2013, and February 11, 2014.

#### ATTENDANCE AT THE BOARD MEETINGS AND AT ANNUAL GENERAL MEETING (AGM) DURING THE FINANCIAL YEAR 2013-2014

Name of Director	No. of Board Meeting Attended (Total Meetings Held : 5)	Whether Attended Last AGM
Shri Om Prakash Srivastava	4	No
Shri Joy Broto Roy	4	No
Shri Seemanto Roy	2	No
Shri Brijendra Sahay	5	Yes
Shri Sakti Prasad Ghosh	5	Yes
Shri Ranoj Dasgupta	5	Yes

#### DIRECTORS WITH MATERIALLY PECUNIARY OR BUSINESS RELATIONSHIP WITH THE COMPANY

As mandated by Clause 49, the Independent Directors on the Company's Board:

- Apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the Company, its promoters, its Directors, its senior management, its subsidiaries and associates which may affect independence of the Director.
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
- Have not been an executive of the Company in the immediately preceding three financial years.
- Are not partners or executives or were not partners or executives during the preceding three years of the:
  - Statutory audit firm or the internal audit firm that is associated with the Company.

o Legal firm(s) and consulting firm(s) that have a material association with the Company.

- Are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect independence of the Director.
- Are not substantial shareholders of the Company i.e. do not own two percent or more of the block of voting shares.

Details of transactions of a material nature with any of the related parties as specified in Accounting Standard (AS) 18 issued by the Institute of Chartered Accountants of India are disclosed in the Notes to the financial statements for the year 2013-14. There has been no transaction of a material nature with any of the related parties which was in conflict with the interests of the Company. There has been no material pecuniary relationship or transaction between the Company and its Directors during the year.

#### INFORMATION SUPPLIED TO THE BOARD

The Board of Directors is presented with detailed notes along with the agenda papers well in advance of the meeting. The Board periodically reviews compliance reports prepared by the Company regarding all laws applicable to the Company, as well as steps taken to rectify instances of non-compliances, if any.

Important operational matters are brought to the notice of the Board at its meetings held from time to time. Operational heads attend the Board Meetings in case required to provide inputs and explain any queries pertaining to their respective areas of operations to enable the Board to take informed decisions.

#### 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.

The Code of Conduct and Ethics relating to matters concerning Board members and Senior Management Officers and their duties and responsibilities has been meticulously followed. All





Directors and Senior Management Officers have affirmed compliance of the provisions of the Code during the year 2013-14. A declaration to this effect signed by the CEO is attached to this report. The Code of Conduct is posted on the Company's website [www.saharahousingfina.com](http://www.saharahousingfina.com).

#### 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 2013-2014

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	-	40,000
Shri Seemanto Roy	20,000	-	20,000
Shri Brijendra Sahay	50,000	40,000	90,000
Shri Sakti Prasad Ghosh	50,000	40,000	90,000
Shri Ranaj 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.

#### COMMITTEE OF THE BOARD

##### AUDIT COMMITTEE:

During the financial year, the Committee meetings were held on May 29, 2013, August 14, 2013, November 13, 2013, and February 11, 2014. The composition of the Committee is as per the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchange.

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.

#### COMPOSITION OF THE AUDIT COMMITTEE AND PARTICULARS OF MEETINGS ATTENDED BY THE MEMBERS OF THE AUDIT COMMITTEE:

Names of the Committee Members	Category of Director	Meeting Details during 2013-14			Whether Attended Last AGM (Y/N)
		Held	Attended	%	
Shri Sakti Prasad Ghosh #	NED (I)	4	4	100	Y
Shri Om Prakash Srivastava	NED	4	4	100	N
Shri Brijendra Sahay # #	NED (I)	4	4	100	Y
Shri Ranaj Dasgupta	NED (I)	4	4	100	Y

NED (I): Non-executive and Independent Director /NED : Non-executive Director

# Shri Sakti Prasad Ghosh (Non-executive & Independent Director) has resigned as a Director from the Board of Directors of the Company w.e.f. May 29, 2014 and consequently he ceased to be the Chairman of the Audit Committee from that date.

## Shri Brijendra Sahay (Non-executive & Independent Director), has been designated as the Chairman of the Audit Committee at the Board Meeting held on May 29, 2014. (The same has been communicated to the Stock Exchange).

#### Terms of reference

The Audit Committee is empowered, pursuant to its terms of reference, inter alia, to:

- Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the

financial statement is correct, sufficient and credible.

- Recommend to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.

- Approve the payment to statutory auditors for any other services rendered by the statutory auditors.
- Review, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report.
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Qualifications in the draft audit report.
- Review, with the management, the quarterly financial statements before submission to the Board for approval.
- Review, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board.
- Review, with the management, performance of statutory and internal auditors, and monitor auditor's independence and performance and effectiveness of the audit process and adequacy of the internal control systems.
- Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Review 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.
- Discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- Approve the appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- Consider, suggest, modification and or recommend / approve, the related party transactions of the Company.
- Scrutinise inter corporate loans and investments.
- Consider valuation of assets or undertaking of the Company wherever required.
- Evaluate internal financial controls and risk management systems.
- Review and formulate the scope, functioning, periodicity, methodology for conducting the internal audit, in consultation with the Internal Auditor and to discuss with the internal auditors any significant findings and follow-up there on.
- Have the authority to investigate into any matter as included in its terms of reference or referred to it by the Board and for this purpose the Audit Committee to have power to obtain professional advice from external sources and have full access to information contained in the records of the Company.
- Review the Company's Vigil Mechanism as defined under the Whistle Blower Policy of the Company with regard to the process / procedure prescribed for its employees and directors to raise concerns, in confidence, about possible wrongdoing in financial reporting, accounting, auditing or other related matters.
- Any other function as may be stipulated by the Companies Act, 2013, SEBI, Stock Exchanges or any other regulatory authorities from time to time.

#### STAKEHOLDERS RELATIONSHIP COMMITTEE

(Earlier known as shareholders' / investors' grievance committee)

The Stakeholders Relationship Committee of the Board (earlier known as 'Shareholders' / Investor Grievance Committee') is empowered to oversee redressal of shareholder and investor grievances, and, inter alia, has the authority to approve subdivision / consolidation / issue of duplicate share certificates, transmission of shares and issue & allotment of shares upon exercise of Options, if any, under the Company's Employee Stock Option Schemes.

#### Composition

The Stakeholders Relationship Committee as on March 31, 2014 comprised of two Independent Directors. The Chairman of the Committee is an Independent Director.

#### Terms of Reference

- The terms of reference of the Stakeholders Relationship Committee are as follows:-
- To redress the complaints of the shareholders and investors,



related to transfer and transmission of securities, non-receipt of annual reports, dividends and other securities related matters.

- To review the requests / complaints received by the Registrar and Share Transfer Agent from the Shareholders relating to transfer, transmission, consolidation, replacement of share certificates, issue of duplicate certificates and dematerialisation of securities certificates.
- To review the certificates and reports submitted by the Company to the Stock Exchanges under the Listing Agreement / SEBI Regulations.
- To observe the quarterly status of the number of shares in physical as well as dematerialised form.
- To review the periodicity and effectiveness of the share transfer process, statutory certifications, depository related issues and activities of the Registrar and Share Transfer Agent.
- To monitor and resolve / redress the grievances of Security Holders i.e. Shareholders, Fixed Depositors or Debenture Holders or Commercial Paper Investors or any other Investors of the security / ies issued by the Company.
- To recommend measures for overall improvement in the quality of investors services.
- Any other function as may be stipulated by the Companies Act , 2013, SEBI, Stock Exchanges or any other regulatory authorities from time to time.

