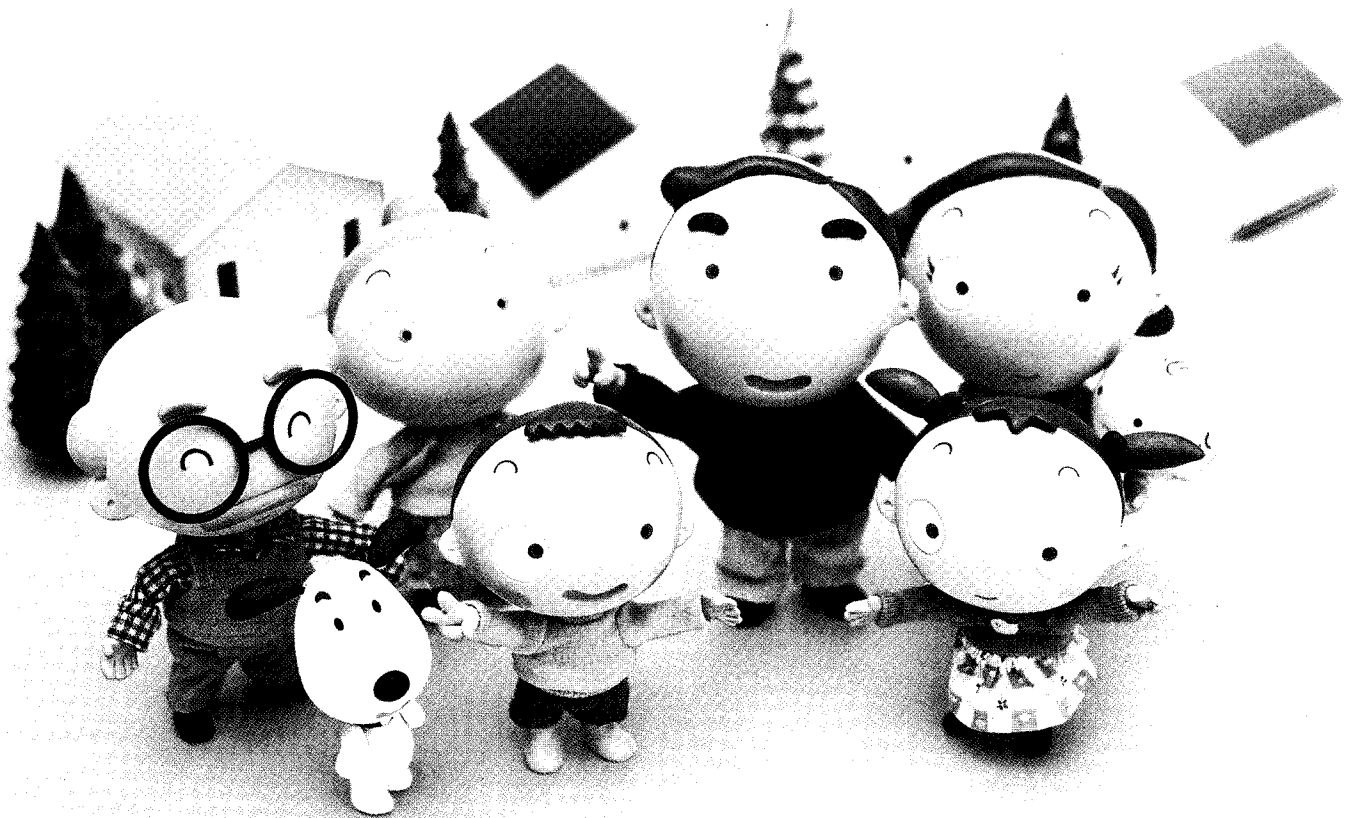


ANNUAL REPORT 2008 - 2009

BUILDING THE DREAM FOR EVERY INDIAN



SAHARA HOUSINGFINA CORPORATION LIMITED



"PROGRESS IS PROGRESS  
ONLY WHEN IT IS  
CONTINUOUS & QUALITATIVE"





**DEAR STAKEHOLDERS,**

### **The Year in Retrospect**

For Indian economy as also of the rest of the world, 2008-09 was one of the toughest years to be in business. In the wake of global financial meltdown, it was hard for business to raise resources and maintain the growth. The Indian economy was relatively protected by the conservative handling of credit policies by the regulator. The effect of this shrinkage in the world economy has been felt more severely in the Export, Realty and Manufacturing sectors. The Indian economic growth slowed down to less than 7 % in the fiscal year 2008-09.

### **Housing Finance Industry Scenario**

The home loan market did not show significant growth for a major part of 2008 on account of higher interest rates coupled with rising property prices. The RBI began cutting back policy rates from September 2008 onwards in response to impending economic slowdown. Other initiatives of RBI like hike in the priority sector lending limit to Rs. 20 lakhs for housing loan and the downward revision of lending rates by banks necessitated a review of the interest rate on home loans. The growth in the average value of loan has led to a consistent growth in housing finance in the recent past, but with declining real estate prices, growth now will come from reaching more number of households. With its expanding network, the Company will try to seize this opportunity. Housing affordability has been a cause of concern for a long time due to rise in assets prices and interest rates. But the declining real estate prices and interest rates are likely to improve the affordability levels. All real estate developers and housing finance companies are now believing and promoting the affordable housing concept. The Government is also playing a supportive role in promoting affordable housing in urban centers by including it in its urban planning and policy.

### **Highlights of Company's Performance**

The performance of your company has to be reviewed against this backdrop. Your company during the year under review recorded a total income of Rs. 1794.36 lacs, against Rs. 1220.44 lacs in the previous year, an increase of 47.03 %. The Profit after Tax (PAT) for the financial year ended March 31, 2009 recorded an increase of 54.02 % to Rs. 175.56 lacs from Rs. 113.98 lacs in the previous year. Shareholders equity (Net Owned Fund) increased to Rs. 2067.91 lacs from Rs. 1892.35 lacs in the previous year, an increase of 9.28 %.

### **Corporate Governance**

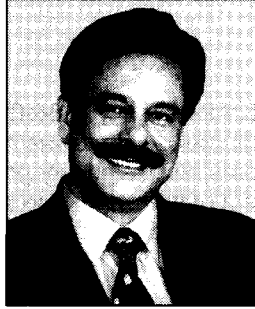
The Board of Directors and the management of your Company are committed to high standards of governance in the functioning of the Company. These governance norms have indeed assumed further importance in view of certain developments that unfolded across the globe as well as within India in recent times. Your Company is aware of its responsibility towards its shareholders, business partners, employees and the society at large.

### **Conclusion**

I remain confident of the company's abilities and strategies which make me look forward to the future with enthusiasm and optimism. The continued support from all our stakeholders including our customers, business associates and shareholders, our employees is the key driver to our success.

**Subrata Roy Sahara**  
Chairman

**BOARD OF DIRECTORS**



Shri Subrata Roy Sahara



Shri O. P. Srivastava



Shri J. B. Roy



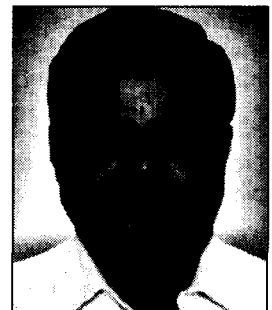
Shri Brijendra Sahay



Shri S. P. Ghosh



Shri Ranaj Dasgupta



Shri Malka Komaraiah

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## CORPORATE INFORMATION

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### Board Of Directors

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

### Chief Executive Officer & Company Secretary

Shri D.J. Bagchi

### Registered Office

SAHARA INDIA SADAN  
2A, Shakespeare Sarani  
Kolkata 700071

### Statutory Auditors

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

### Internal Auditors

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

### Bankers

Corporation Bank.  
The Bank of Rajasthan Ltd.  
Andhra Bank  
State Bank of Hyderabad  
Indian Overseas Bank

### Registrars & Share Transfer Agents

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

### Senior Management Personnel

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

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Members and Senior Management Personnel with the Company's Code of Conduct **25** |  
Corporate Social Responsibility **26** | Financials **28** | Our Network **44**

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## DIRECTORS' PROFILE

### Profile of Directors & Key Managerial Personnel

The details of the Directors including their brief profile are given as follows

#### **SHRI SUBRATA ROY SAHARA (DIN No: 00431905)**

Shri Subrata Roy Sahara, age 61 years, is the Chairman (Non-executive) and also a Promoter Director of the Company. He holds a degree in Mechanical Engineering. He has held several important industrial and financial positions and has been conferred the ITA-TV Icon of the Year (2007), Global Leadership Award (2004), Businessmen of the Year Award (2002), the Best Industrialist Award (2002), National Citizen Award (2001), Karmaveer Samman (1995), Udyamshree (1994), Baba-E-Rozgar (1992), Noble Citizen Award (1986) among several others. Shri Subrata Roy Sahara has been successively featured in the prestigious list of '50 Most Powerful People of India' in the reputed India Today Magazine since 2003. His contributions as a visionary and a corporate leader are immeasurable and path-breaking which have carved a distinct niche in the realm of business entrepreneurship.

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

Shri Om Prakash Srivastava, age 54 years, is one of the Promoter Directors of the Company. He holds a Master's Degree in Arts and a Bachelor's Degree in Law from Gorakhpur University. He has over 30 years of experience in the retail finance and real estate. He has held several important industrial and financial positions. He has been invited as a speaker by the World Bank and International Forums in Paris and Vienna acknowledging his views on the subject of emerging markets in the developing nations. He has been awarded "Pragati Purush" by the Governor of Uttar Pradesh and has also been honoured by the National and International Forums of Kayastha Samaj. He has done extensive work through Sahara Welfare Foundation on many corporate social responsibility activities. Shri Srivastava was also an Executive Council Member of the Uttar Pradesh Technical University.