#### Meetings and Attendance

##### Details of Stakeholders Relationship Committee Meetings during the financial year

During the financial year ended March 31, 2014, thirteen meetings of the Stakeholders Relationship Committee were held, as follows:

Sl No.	Date	Committee Strength	No. of Members Present
1	April 7, 2013	2	2
2	June 14, 2013	2	2
3	July 12, 2013	2	2
4	July 18, 2013	2	2
5	August 12, 2013	2	2
6	August 26, 2013	2	2
7	September 6, 2013	2	2
8	September 12, 2013	2	2
9	September 20, 2013	2	2
10	November 15, 2013	2	2
11	December 31, 2013	2	2
12	February 14, 2014	2	
13	March 31, 2014	2	2

##### Attendance at Stakeholders Relationship Committee Meetings during the financial year

Director	Number of Meetings Attended
Shri Sakti Prasad Ghosh#	13
Shri Ranaj Dasgupta	13

# Shri Sakti Prasad Ghosh (Independent & Non-executive Director) and Chairman of the Stakeholders Relationship Committee has resigned as a Director from the Board of Directors of the Company w.e.f. May 29, 2014 and consequently he ceased to be the Chairman of the Stakeholders Relationship Committee from that date.

Shri Brijendra Sahay (Independent & Non-executive Director), has been designated as the Chairman of the Stakeholders Relationship Committee at the Board Meeting held on May 29, 2014. (The same has been communicated to the Stock Exchange).

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 LTD.  
1ST FLOOR, SAHARA INDIA SADAN  
2A, SHAKESPEARE SARANI,  
KOLKATA- 700 071  
PH: 033- 2282-9067/ 0811 FAX: 033 – 2282 9271

#### NOMINATION AND REMUNERATION COMMITTEE (earlier known as Remuneration Committee)

##### Composition

The Committee was renamed as Nomination and Remuneration Committee from Remuneration Committee and its terms of reference were expanded to align the same with the provisions of Companies Act, 2013. As on March 31, 2014, the Committee comprised of three (3) Independent Non-Executive Directors, as the members of the Committee.

##### The composition of the Remuneration Committee as on March 31, 2014:

Director	Designation
Shri Brijendra Sahay	Chairman
Shri Sakti Prasad Ghosh #	Member
Shri Ranaj Dasgupta	Member

# Shri Sakti Prasad Ghosh (Independent & Non-executive Director) has resigned as a Director from the Board of Directors of the Company w.e.f. May 29, 2014 and consequently he ceased to be a member of the Nomination & Remuneration Committee from that date.



### Terms of Reference

The terms of reference of the Nomination and Remuneration Committee as defined by the Board of Directors of the Company are as follows:-

- To recommend the annual remuneration and periodic increments payable to the Executive Director(s) which is required to be further approved by the Board.
- To recommend to the Board the appointment / reappointment of the Executive / Non-Executive Directors, the induction of Board members into various committees.
- To ensure that the overall remuneration payable to the Directors does not exceed the limits prescribed by the Companies Act and is within the limits approved by the shareholders.
- In accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the Committee was entrusted with the following additional responsibilities:
  - Framing and Administration of the ESOS scheme.
  - Exercise of control over the implementation of the scheme.
  - Preparation of the Offer Document to disclose the various details of the Scheme to the option grantees.
  - Appointment of intermediaries required for the scheme.
  - Any other matter relating to administration of the scheme.
  - Any other function as may be stipulated by the Companies Act, 2013, SEBI, Stock Exchanges or any other regulatory authorities from time to time.

### MANAGEMENT

#### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

#### DISCLOSURES MADE BY MANAGEMENT TO THE BOARD

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.

#### CODE FOR PREVENTION OF INSIDER TRADING PRACTICES

In compliance with the SEBI regulation on prevention of insider trading, the Company has in place a comprehensive Code of Conduct for its Directors and Senior Management Officers. 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.

### 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 29, 2014.

DETAILS OF NON-COMPLIANCE BY THE COMPANY, PENALTIES, AND STRICTURES IMPOSED ON THE COMPANY BY STOCK EXCHANGE OR SEBI OR ANY STATUTORY AUTHORITY, ON ANY MATTER RELATED TO CAPITAL MARKETS, DURING THE LAST THREE YEARS.

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 31st March, 2014. 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

On the recommendation of the Audit Committee, the Board of Directors of the Company, adopted the Whistle Blower Policy, which aims to provide a mechanism to the employees and directors of the Company to report to the management instances of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. This mechanism also provides for adequate safeguards against victimisation of employees who avail the mechanism and provides for direct access to the Chairperson of the Audit Committee in exceptional cases. There were no instances of reporting under the Whistle Blower Policy. No personnel has been denied access to the Chairman of the Audit Committee.

### 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

There were no materially significant related party transactions i.e. transactions of material nature, with its promoters, directors or senior management or their relatives etc. that may have potential conflict with the interest of Company at large. Transactions with related parties as per the requirements of Accounting Standard 18 are disclosed at Note No. 32 of the Notes forming part of the Accounts in the Annual Report annexed herewith.





## RECONCILIATION OF SHARE CAPITAL AUDIT

A qualified practicing Company Secretary carries out the audit of the Company on quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL) and the total issued and listed capital. The report of such audit is submitted to the Stock Exchange periodically.

## COMPLIANCE REPORT

The Board periodically reviews the compliance of all applicable laws and gives appropriate directions, wherever necessary.

## SHAREHOLDERS' INFORMATION

### I. Communication to shareholders

The Company interacts with shareholders through multiple channels of communication such as results announcement, annual report, media releases, Company's website etc. As required under clause 41 of the Listing Agreement, the quarterly / annual financial results are published in widely circulated national English newspaper and in a vernacular newspaper.

### II. Electronic filing of compliances on BSE

As per Clause 52 of the Listing Agreement certain corporate information such as the quarterly, half-yearly and annual results, annual report and the shareholding pattern of the Company are also filed on Corporate Filing And Dissemination System website, [www.corpfiling.co.in](http://www.corpfiling.co.in) and BSE Listing Centre at [listing.bseindia.com](http://listing.bseindia.com) developed by BSE Limited.

### III. SEBI Complaints Redressal System (SCORES)

The Company is registered with SEBI Complaints Redressal System (SCORES). Under SCORES the investor complaints are processed in a centralised web based complaints redressal system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATR) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

### IV. Shares held in Electronic Form

Members holding shares in electronic form may please note that instructions regarding change of address, bank details, nomination, email address and power of attorney should be given directly to the Depository Participant.

### V. Shares held in Physical Form

Shareholders holding shares in physical form may please note that instructions regarding change of address, bank details, nomination, email address and power of attorney should be given to the Company's RTA viz. Link Intime India Private Limited.

### VI. Service of documents through electronic mode

Members who are desirous of receiving the notice and other documents through email, may kindly intimate their respective email address to the Company's Registrar and Share Transfer Agent, Link Intime India Private Limited or may send an email from their respective email id to [info.saharahousingfina@gmail.com](mailto:info.saharahousingfina@gmail.com), with a subject "Registration of email id".

## VII. DETAILS OF PREVIOUS THREE GENERAL BODY MEETINGS

22nd A.G.M	28.09.2013 09.30 A.M	Sahara India Sadan 2A, Shakespeare Sarani, Kolkata - 700 071	No Special Resolution
21st A.G.M	29.09.2012 11.00 A.M	Sahara India Sadan 2A, Shakespeare Sarani, Kolkata - 700 071	Special Resolution passed appointing Shri D. J. Bagchi, CEO, as Manager u/sec. 269 of the Companies Act, 1956, for a period of three years.
20th A.G.M	29.09.2011 11.00 A.M	Sahara India Sadan 2A, Shakespeare Sarani, Kolkata - 700 071	No Special Resolution

## VIII. ADDITIONAL SHAREHOLDER INFORMATION

### 23rd Annual General Meeting

Date: September 29, 2014 Day: Monday Time: 11.00 A.M.