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

Shri Joy Broto Roy, age 48 years, is one of the Promoter Directors of the Company. He holds a degree in commerce. He joined Sahara India Pariwar in 1982 and has more than 25 years of experience with the Group. He has played key roles in the creation of many group companies and brands including Sahara Media and Entertainment, Air Sahara (now divested) and Sahara Infrastructure and Housing Limited. He was instrumental in increasing the reach of the Hindi daily, Rashtriya Sahara in North India. He also holds the post of the President of the West Bengal Hockey Federation.

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

Shri Brijendra Sahay, age 70 years, is a retired IAS Officer and Ex-Chief Secretary of the Government of Uttar Pradesh. He is also on the Board of other companies like Sahara One Media & Entertainment Limited and Ginni International Limited.

#### **SHRI SAKTI PRASAD GHOSH (DIN No: 00183802)**

Shri Sakti Prasad Ghosh, age 70 years, is a former Executive Director of the National Housing Bank. He belonged to the service cadre of Reserve Bank of India and held various important positions in RBI which included deputation of service to Unit Trust of India (UTI) and NABARD. Presently, he is also on the Board of Bengal Ambuja Metro Development Limited and SHRISTI Infrastructure Development Corporation Limited.

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

Shri Ranaj Dasgupta, age 70 years, holds a Masters degree in Agricultural Sciences and is known for his administrative, enterprising and dynamic qualities. His directorships included Sahara Infrastructure and Housing Limited, Sahara India Tourism Development Corporation Limited, Sahara India Infrastructural Development Limited and Sahara India Commercial Corporation Limited.

#### **SHRI MALKA KOMARAIHAH (DIN No: 00170121)**

Shri Malka Komaraiah, age 50 years, is a well known name in the Construction Industry in South India, and has many successful projects to his credit. He is also involved in the Power Generation Business and serves as Director, among others, in the Board of Shalivahana Projects Ltd., Shalivahana Power Corporation Limited, Minerva Power Corporation Limited, Shalivahana Finance Limited and Rake Power Limited.

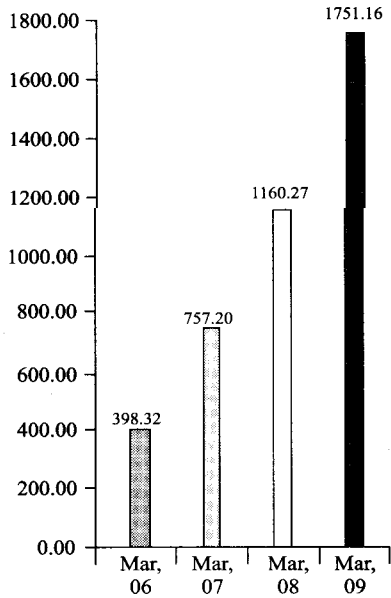
#### **SHRI D. J. BAGCHI**

Shri D. J. Bagchi, age 46 years, is a Fellow member of the Institute of Company Secretaries of India (ICSI) and a LLB, having about 20 years experience in the Mortgage Finance Industry. He is presently the Chief Executive Officer & Company Secretary of the Company, possessing business expertise and professional knowledge in Secretarial & Legal Matters and is in charge of the Company's Business Development, Resource Mobilisation and Statutory & Regulatory Compliances.

## OPERATIONAL HIGHLIGHTS

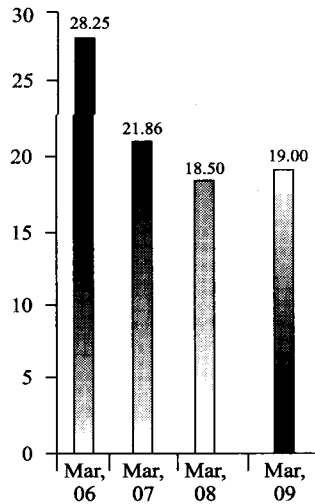
**Income from Operations**

Rs. in lacs



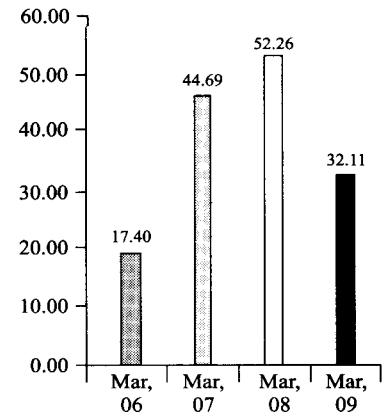
**Capital Adequacy Ratio**

%



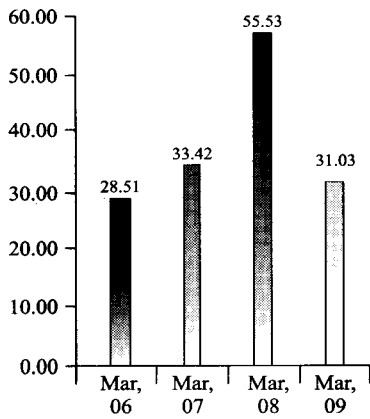
**Incremental Loan Sanctioned**

Rs. in Crores



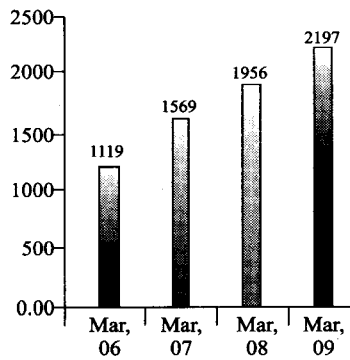
**Incremental Disbursement of Loans**

Rs. in Crores



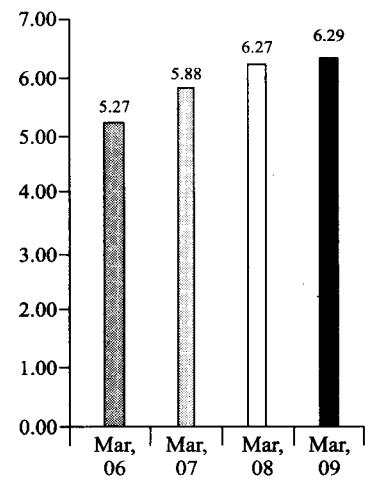
**Loan Accounts**

Numbers

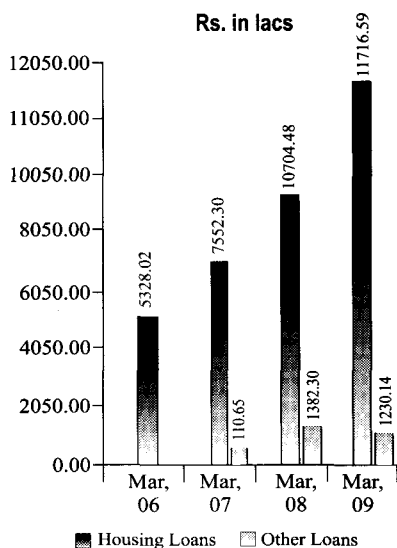


**Average Ticket Value**

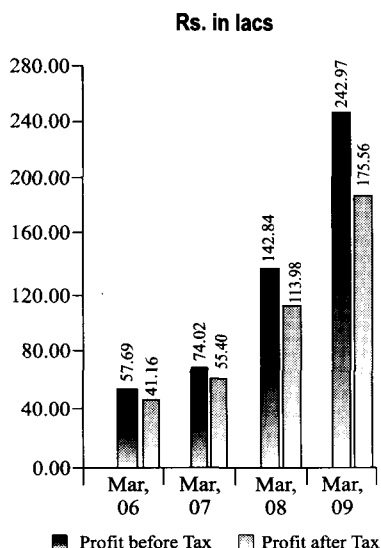
Rs. in lacs



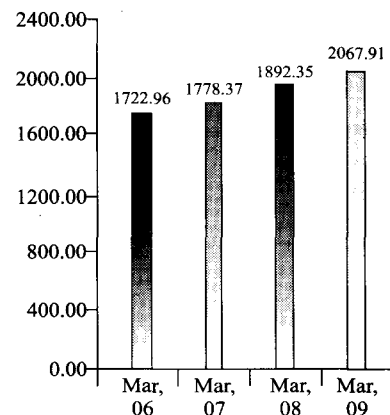
**Loan Outstanding - Housing Loan & Other Loan**



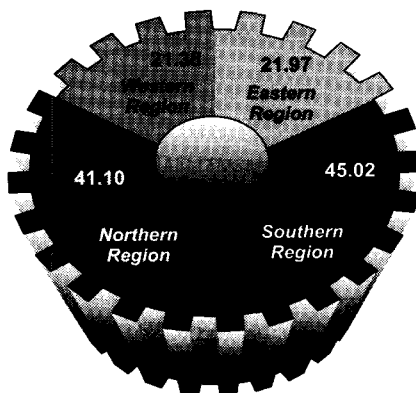
**Profit Before Tax & Profit After Tax**



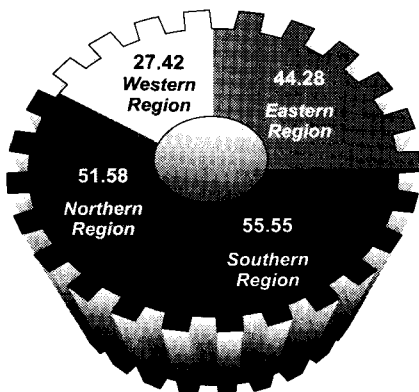
**Net Owned Fund (NOF)**  
Rs. in lacs



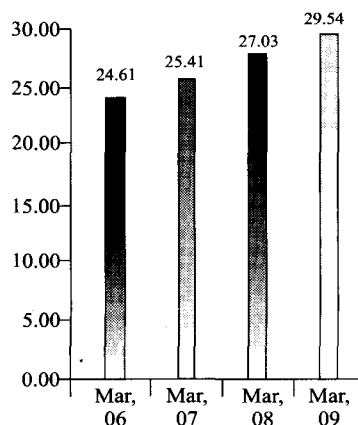
**Regionwise Loan Outstanding**  
Rs. in Crores