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

Book Closure Dates: Monday, September 22, 2014 to Monday, September 29, 2014 (both days inclusive)



### iii. GENERAL INFORMATION ABOUT THE COMPANY

<b>Financial Year</b>	<b>April 01 – March 31</b>
Financial Reporting Calendar: 2014-15 (Tentative)	<ul style="list-style-type: none"> <li>First Quarter Results July/Aug 15, 2014</li> <li>Second Quarter Results Oct/Nov 15, 2014</li> <li>Third Quarter Results Jan/Feb 15, 2015</li> <li>Annual Results May, 2015</li> </ul>
Listing on Stock Exchanges	Bombay Stock Exchange Limited (BSE). Phiroze Jeejeebhoy Towers Dalal Street, Fort, Mumbai- 400 001 [Annual Listing Fees for the year 2014-15 have been paid]
Stock Code at BSE	511533
ISIN (Equity Shares) of the Company	INE- 135C01012
ISIN (NCDs) of the Company	INE- 135C08025
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

### X. 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.

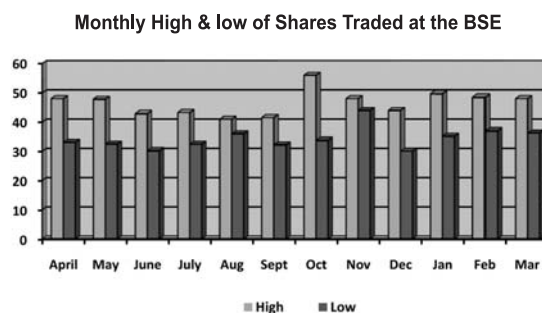
#### • Market (BSE) Price Data

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

<b>Year</b>	<b>Month</b>	<b>High (₹)</b>	<b>Low (₹)</b>	<b>Qty Traded (Shares)</b>
2013	April	48.00	33.00	14083
	May	47.85	32.50	4849
	June	42.90	30.20	2355
	July	43.25	32.40	5530
	August	40.95	36.00	1831
	September	41.50	32.20	3316
	October	56.00	33.75	8769
	November	48.00	35.85	3736
	December	44.00	30.00	6861
2014	January	49.70	35.20	6448
	February	48.50	37.00	11257
	March	48.00	36.25	44621

Year High: ₹ 56.00 Year Low: ₹ 30.00

### v. Monthly High & low of Shares Traded on the BSE during the Financial Year 2013 -14





## XII. SHAREHOLDING PATTERN AS ON MARCH 31, 2014

Category of Shareholder	No. of shareholders	No. of shares	Percentage
<b>Promoters:</b>			
<b>Indian Promoters:</b>			
- Sahara Prime City 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
<b>Total</b>	<b>03</b>	<b>49,94,587</b>	<b>71.35</b>
<b>Others</b>			
Private Corporate Bodies:			
i) Gandevi Commerce Pvt. Ltd.	01	7,23,044	10.33
ii) Other	148	1,14,836	01.64
Indian Public	7,586	11,31,015	16.16
NRIs/OCBs/Clearing Member	76	36,518	00.52
Foreign Institutional Investors	—	—	—
<b>Total</b>	<b>7811</b>	<b>20,05,413</b>	<b>28.65</b>
<b>Grand Total</b>	<b>7814</b>	<b>70,00,000</b>	<b>100.00</b>

## XIII. DISTRIBUTION OF SHAREHOLDING (SHARES) AS ON MARCH 31, 2014

HOLDING	SHAREHOLDERS		SHARES	
	NUMBER	%	TOTAL SHARES	%
0001 - 2000	7745	99.12	887288	12.68
2001 - 3000	28	00.36	69772	01.00
3001 - 4000	9	00.12	30808	00.44
4001 - 5000	5	00.06	23412	00.33
5001 - 10000	12	00.15	89108	01.27
10001 - And Above	15	00.19	5899612	84.28
<b>TOTAL</b>	<b>7814</b>	<b>100.00</b>	<b>7000000</b>	<b>100.00</b>

## XIV. TOP 10 SHAREHOLDERS LIST (AS ON MARCH 31, 2014)

Sr. No.	Description	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 Private Limited	7,23,044	10.33
4	Sahara India Finance & Investment Limited	4,16,000	05.94
5	Madhu Bala Mittal	27,221	00.39
6	Jewels Advisory Services LLP	25,000	00.36
7	Sharmila Parasa	23,909	00.34
8	Meeta Kantilal Vardhan	19,264	00.28
9	Sunita Kantilal Vardhan	14,327	00.20
10	JSEL Securities Ltd. (037)	13,590	00.19
	<b>Total</b>	<b>58,40,942</b>	<b>83.44</b>



#### XV. SHARE TRANSFER SYSTEM

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

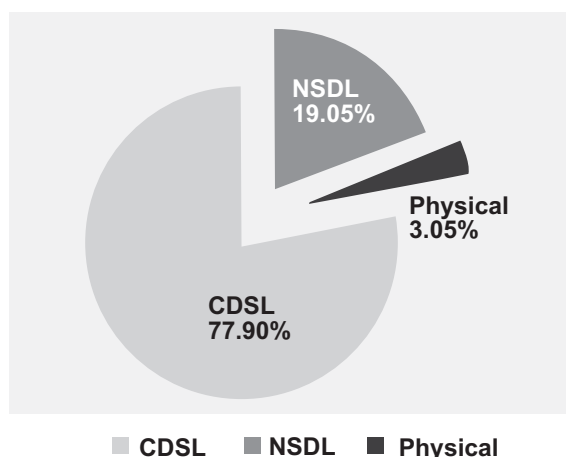
The transfers are normally processed within 15-20 days from the date of receipt if the documents are complete in all respects. Certain Directors and the Company Secretary are severally empowered to approve transfers. Grievances received from the members and other miscellaneous correspondence on change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

#### XVI. 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, 2014 a total of 67,86,688 shares of the Company, which forms 96.95% 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.

#### XVII. DEMAT POSITION AS ON 31.03.2014



#### XVIII. ADDRESS FOR CORRESPONDENCE

Registrar and Share Transfer Agents	Sahara Housingfina Corporation Limited (Secretarial Department)
<p>Link Intime India Private Limited 59C, Chowringhee Road, 3rd Floor, Kolkata- 700 020 Ph: 033-2289-0540 Tele fax: 033- 2289-0539 E-mail: <a href="mailto:kolkata@linkintime.co.in">kolkata@linkintime.co.in</a> <b>Contact Person: Shri S.P.Guha</b></p>	<p><b>Shri D.J.Bagchi</b> Compliance Officer &amp; Company Secretary Sahara India Sadan 2A, Shakespeare Sarani, Kolkata- 700 071 Ph: 033- 2282-9067/ 0811 Fax: 033 – 2282 4910 e-mail: <a href="mailto:info.saharahousingfina@gmail.com">info.saharahousingfina@gmail.com</a> <a href="mailto:dj.bagchi@saharahousingfina.com">dj.bagchi@saharahousingfina.com</a></p>
	<p><b>Shri Vinay Kumar Mishra</b> Manager- Secretarial Sahara India Sadan 2A, Shakespeare Sarani, Kolkata- 700 071 Ph: 033- 2282-9067/ 0811 Fax: 033 – 2282 4910 e-mail: <a href="mailto:info.saharahousingfina@gmail.com">info.saharahousingfina@gmail.com</a> <a href="mailto:vinayvinmishra@gmail.com">vinayvinmishra@gmail.com</a></p>

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



**AUDITORS' CERTIFICATE REGARDING COMPLIANCE  
OF CONDITIONS OF CORPORATE GOVERNANCE**

**To the Members**

Sahara Housingfina Corporation Limited

We have examined the compliance of conditions of Corporate Governance by Sahara Housingfina Corporation Limited, for the year ended March 31, 2014, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to 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 opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Agreement.