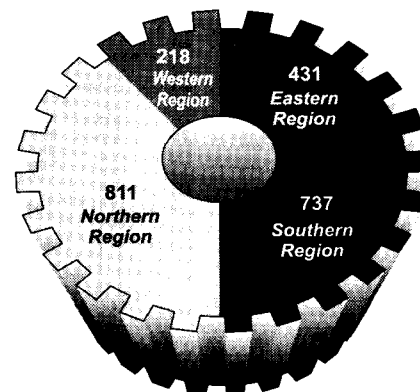
**Regionwise Cumulative Disbursement**  
Rs. in Crores



**Book Value of Shares**  
Rs.



**Regionwise Loan Accounts**  
Numbers







## DIRECTORS' REPORT

### DEAR SHAREOWNERS,

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

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

### FINANCIAL PERFORMANCE

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

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

### DIVIDEND

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

### FUND RAISING

#### TERM LOANS

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

#### CAPITAL ADEQUACY RATIO (CAR)

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

### OPERATIONAL RESULTS & NETWORK

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

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

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

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

### UNCLAIMED DEPOSITS

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

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

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

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

### **DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Brijendra Sahay and Shri Ranoj Dasgupta, Directors of the Company, retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

The details pertaining to these Directors seeking re-appointment are furnished in the section 'Directors' Profile' published elsewhere in this Annual Report. None of the aforesaid Directors of the Company are disqualified from being re-appointed as Directors pursuant to Section 274 (1) (g) of the Companies Act, 1956. A declaration to this effect has been obtained from the Directors retiring by rotation.

### **INTERNAL CONTROL**

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

### **NON-PERFORMING ASSETS AND PROVISIONS FOR CONTINGENCY**

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

### **TECHNOLOGY UPDATION**

During the financial year 2008-2009, your Company further strengthened its IT infrastructure and systems to support its operations. New application software was implemented to provide improved information flow to branches and to further support the collection system.

### **AUDITORS**

Pursuant to the recommendations of the Audit Committee at its meeting held on 30th June, 2009, the Board of Directors of the Company has approved, subject to the approval of the Members at the ensuing Annual General Meeting, the appointment of M/s Chaturvedi & Co., Chartered Accountants, Kolkata, as the Statutory Auditors, of the Company for the financial year 2009-10.

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

### **AUDITORS' REPORT**

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

### **PARTICULARS OF EMPLOYEES**

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

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

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

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

### **NHB GUIDELINES**

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

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

### **DEPOSITORY SYSTEM**

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

### **HUMAN RESOURCES AND TRAINING**

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

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



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

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

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

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

#### **INSURANCE PROTECTION TO BORROWERS**

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

##### **(a) PERSONAL ACCIDENT INSURANCE:**

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

##### **(b) PROPERTY INSURANCE:**

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

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

#### **CORPORATE GOVERNANCE**

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

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

#### **STATUTORY DISCLOSURES**

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

#### **A NOTE OF APPRECIATION**

Your Board of Directors would like to acknowledge the understanding, support and the services of the sincere workers, staff and executives of the Company, which have largely contributed to the efficient operations & management of the Company. The Board would also like to express its sincere appreciation to all the Company's valued Customers/ Borrowers, Shareholders, Debenture holders, RTA, Banks, Financial Institutions, Service Providers and Counsellors, for their continued support and patronage. The Directors are grateful for the co-operation of regulatory authorities including the NHB, RBI, SEBI, the Registrar of Companies, the Stock Exchange and the Depositories.

for and on behalf of the Board of Directors

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

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

Mumbai  
30.06.2009

## ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 and forming part of the Directors' Report for the year ended 31st March, 2009.