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

Place : Kolkata  
Date : May 29, 2014

**For CHATURVEDI & CO.**  
*Chartered Accountants*  
Firm Registration No. 302137E  
**PANKAJ CHATURVEDI**  
*Partner*  
Membership No. 091239

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

This is to inform that the Company has adopted a Code of Conduct for the Board of Directors and Senior Management Personnel of the Company. The same is available on the website of the Company at [www.saharahousingfina.com](http://www.saharahousingfina.com). As required under the relevant provisions of the Listing Agreement entered into by the Company with the Stock Exchange, it is confirmed that all the Directors and Senior Management Officers have affirmed compliance with the Company's Code of Conduct during the year 2013-14.

Place : Kolkata  
Date : May 29, 2014

D. J. Bagchi  
CEO & Company Secretary





## CORPORATE SOCIAL RESPONSIBILITY

### Corporate social responsibility (CSR)

#### CSR is:

- An obligation, beyond that mandated by the law and economics, for a firm to pursue long term goals that are beneficial to the society;
- The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families, as well as that of the local community and society at large ;
- About how a company manages its business process to produce an overall positive impact on society.

#### OUR COMMITMENT TOWARDS SOCIETY:

Sahara Welfare Foundation, the social development unit of Sahara India Pariwar, is engaged in social welfare projects, alleviating people's sufferings and bringing to them new rays of hope and a brighter tomorrow. It aims to initiate and facilitate such processes and initiatives where socially & economically marginalised and deprived people and communities irrespective of age, caste, class, gender or race are able to participate actively in the process of their development. Our Initiatives are in:

- Health and Nutrition
- Literacy
- Vocational Training
- Civic Development
- Disaster Management
- Behaviour Change Communication
- Rehabilitation of the Physically Challenged People
- Emotional adoption of families of Kargil Martyrs'
- Research and Publication

Sahara India Pariwar has adopted 1000 villages covering 4.5 lakh rural households touching the lives of over 25 lakh people in 7 states under the brand VEDAS (Village Esteem Development Adoption by Sahara). It implies adoption of targeted villages by Sahara for their overall development and welfare. Under VEDAS Project 20 clusters are being developed and each cluster will have a group of 50 villages. There shall be a Central Point Village in each cluster with a Medical Center and an Empowerment Center along with other services for overall operation, caring and helping the villagers of these 50 villages in the following thematic areas.

**Empowerment**  
**Agriculture Yield**  
**Joyful Education**  
**Primary Health**  
**Safe Drinking Water**  
**Sanitation**  
**Safe Migration**





Mobile Health Care Units under VEDAS



Joyful Education Programme under the aegis of VEDAS



Educational Programme & Blood Donation Camp Organised at Kolkata



# Hosfinas' Financials





## INDEPENDENT AUDITORS' REPORT

### THE MEMBERS OF

### SAHARA HOUSINGFINA CORPORATION LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **SAHARA HOUSINGFINA CORPORATION LIMITED**, which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give

the information required by the Act, 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, 2014.
- ii. in the case of the Statement of Profit and Loss, 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.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement 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, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

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

**Pankaj Chaturvedi**  
Partner  
Membership No. 091239

Place : Kolkata  
Date : May 29, 2014





**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF REPORT  
ON OTHER LEGAL AND REGULATORY REQUIREMENTS  
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. The fixed assets disposed off during the period, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- 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 loans from two Companies 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 ₹ 1,198,508,817/-.
- 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. 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, 2014 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, bank 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. Accordingly, 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 bank 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.
- 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 redeemable debentures issued by the Company are unsecured in nature. Accordingly, clause 4(xix) of the order is not applicable.
- 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 : Kolkata  
Date : May 29, 2014



## Balance Sheet as at March 31, 2014

Particulars	Note No.	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	70,000,000	70,000,000
Reserves and Surplus	2	250,311,639	223,901,841
		<b>320,311,639</b>	<b>293,901,841</b>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	3	1,325,641,617	1,362,024,252
Long Term Provisions	4	2,110,053	1,741,741
<b>Total Non-Current Liabilities</b>		<b>1,327,751,670</b>	<b>1,363,765,993</b>
<b>CURRENT LIABILITIES</b>			
Trade Payables	33	3,540,454	2,697,803
Other Current Liabilities	5	101,195,953	140,525,670
Short Term Provisions	6	563,608	1,360,922
<b>Total Current Liabilities</b>		<b>105,300,015</b>	<b>144,584,395</b>
<b>TOTAL</b>		<b>1,753,363,324</b>	<b>1,802,252,229</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets			
– Tangible Assets	7	7,026,431	7,363,505
Non-Current Investments	8	870,800	870,800
Deferred Tax Assets	9	6,596,444	4,850,310
Loan Assets	10	1,561,073,379	1,465,170,713
Long Term Loans & Advances	11	2,641,711	2,593,479
<b>Total Non-Current Assets</b>		<b>1,578,208,765</b>	<b>1,480,848,807</b>
<b>CURRENT ASSETS</b>			
Loan Assets	12	51,622,430	93,305,423
Trade Receivables	13	2,849,993	1,692,556
Cash and Bank Balances	14	110,689,933	215,342,981
Short Term Loans & Advances	15	6,573,867	8,643,012
Other Current Assets	16	3,418,336	2,419,450
<b>Total Current Assets</b>		<b>175,154,559</b>	<b>321,403,422</b>
<b>TOTAL</b>		<b>1,753,363,324</b>	<b>1,802,252,229</b>
Significant Accounting Policies	22		
Accompanying notes to the financial statements	23 to 36		

As per our report of even date attached

**For CHATURVEDI & CO.**

Chartered Accountants

Firm Registration No. 302137E

**Pankaj Chaturvedi**

Partner

Membership No. 091239

Place : Kolkata

Date : May 29, 2014

**FOR AND ON BEHALF OF THE BOARD**

**O. P. SRIVASTAVA** Director

**BRIJENDRA SAHAY** Director

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

**VIVEK KAPOOR** Chief Financial Officer



## Statement of Profit and Loss for the year ended March 31, 2014

Particulars	Note No.	For the Year ended March 31, 2014 ₹	For the Year ended March 31, 2013 ₹
<b>INCOME</b>			
I Income from Operations	17	199,427,506	196,822,495
II Other Income	18	11,657,842	18,399,570
<b>III Total Revenue (I+II)</b>		<b>211,085,348</b>	<b>215,222,065</b>
<b>IV EXPENDITURE</b>			
Finance Costs	19	119,406,184	130,146,574
Employee Benefit Expenses	20	30,879,546	28,137,522
Depreciation and Amortization	7	1,318,596	1,626,426
Operating & Other Expenses	21	23,996,996	28,856,068
<b>Total Expenses</b>		<b>175,601,322</b>	<b>188,766,590</b>
<b>V PROFIT BEFORE EXCEPTIONAL AND EXTRA-ORDINARY ITEMS AND TAX (III-IV)</b>		<b>35,484,026</b>	<b>26,455,475</b>
VI Exceptional Items and Extraordinary Items		—	—
<b>VII PROFIT BEFORE TAX (V-VI)</b>		<b>35,484,026</b>	<b>26,455,475</b>
<b>VIII Tax Expenses:</b>			
– Current Tax		10,754,928	9,755,500
– Deferred Tax		(1,746,134)	(3,389,505)
– Income Tax related to earlier years		65,434	38,640
		<b>9,074,228</b>	<b>6,404,635</b>
<b>IX PROFIT AFTER TAX (VII-VIII)</b>		<b>26,409,798</b>	<b>20,050,840</b>
Earning Per Share (₹) - Basic		3.77	2.86
Earning Per Share (₹) - Diluted		3.77	2.86
Significant Accounting Policies	22		
Accompanying notes to the financial statements	23 to 36		

As per our report of even date attached

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

**Pankaj Chaturvedi**  
Partner  
Membership No. 091239

Place : Kolkata  
Date : May 29, 2014

### FOR AND ON BEHALF OF THE BOARD

**O. P. SRIVASTAVA** Director

**BRIJENDRA SAHAY** Director

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

**VIVEK KAPOOR** Chief Financial Officer



## Cash Flow Statement for the year ended March 31, 2014

	For the Year ended March 31, 2014	For the Year ended March 31, 2013
	₹	₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit Before Tax and Extraordinary Items	35,484,026	26,455,475
Adjustments for:		
Depreciation	1,318,596	1,626,426
Profit on sale of Fixed Assets	(9)	—
Provision for sub-standard assets	4,371,058	9,282,375
Investment income-interest/dividend	(11,640,151)	(18,399,570)
Interest and finance charges paid	119,406,184	130,146,574
Operating profit before working capital changes	148,939,704	149,111,280
Adjustments for Working Capital Changes		
(Increase)/Decrease in Trade Receivable	(1,157,437)	(1,219,394)
(Increase)/Decrease in Advances	308,373	(122,695)
Increase/(Decrease) in Current Liabilities	1,929,893	(5,098,025)
Increase/(Decrease) in Provisions	437,822	436,866
Cash Generated from operations	150,458,355	143,108,032
Direct Tax paid	(11,785,419)	(8,927,316)
<b>Net Cash from Operating Activities</b>	<b>138,672,936</b>	<b>134,180,716</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Sale of Fixed Assets	800	—
Purchase of Fixed Assets	(982,313)	(541,362)
Income from Investments	13,400,923	15,852,185
<b>Net Cash From Investing Activities</b>	<b>12,419,410</b>	<b>15,310,823</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Increase/(Decrease) in Term Loan (Net of Repayment)	(109,996,800)	(110,004,800)
Increase/(Decrease) in Unsecured Loan (Net of Repayment)	48,608,165	298,635,288
(Increase)/Decrease in Housing Loan (Net of Repayment)	(59,589,617)	(112,599,272)
Interest and Finance Charges paid	(134,817,143)	(114,559,930)
<b>Net Cash from Financing Activities</b>	<b>(255,795,395)</b>	<b>(38,528,714)</b>
<b>D. NET INCREASE IN CASH AND CASH EQUIVALENTS:</b>	<b>(104,703,049)</b>	<b>110,962,825</b>
Cash and Cash equivalents of the beginning of the year	215,392,981	104,430,156
Cash and Cash equivalents of the end of the year	110,689,932	215,392,981

### 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	470,360	221,692
Balance with Scheduled Banks :		
- In Current Accounts	53,192,344	33,546,906
- In Term/Fixed Deposit Accounts	57,027,228	181,624,383
	<b>110,689,932</b>	<b>215,392,981</b>

As per our report of even date attached

### For CHATURVEDI & CO.

Chartered Accountants

Firm Registration No. 302137E

**Pankaj Chaturvedi**

Partner

Membership No. 091239

Place : Kolkata

Date : May 29, 2014

### FOR AND ON BEHALF OF THE BOARD

**O. P. SRIVASTAVA** Director

**BRIJENDRA SAHAY** Director

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

**VIVEK KAPOOR** Chief Financial Officer



## Notes forming part of the Balance Sheet as at March 31, 2014

Note No.	Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>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>Reconciliation of Number of Shares outstanding at the beginning and at the end of the year</b>		
	Number of Equity Shares at the beginning of the year	7,000,000	7,000,000
	Add : Number of Shares Issued	—	—
	Number of Equity Shares at the end of the year	<b>7,000,000</b>	<b>7,000,000</b>

### Rights, Preferences and Restrictions

The Company has only one class of shares referred to as Equity Shares having a face value of ₹ 10/-. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### Details of the Shareholders holding more than 5% of Shares

Name	% age of Holding	As at March 31, 2014	% age of Holding	As at March 31, 2013
<b>Equity :</b>				
Sahara Prime City Limited	42.00	2,940,000	42.00	2,940,000
Sahara India Corp Investment Limited	23.41	1,638,587	23.41	1,638,587
Sahara India Finance and Investment Limited	5.94	416,000	5.94	416,000
Gandevi Commerce Private Limited	10.33	723,044	10.33	723,044
	<b>81.68</b>		<b>81.68</b>	



## Notes forming part of the Balance Sheet as at March 31, 2014

Note No.	Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>2</b>	<b>RESERVES AND SURPLUS</b>		
	<b>Capital Reserve</b>	152,000	152,000
	Balance at the beginning and end of the year		
	<b>Securities Premium Account</b>	50,000,000	50,000,000
	Balance at the beginning and end of the year		
	<b>General Reserve</b>	501,605	501,605
	Balance at the beginning and end of the year		
	<b>Special Reserve</b>		
	Created and maintained in terms of Section 36(1)(viii) of The Income Tax Act, 1961		
	Balance at the beginning of the year	70,893,947	63,959,588
	Add : Transferred from surplus	7,770,065	6,934,359
		<u>78,664,012</u>	<u>70,893,947</u>
	<b>Surplus</b>		
	Balance at the beginning of the year	102,354,289	89,237,808
	Add : Transferred from Statement of Profit and Loss	26,409,798	20,050,840
		<u>128,764,087</u>	<u>109,288,648</u>
	<b>Less: Appropriations:</b>		
	Transferred to Special Reserve	7,770,065	6,934,359
		<u>120,994,022</u>	<u>102,354,289</u>
		<b><u>250,311,639</u></b>	<b><u>223,901,841</u></b>
<b>3</b>	<b>LONG TERM BORROWINGS</b>		
	<b>Secured</b>		
	From Banks	102,132,800	187,123,600
	<b>Un-Secured</b>		
	From Related Parties (Refer Note 32)		
	10% Non-Convertible Redeemable Debenture	250,000,000	250,000,000
	Others	948,508,817	899,900,652
	From Other Body Corporate	25,000,000	25,000,000
		<u>1,325,641,617</u>	<u>1,362,024,252</u>

3.1 Term Loan from ICICI Bank Limited is secured by Negative Lien over the specific assets created by the utilisation of the said loan & immovable assets of a group company and personal guarantee of a Director.

3.2 Term loan from bank is repayable in 28 equated quarterly installments with a interest rate of 14.50% P.A. to 16.50% P.A.

3.3 Maturity Profile of Term Loan from Banks as on March 31, 2014

Particulars	Amount
One to two year	56,428,800
Two to three years	45,704,000
More than three years	—
<b>Total</b>	<b>102,132,800</b>

3.4 10% Non-Convertible Redeemable Debenture is repayable in the Financial Year 2019-20

3.5 Unsecured- other loan from related party aggregating to ₹ 948,508,817 (previous year ₹ 899,900,652) include interest thereon aggregating to ₹ 348,408,020 (previous year ₹ 299,799,855). The interest rate is 9% p.a. The entire loan along with interest thereon is repayable in the Financial Year 2021-22. Interest on loan from other body corporate carry a rate of 7% p.a.