Name	Shri D. J. Bagchi
Age	46 Yrs.
Designation/Nature of Duties	Chief Executive Officer
Gross Remuneration (P.M.)	Rs. 2,43,002/-
Qualification	FCS, LLB.
Experience (years)	20
Date of Commencement of Employment	16.02.2004
Previous Employment / Designation	General Manager & Company Secretary (Dewan Housing Finance Corporation Limited)

### Notes:

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



## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### COMPANY OVERVIEW

Sahara Housingfina Corporation Limited was incorporated as 'Livewell Home Finance Limited' in the state of Andhra Pradesh on 19th August, 1991. The Company was issued the Certificate for Commencement of Business dated 25th October 1991 with the main objective of providing housing finance. The Company was taken over by the Sahara India Group Companies viz, Sahara India Investment Corporation Limited (SIICL), Sahara India Corporation Limited (SICL) and Sahara India Housing Corporation Limited (SIHCL) by purchase of shares through an open offer in April 2002. The Company's name was subsequently changed to Sahara Housingfina Corporation Limited w.e.f. 20th January 2005. The Company recorded a total income of Rs. 1794.36 lacs, during the year 2008-09 against Rs. 1220.44 lacs in the previous year. The profit after tax (PAT) for year ended 31st March, 2009 recorded an increase of 54.02% to Rs. 175.56 lacs from Rs. 113.98 lacs in the previous year. Shareholders equity (Net Owned Fund) as on 31st March, 2009 stood at Rs. 2067.91 lacs. The cumulative loan approvals and disbursement of the Company as on 31st March, 2009 were Rs.233.81 Cr and Rs. 178.83 Cr. respectively. Its loan portfolio has since grown to Rs. 129.47 Cr. on 31st March, 2009.

The Company has a tie up with National Insurance Company Limited for its comprehensive insurance cover product called "NATIONAL INSURANCE SAHARA HOME LOAN SURAKSHA BIMA" which covers the borrowers of the Company against various risks / perils / natural calamities etc.

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

### MACROECONOMIC OVERVIEW AND MONETARY DEVELOPMENTS IN 2008-09

The global economic conditions deteriorated sharply during the year 2008 with several advanced economies experiencing their sharpest declines in the post-World War II period. The associated adverse shocks spreading across emerging market economies (EMEs) particularly by the fourth quarter of the year, accentuated the synchronised global slowdown. The global financial environment entered a crisis phase in mid-September 2008, following the growing distress among large international financial institutions and the declaration of bankruptcy of Lehman Brothers. As credit markets froze, central banks across the world, along with the respective governments, responded with both conventional and unconventional measures. The knock-on effect of these unprecedented adverse global developments became evident in the macroeconomic performance of the Indian economy, particularly in the second half of 2008-09.

The Indian economy, which was on a robust growth path up to 2007-08, averaging at 8.9 per cent during the period 2003-04 to 2007-08, witnessed moderation in 2008-09, with the deceleration turning out to be somewhat sharper in the third quarter. Industrial growth experienced a significant downturn and the loss of growth momentum was evident in all categories, viz., the basic, capital, intermediate and consumer goods.

The slowdown in the Indian economy during 2008-09 has been associated with a deceleration in investment demand, which

had been an important driver of growth in recent years. The adverse conditions for access to external capital, and the depressing effects of the global crisis on domestic business confidence contributed to the moderation in investment demand. The key deficit indicators of the Central Government, viz., the revenue deficit and the gross fiscal deficit as per the revised estimates for 2008-09 were, therefore, significantly higher than the budgeted level as well as those of the preceding year.

Monetary growth witnessed moderation during 2008-09, reflecting deceleration in bank credit on the back of the slowdown in economic activity emanating from the deepening of the international financial turmoil. The consequent capital outflows contributed to the contraction of reserve money. The Reserve Bank, therefore, undertook a number of measures such as cuts in the Cash Reserve Ratio (CRR), unwinding/de-sequestering of balances held by the Government with the Reserve Bank under Market Stabilisation Scheme (MSS), Open Market Operations (OMOs) and other measures to ensure ample rupee liquidity in the system.

India also experienced the knock-on effects of adverse international developments in conjunction with domestic factors affecting liquidity conditions. Simultaneously capital flow reversals took place, which impacted the equity markets as well as the foreign exchange market. The Reserve Bank has taken a number of measures since mid-September 2008 to augment the domestic currency and foreign exchange liquidity through the banking system. Consequently, the liquidity conditions in India have been reasonably normal since mid-November 2008.

In sum, the Indian economy has experienced some loss of growth momentum with major drivers of growth witnessing moderation. In particular, the broad-based industrial slowdown, dampened services sector growth, deceleration in private consumption and investment demand along with declining export demand are some of the major concerns facing the Indian economy in the wake of the global recession at the present juncture. The fiscal stimulus packages of the Government and the monetary easing of the Reserve Bank will, however, arrest the moderation in growth and revive consumption and investment demand, though with some lag, in the months ahead. (Source: [www.banknetindia.com](http://www.banknetindia.com))

### INDIAN HOUSING FINANCE SCENARIO

India's housing finance industry comprises mainly of banks and housing finance companies. They have contributed to new residential home loans at a compounded annual growth rate (CAGR) of more than 30% during the period 2002-2007 due to the combined effect of a booming economy and low interest rates. The combination of steady prices and continued tax concessions to self-occupied residential home borrowers are contributors to the growth of the industry. The average age of borrowers has declined over the years, while the number of double-income households has grown significantly enabling them to borrow higher loan amount due to higher repaying capacity.

The scenario of unprecedented growth in housing finance, driven by low interest rates, increasing purchasing power and attraction of the yield in this sector began to show signs of change last year. There has been a decrease in demand during the last one year.

As the borrowing cost for banks and housing finance companies steadily increased in line with rising interest rates in the

economy in the past two years upto Q3 of 2008-09, both, banks and housing finance companies resorted to hike the interest rates so as to maintain their interest spreads. Interest rates on new home loan originations have increased significantly by 200 basis points during April '2008 to September-October '2008 resulting in payment of a higher proportion of monthly income as home loan equated monthly instalments (EMI). The combined effect of an increase in property prices and interest rates has meant that home buyers, who would have had to borrow less a year ago, now have to borrow more to buy the same property due to higher property prices at higher interest rates of 10.5 to 11 percent. This trend has resulted in both lower affordability i.e., an average home at a higher multiple of annual income, and higher debt burden (meaning that a larger proportion of income gets spent as home loan EMI). Moreover, the increase in interest rates on fresh loans meant increase in debt burden i.e., higher instalment to income ratio.

However, the scenario has taken the reverse turn in the last quarter of the financial year 2008-09, which was evident from the higher booking of flats, and sharp increase in the disbursements. Real estate developers have reduced or slashed rates in major centres to encash on the existing demand in the market thereby signalling that the willingness to connect with the "real" pricing has dawned on the developers to sell at reduced prices to encourage more and more sales.

These proactive steps should ensure renewed demands and increased volumes during the current year.

#### INTEREST RATE SCENARIO

In 2004-05, interest rates on housing loans hit a trough, and thereafter began to rise. The increase in liquidity and credit offtake led the Reserve Bank of India (RBI) to take preventive measures to curtail growth. Thus, RBI increased the Cash Reserve Ratio (CRR) and repo rates several times. Consequently, housing loan rates rose and reached to a high of 11 to 12 % in mid 2008. In 2007-08, the interest rates reached their peak at around 12%. The increase in interest rates was also because of the decline in spread in 2005-06. Historically, due to the pressure on margins the spread for the time being was squeezed to below 1%, post which the lending institutions raised home loan rates to manage margins. However, RBI has taken steps (post September, 2008) to improve the liquidity situation and reduce interest rates through the reduction of repo, reverse repo and CRR by 400 bps, 250 bps and 400 bps, respectively. These measures taken by RBI have started showing their cascading effect. Thus, interest rates moved towards south in 2008-09, and the estimated rate of interest on home loans in 2009-10 is likely to be around 10%.

#### LOAN PRODUCTS OF THE COMPANY

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

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

Individual Housing Loans (HL)	This is the primary home loan product available to all Indian nationals / NRIs (selectively), to acquire / construct a house any where in India within the jurisdiction of SHCL's Branches / satellite offices.
Home Improvement Loans (HIL)	This loan is extended to help the borrower meet his requirement of improvement/ renovation of the existing house.
Home Extension Loan (HEL)	This loan is given to enable the individual to expand the home/construct additional space to meet the growing requirements of the family.
Land Loans (LL)	Strictly for non-agriculture land situated within approved layouts of Municipal / Development Authority limits. In other words Land Loans can be sanctioned only in case of Plots allotted by Development Authorities and Housing Board specifically for the construction of houses/flats (residential purpose) within Municipal limits.
Home Loan Plus (HLP)	Existing Borrowers with good repayment track record are eligible to apply for this loan. Seasoning period is 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.

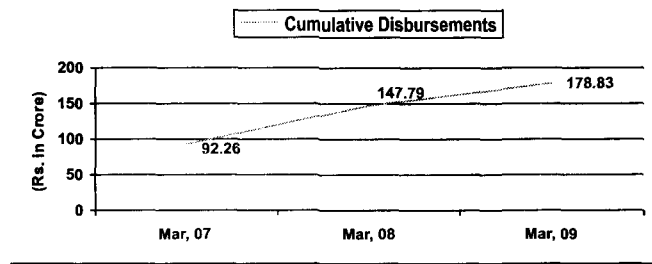


## MARKETING AND SELLING ARRANGEMENTS

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

## DISBURSEMENTS

During the year under review, SHCL disbursed housing loans aggregating to Rs. 31.03 Cr. Year-wise cumulative disbursements during the last three years ended 31st March, 2009 is shown as below :



## SUBORDINATED DEBT

During the year the Company redeemed 800 Nos- 9% unlisted, unsecured, non-convertible redeemable debentures (ISIN 135C08017) (considered as Tier II Capital under the guidelines issued by the National Housing Bank (NHB) for the purpose of capital adequacy computation) of Rs. 100,000/- each, of the aggregate value of Rs. 80,000,000/- (Rupees Eight Crore) issued on 31st May, 2003 on the due date i.e. 31st August, 2008 together with the interest accrued thereon.