## Notes forming part of the Balance Sheet as at March 31, 2014

Note No.	Particulars	As at March 31, 2014	As at March 31, 2013
		₹	₹
<b>4</b>	<b>LONG TERM PROVISIONS</b>		
	Provision for Gratuity (Refer Note 20.1, 20.2)	2,110,053	1,741,741
		<b>2,110,053</b>	<b>1,741,741</b>
<b>5</b>	<b>OTHER CURRENT LIABILITIES</b>		
	Current maturities of long term debt (Refer note 3)		
	- From Banks	85,019,376	110,025,376
	Interest accrued but not due on borrowings	—	15,410,959
	Interest accrued and due on borrowings	1,576,595	1,576,595
	Advances from Customers	3,142,170	2,681,414
	Government dues	8,659,867	7,862,346
	Other payables	2,797,945	2,968,980
		<b>101,195,953</b>	<b>140,525,670</b>
<b>6</b>	<b>SHORT TERM PROVISIONS</b>		
	Taxation	—	866,824
	Leave Encashment	563,608	494,098
		<b>563,608</b>	<b>1,360,922</b>

## 7 FIXED ASSETS

Description	Gross Block				Depreciation				Net Block	
	As at April 1, 2013	Additions during the year	Write off during the year	As at March 31, 2014	Upto April 1, 2013	For the year	Write off during the year	Upto March 31, 2014	As at March 31, 2014	As at March 31, 2013
Tangible Assets										
Buildings	5,745,548	—	—	5,745,548	1,432,350	93,652	—	1,526,002	4,219,546	4,313,198
Computers	7,094,048	7,000	10,750	7,090,298	6,332,189	741,109	9,959	7,063,339	26,959	761,859
Furniture & Fixtures	2,734,627	—	—	2,734,627	1,802,329	173,102	—	1,975,431	759,196	932,298
Air Conditioners	320,471	—	—	320,471	110,130	15,222	—	125,352	195,119	210,341
Office Equipment	624,504	—	—	624,504	156,447	29,664	—	186,111	438,393	468,057
Electrical Fittings	316,969	—	—	316,969	114,765	15,056	—	129,821	187,148	202,204
Vehicles	1,776,977	975,313	—	2,752,290	1,301,429	250,790	—	1,552,219	1,200,071	475,548
Total	18,613,144	982,313	10,750	19,584,707	11,249,639	1,318,596	9,959	12,558,276	7,026,431	7,363,505
Previous year	18,071,782	541,362	—	18,613,144	9,623,213	1,626,426	—	11,249,639	7,363,505	8,448,570

Note No.	Particulars	As at March 31, 2014	As at March 31, 2013
		₹	₹
<b>8</b>	<b>NON-CURRENT INVESTMENTS</b>		
	<b>Unquoted, Non-Trade</b>		
	Investment in Government Securities		
	11.43% GOI Stock	597,200	597,200
	<b>Quoted, Non-Trade</b>		
	Equity Shares		
	Indian Overseas Bank Limited	273,600	273,600
	(11,400 Equity Shares face value of ₹ 10/- each, Market Value ₹ 581,400/-, Previous Year Value ₹ 743,280/-)		
		<b>870,800</b>	<b>870,800</b>



## Notes forming part of the Balance Sheet as at March 31, 2014

Note No.	Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>9</b>	<b>DEFERRED TAX ASSETS</b>		
	<b>Deferred Tax Assets</b>		
	Retirement Benefits	867,469	725,418
	Provision for doubtful debts/loans	6,679,412	5,261,222
		<u>7,546,881</u>	<u>5,986,640</u>
	<b>Deferred Tax Liabilities</b>		
	Depreciation	950,437	1,136,330
	<b>Net Deferred Tax Assets</b>	<u><b>6,596,444</b></u>	<u><b>4,850,310</b></u>
<b>10</b>	<b>NON CURRENT LOAN ASSETS</b>		
	<b>Housing Loans</b>		
	Standard Assets	1,514,451,322	1,436,481,717
	Less: General Provision	6,115,761	5,745,927
	Sub-Standard Assets	7,722,620	3,826,214
	Less: Provision for Sub-Standard Assets	1,158,393	573,932
	Doubtful Assets	12,610,380	12,167,342
	Less: Provision for Doubtful Assets	9,179,700	7,061,125
	<b>Other Loans</b>		
	Standard Assets	43,174,658	26,339,822
	Less: General Provision	431,747	263,398
		<u><b>1,561,073,379</b></u>	<u><b>1,465,170,713</b></u>
<b>11</b>	<b>LONG TERM LOANS &amp; ADVANCES</b>		
	Refundable Deposits	793,174	793,174
	Fixed deposit with maturity more than twelve months	—	50,000
	Advance Income Tax	1,848,537	1,750,305
		<u><b>2,641,711</b></u>	<u><b>2,593,479</b></u>
<b>12</b>	<b>CURRENT LOAN ASSETS</b>		
	<b>Housing Loans</b>		
	Standard Assets	50,080,707	91,478,443
	Less: General Provision	202,240	365,914
	Sub-Standard Assets	255,376	243,662
	Less: Provision for Sub-Standard Assets	38,306	36,549
	Doubtful Assets	417,007	774,844
	Less: Provision for Doubtful Assets	303,560	449,669
	<b>Other Loans</b>		
	Standard Assets	1,427,723	1,677,380
	Less: General Provision	14,277	16,774
		<u><b>51,622,430</b></u>	<u><b>93,305,423</b></u>



## Notes forming part of the Balance Sheet as at March 31, 2014

Note No.	Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>13</b>	<b>Trade Receivables</b>		
	Outstanding for a period exceeding six months	—	—
	Secured considered good		
	Other Debts (Refer Note 35)	2,849,993	1,692,556
		<b>2,849,993</b>	<b>1,692,556</b>
<b>14</b>	<b>CASH AND BANK BALANCES</b>		
	<b>a) Cash &amp; Cash Equivalent</b>		
	Cash in hand	470,360	221,692
	Balance with Scheduled Banks		
	- In current accounts	53,192,344	33,546,906
	- In Fixed deposits maturing less than three months	35,829,727	155,945,616
		<b>89,492,431</b>	<b>189,714,214</b>
	<b>b) Other Bank Balances</b>		
	Balance with Scheduled Banks		
	- Fixed deposits with maturity more than three months but less twelve months	21,197,502	25,628,767
		<b>110,689,933</b>	<b>215,342,981</b>
<b>15</b>	<b>SHORT TERM LOANS &amp; ADVANCES</b>		
	Other Advances	5,280,008	5,588,381
	Other Current Assets	1,293,859	3,054,631
		<b>6,573,867</b>	<b>8,643,012</b>
<b>16</b>	<b>OTHER CURRENT ASSETS</b>		
	<b>Installments due from Borrowers – Principal</b>		
	Standard Assets	2,107,541	935,923
	Less: General Provision	8,430	3,744
		<b>2,099,111</b>	<b>932,179</b>
	Sub-Standard Assets	614,121	193,355
	Less: Provision for Sub-Standard Assets	92,118	29,003
		<b>522,003</b>	<b>164,352</b>
	Doubtful Assets	3,839,567	2,992,703
	Less: Provision for Doubtful Assets	3,042,345	1,669,784
		<b>797,222</b>	<b>1,322,919</b>
		<b>3,418,336</b>	<b>2,419,450</b>



## Notes forming part of Statement of Profit and Loss for the year ended March 31, 2014

Note No.	Particulars	For the year Ended March 31, 2014	For the year Ended March 31, 2013
		₹	₹
<b>17</b>	<b>INCOME FROM OPERATIONS</b>		
	Interest Income	194,672,481	192,020,846
	Fee Income	4,003,543	4,170,417
	Other Operating Revenue	751,482	631,232
		<b>199,427,506</b>	<b>196,822,495</b>
<b>18</b>	<b>OTHER INCOME</b>		
	Dividend Income	30,780	51,300
	Interest on Term Deposits	11,552,221	18,291,120
	Interest on GOI Stocks	57,150	57,150
	Miscellaneous Income	17,691	—
		<b>11,657,842</b>	<b>18,399,570</b>
<b>19</b>	<b>FINANCE COSTS</b>		
	Interest on :		
	Term Loans	118,930,452	129,675,827
	Bank and Other Charges	475,732	470,747
		<b>119,406,184</b>	<b>130,146,574</b>
<b>20</b>	<b>EMPLOYEE BENEFIT EXPENSES</b>		
	Salaries & Bonus	29,314,397	27,092,384
	Contribution to Provident & Other Funds (Refer note 20.1)	1,183,566	774,728
	Staff Welfare	381,583	270,410
		<b>30,879,546</b>	<b>28,137,522</b>

20.1 The disclosures as required by Accounting Standard 15 relating to employees benefits recognized are set out below:

<b>Change in Benefit Obligation</b>		
Liability at the beginning of the year	1,741,741	1,023,725
Interest Cost	173,331	124,446
Current Service Cost	227,360	211,334
Actuarial (gain)/loss on obligations	(32,379)	407,024
Benefit Paid	—	(24,788)
Liability at the end of the year	<b>2,110,053</b>	<b>1,741,741</b>
<b>Amount recognized in the Balance Sheet</b>		
Liability at the end of the year	2,110,053	1,741,741
Fair value of plan assets at the end of the year	—	—
Difference	2,110,053	1,741,741
Amount recognized in the Balance Sheet	<b>2,110,053</b>	<b>1,741,741</b>
<b>Expenses recognized in the Income Statement</b>		
Current service cost	227,360	211,334
Interest cost	173,331	124,446
Expected return on plan assets	—	—
Net Actuarial (gain)/loss to be recognized	(32,379)	407,024
Expense recognized in the Statement of Profit & Loss	<b>368,312</b>	<b>742,804</b>
<b>Balance Sheet Reconciliation</b>		
Opening Net Liability	1,741,741	1,023,725
Expense as above	368,312	742,804
Employer's Contribution	—	24,788
Amount Recognized in the Balance Sheet	<b>2,110,053</b>	<b>1,741,741</b>
<b>Assumptions</b>		
Discount rate	8.25%	8.25%
Rate of return on plan assets	—	—



## Notes forming part of Statement of Profit and Loss for the year ended March 31, 2014

Note No.	Particulars	For the year Ended March 31, 2014 ₹	For the year Ended March 31, 2013 ₹
20.2	The employees benefit liability of the company is not funded. Accordingly disclosures related to return on planned assets and fair value thereof is not applicable.		
<b>21</b>	<b>OTHER EXPENSES</b>		
	Rent (Refer Note 32)	5,278,018	4,260,724
	Travelling and Conveyance		
	- Directors	33,736	77,450
	- Others	1,529,014	1,694,894
	Legal and Professional Fees	4,782,327	5,178,307
	Printing and Stationery	923,095	889,626
	Communication Charges	1,236,231	1,178,025
	General Expenses	1,577,499	1,395,386
	Insurance	401,374	355,048
	Repairs and Maintenance - Others	320,229	325,025
	Rates, Taxes and Licences	283,204	307,380
	Office Maintenance	330,320	1,219,718
	Vehicles Maintenance	1,972,806	1,738,828
	Advertisement and Publicity	155,312	247,658
	Electricity Charges	620,188	534,275
	Auditors' Remuneration (Refer Note 30)	182,585	171,349
	Provision for Non-Performing Assets	3,994,360	3,173,478
	Provision for Loan Assets - General	376,698	6,108,897
		<b>23,996,996</b>	<b>28,856,068</b>



## 22. SIGNIFICANT ACCOUNTING POLICIES

### 1. CORPORATE INFORMATION

Sahara Housing Finance Corporation Limited is mainly engaged in the business of providing housing finance to individuals and corporate for the purchase or construction of residential houses.

### 2. ACCOUNTING POLICIES

#### i. BASIS OF PREPARATION

The financial statements are based on historical cost convention on an accrual basis (except otherwise stated), in accordance with Generally Accepted Accounting Principles (GAAP), the directions issued by the National Housing Bank (NHB) and in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.

#### ii. USE OF ACCOUNTING OF ACCOUNTING ESTIMATES

The preparation of the financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the balances of assets and liabilities and disclosures relating to contingent liabilities as at the reporting date of the financial statements and amounts of income and expenses during the year of account. Examples of such estimates include contract costs expected to be incurred to complete construction contracts, provision for doubtful debts, income taxes and future obligations under employee retirement benefit plans.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

#### iii. 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.

#### iv. PROVISIONS ON LOAN ASSETS

Loan Assets are classified as per the NHB Prudential Guidelines, into performing and non-performing assets. Non-Performing Assets are further classified into sub-standard, doubtful and loss assets based on criteria stipulated by NHB.

The Company adhered to the prudential guideline prescribed by the NHB for provisions in respect of non-performing assets and provisions for contingencies on standard assets.

#### v. 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.

#### vi. 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.



vii. **BORROWING COST**

Borrowing costs that are attributable to the acquisition and construction of a qualifying asset are capitalized as a part of the cost of such assets till such time the asset is ready for its intended use. A qualifying asset is one that requires substantial period of time to get ready for its intended use. Other borrowing costs are recognized as an expense in the year in which they are incurred.

viii. **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.

ix. **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 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 Statement of Profit & Loss in the year of change.

x. **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.

xi. **EMPLOYEE BENEFITS**

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

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.

xii. **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.



## NOTES FORMING PART OF FINANCIAL STATEMENTS

23. Loan Assets and installments due from borrowers are secured or partly secured by

- Equitable Mortgage of property and/or
- Assignment of Life Insurance Policies and/or
- Personal Guarantee of borrowers and/or
- Undertaking to create a security.

24. 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.

25. Disclosure of provisions against the loan assets as required under paragraph 29 (2) of The Housing Finance Companies Directions (NHB) 2010.

a. Loan Assets (including principal component on installment due) (in ₹)

Particulars	Standard	Sub-standard:	Doubtful			Loss Assets	Total
			(D-1) Upto 1 year	(D-2) 1 to 3 : years	(D-3) Over 3 years		
Housing Loans	1,566,639,570	8,592,117	2,447,836	4,175,786	10,243,332	—	1,592,098,641
Other Loans	44,602,381	—	—	—	—	—	44,602,381
<b>Total</b>	<b>1,611,241,951</b>	<b>8,592,117</b>	<b>2,447,836</b>	<b>4,175,786</b>	<b>10,243,332</b>	<b>—</b>	<b>1,636,701,022</b>

b. Provision against the Loan Assets (including principal component on installment due) (in ₹)

Particulars	Standard	Sub-standard:	Doubtful			Loss Assets	Total
			(D-1) Upto 1 year	(D-2) 1 to 3 : years	(D-3) Over 3 years		
Housing Loans	6,326,431	1,288,818	611,959	1,670,314	10,243,332	—	20,140,854
Other Loans	446,024	—	—	—	—	—	446,024
<b>Total</b>	<b>6,772,455</b>	<b>1,288,818</b>	<b>611,959</b>	<b>1,670,314</b>	<b>10,243,332</b>	<b>—</b>	<b>20,586,878</b>

26 Disclosure regarding provisions made for Asset Liability Management (ALM) System for the Housing Finance Companies as per NHB Circular No.NHB/ND/DRS/PoI-No.35/2010-11 dated October 11, 2010:

a. Capital to Risk Assets Ratio (CRAR)

Items	Particulars	As at March 31, 2014	As at March 31, 2013
i	CRAR (%)	48.44%	50.76%
ii	CRAR - Tier I Capital (%)	30.90%	27.22%
iii	CRAR - Tier II Capital (%)	17.50%	23.54%

**b. Exposure to Real Estate Sector**

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
(i) Residential Mortgages :- Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented		
(a) Housing Loans up to ₹ 15 Lacs	11,974.56	10,274.32
(b) Housing Loan more than ₹ 15 Lacs	3,882.32	5,182.33
(ii) Commercial Real Estate :- Lending secured by mortgages on commercial real estates (office buildings, retail spaces, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). exposure would also include non-fund based (NFB) limits	444.52	273.24
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures :-		
(a) Residential (PTC - B)	Nil	Nil
(b) Commercial Real Estate	Nil	Nil
<b>Indirect Exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil

**c. Asset Liability Management**
**Maturity pattern of certain items of assets and liabilities**

(₹ in Lacs)

Particulars	1 day to 30/31 days (1 month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
<b>LIABILITIES</b>											
Borrowings from Banks	0.29	—	257.15	257.03	335.71	1021.34	—	—	—	—	<b>1871.52</b>
Market Borrowings	—	—	—	—	—	—	—	2500.00	9735.09	—	<b>12235.09</b>
<b>ASSETS</b>											
Advances	45.01	45.08	45.93	140.39	291.90	1367.62	1750.72	3741.29	6091.33	2782.13	<b>16301.40</b>
Investments	—	—	—	—	—	—	—	—	—	—	—



**27. Disclosure regarding “Reserve Fund u/s 29C of the National Housing Bank Act, 1987” as per circular no: NHB (ND)/DRS/Pol. Circular 61/2013-14 dated April 7, 2014**

For the purpose of compliance with the provision of Section 29C of the National Housing Bank Act, 1987, the company is creating and maintaining Special Reserve in terms of clause (viii) sub-section (I) of Section 36 of the Income Tax Act, 1961, and therein transferring a sum not less than twenty percent of its net profit. During the year under review the company transferred to the said special reserve a sum of ₹ 7,770,065/-, which is stated in the table “Appropriation of Reserve Fund” provided below:

**Appropriation of Reserve Fund**

Particulars	Amount in ₹
<b>Balance at the beginning of the year</b>	
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	-
b) Amount of Special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	70,893,947
<b>c) Total</b>	<b>70,893,947</b>
<b>Addition/Appropriation/Withdrawal during the year</b>	
Add : a) Amount transferred u/s 29C of the National Housing Bank Act, 1987	-
b) Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	7,770,065
Less: a) Amount appropriated from the Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	-
b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of the National Housing Bank Act, 1987	-
<b>Balance at the end of the year</b>	
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	-
b) Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	78,664,012
<b>c) Total</b>	<b>78,664,012</b>

**28. Disclosures in observance to the advice of National Housing Bank (NHB)**

- During the Financial Year 2011-12, reportedly due to oversight, the company could not comply in its entirety with the new amended provisions of the Housing Finance Company (NHB) Directions, 2010 having regards to assets classification, provisioning and assignment of risks weight, thus leading to overstatement of Net Owned Fund (NOF) and Capital Adequacy Ratio (CAR), which incidentally, even-after consideration of the new amended provision would have been sufficiently higher than the permissible benchmark level of the regulatory requirement of 12%. The amended provisions were subsequently corrected and considered during the previous financial year, i.e. 2012-13.
- During the supervisory inspection relating to financial year ended March 2013; it was observed that the company did not restrict the discounted value of subordinated debt in Tier-II Capital to 50% of its Tier-I Capital leading to stating of an higher Capital Adequacy Ratio (CAR). Pursuant to its notification by NHB, the company corrected and complied with the direction of National Housing Bank in the successive return.



- The classification of special reserve in terms of section 36(1)(viii) of the Income Tax Act, 1961, could not be made under reserve fund under section 29C of the National Housing Bank Act, 1987. However, in the current year under review, the company has complied with the classification, in line with circular no: NHB (ND)/DRS/Pol. Circular 61/2013-14 dated April 7, 2014.
- The company paid a levy of ₹ 1000/- as penalty for late submission of reply of the supervisory letter dated May 22, 2013.

## 29. Earnings Per Share (EPS)

Particulars	Year ended March 31, 2014 (₹)	Year ended March 31, 2013 (₹)
(a) Profit/ (loss) after tax for calculation of basic and diluted EPS (₹)	26,409,798	20,050,840
(b) Weighted average number of equity shares outstanding for calculation of EPS	7,000,000	7,000,000
(c) Basic and diluted EPS (₹)	3.77	2.86

## 30. Payment to Auditors

Particulars	Year ended March 31, 2014 (₹)	Year ended March 31, 2013 (₹)
Statutory Audit Fee	89,888	89,888
Limited Review Fee	25,281	25,281
Tax Audit Fee	22,472	22,472
Other capacity	44,944	33,708
<b>Total</b>	<b>182,585</b>	<b>171,349</b>

## 31. 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 and notified under Section 211(3C) of the Companies Act, 1956.

## 32. Related Party Disclosures

### List of Related Parties

- Major shareholder having control over the Company
  - Sahara India Corp Investment Limited
  - Sahara Prime City Limited
  - Sahara India Finance & Investment Limited
- Key Management Personnel
  - D.J. Bagchi, Chief Executive Officer, Company Secretary/Manager (u/s 269 of the Companies Act., 1956)
- Companies under common control
  - Sahara India Commercial Corporation Limited
- Companies having common director
  - Sahara India Financial Corporation Limited



- e. Disclosure of Related Party Transactions between the Company and related parties for the year ended March 31, 2014:

Particulars	Year ended March 31, 2014 (₹)	Year ended March 31, 2013 (₹)
<b>Rent Paid</b>		
Sahara India Commercial Corporation Limited	2,526,752	1,715,062
<b>Interest Paid</b>		
Sahara India Commercial Corporation Limited	54,009,072	54,009,072
Sahara India Financial Corporation Limited	25,000,000	18,904,110
<b>Non-Convertible Redeemable Debenture Issued</b>		
Sahara India Financial Corporation Limited	—	250,000,000
<b>Outstanding Balances</b>		
Sahara India Commercial Corporation Limited	948,508,817	899,900,652
Sahara India Financial Corporation Limited	250,000,000	250,000,000

33. Trade payables do not include amount payable to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31, 2014.
34. Expenditure in Foreign Currency : ₹ Nil (Previous Year ₹ Nil)
35. The balances in Trade Receivables, Trade payables and Advances are subject to confirmations and adjustments, if any. Such adjustments, in the opinion of the management, are not likely to be material.
36. 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 : Kolkata

Date : May 29, 2014

**FOR AND ON BEHALF OF THE BOARD**

**O. P. SRIVASTAVA** *Director*

**BRIJENDRA SAHAY** *Director*

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

**VIVEK KAPOOR** *Chief Financial Officer*



## 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  
Multi Utility Plaza, City Centre  
Durgapur - 713 216  
Tel : (0343) 2543248, Fax : (0343) 2543248

#### Branch Office – Ranchi

Room 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, 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



## Notes

A series of horizontal dashed lines for taking notes.



SAHARA HOUSINGFINA CORPORATION LIMITED

*Building the dream for every Indian*

**Visuals of the 22nd Annual General Meeting held on Saturday, September 28, 2013**







**SAHARA**  
INDIA PARIWAR

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