During the year, the Company did not issue any subordinated debt. As at 31st March, 2009, the Company has no outstanding subordinated debt.

## SPREAD ON LOANS

The average yield on loan assets during the year was 13.81% per annum as compared to 12.47% per annum in the previous year. The average all-inclusive cost of funds was 10.09% per annum as compared to 9.34% per annum in the previous year. The spread on loans over the cost of borrowings for the year was 3.72% per annum as against 3.13% per annum in the previous year.

## NEW SEGMENTS

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

## BUSINESS STRATEGY

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

## FUTURE OUTLOOK

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

- Raising funds through loans at attractive rate of interest and terms and continuing negotiation with lenders for reducing overall cost of funds.
- Reviewing the existing lending rates in view of the change in interest rate scenario, thereby passing the burden of increased rate to the customer.
- Strengthening its credit appraisal system to evaluate the lending rate applicable to individuals.
- Change in Information Technology platform to ensure prompt and effective service to the clientele.
- Initiating brand building measures to generate general awareness about the Company and also increase the overall market share.
- Creating additional distribution channels to reach the new segment of customers and
- Improving the existing schemes and introduction of customer-friendly products.

Following the government's policy to provide shelter to a large number of people, the government offers a number of incentives to boost housing and housing finance activities such as tax concessions in respect of interest paid on loan raised for buying / construction of house property, rebate for repayment of housing loan under Section 80C of the Income-Tax Act, 1961, of Rs.1,00,000/- etc.

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) was extended to select housing finance companies. Under this Act, the housing finance company is entitled to demand from the defaulter whose loan has been classified as NPA, to clear the entire dues within 60 days, failing which the Company is empowered to takeover the property and recover its dues by disposing of the property by adhering to the prescribed rules. This enables such companies to foreclose bad loans without the intervention of the court and thereby improve NPA position.

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

## COMPETITION

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

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

## STRENGTHS

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

## WEAKNESSES

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

## OPPORTUNITIES

- The last census put India's households at 192 million in 2001, up 39 million from 1991 census and 69 million from 1981 census. This coupled with the drop in the average household size from 5.7 in 1971 to 5.5 in 1991 and 5.3 in 2001 indicates that apart from population growth, nuclear family structure is slowly finding ground in India. This has resulted in a housing stock shortfall of 24.71 million units, despite the strong inflow of supply over the past one decade.
- Aggregate housing shortage in the country increased by 134 percent during the last six years from 10.56 million units in 2001 to 24.71 million units in 2007. The number of urban households during this period has increased by 11.5 million, leading to a rise in slums. (Source: National Building Organisation)
- As the retail industry is growing, demand for property can also rise. Since the competition in the market is intense, builders are going out of the way to be different. Specialized malls have become the order of the day.
- The other strong growth drivers are easy availability of housing finance and likely stability in property prices. The investment in housing is prioritized in the national agenda as it contributes substantially to the country's GDP growth directly and indirectly. Most of the builders are trying to woo investors with interesting features, each more tempting than the other. Closed-circuit television and earthquake proofing are expected as standard features in most upmarket blocks. Some of the residential projects boast of air-conditioning, club house and recreational facilities, modular kitchens, etc.

- Unlike other finances, the risk of non-repayments is minimal in housing finance due to emotional and social dimensions to house ownership, which induces the borrower to service the loan.
- Tax incentives have increased and so have salaries. The average age of a new homeowner is now 32 years compared with 45 years a decade ago.
- There is also an overall transparency in the sector which was hitherto missing as banks and financial institutions are lending aggressively both to investors and developers. Relaxation of Foreign Direct Investment (FDI) ceiling has meant more foreign investment in the sector.
- A large number of builders are lured by Special Economic Zones (SEZs) as these have become attractive due to 10-year tax holiday on their development.
- In the IT and ITes centres, demand for housing will continue to be strong given the young age profile of employees and the nuclear family culture. A person who needs 100 square feet of office space to work will certainly require at least 500 square feet of residential space to live and thus housing will remain the prime driver for developers.

## THREATS

However, there are a number of factors that can act as impediments. Land costs, which are a major constituent of housing costs in metros; have risen much faster than property prices. Developers are moving to smaller cities to offset this. This would affect some of the smaller players, and experts feel that in time there would be a shakeout with private equity deals and joint ventures. High transaction costs namely stamp duty and registration fees will also have adverse effect on housing activities.

The risk weightage on mortgage loans has been increased to 150 percent in respect of loan to developers, which has additionally burdened the capital adequacy ratio of housing finance companies. The prevailing tenancy laws in India are not in favour of owners of the land. The Urban Land Ceiling Act and Rent Control Act have distorted property markets in cities, leading to exceptionally high property prices.

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

The hardening of interest rates could have an adverse impact; although a marginal hike will not trigger any sensitivity, a sustained increase could dampen incremental offtake.

## SEGMENT WISE REPORTING

Accounting Standard 17 regarding Segment wise reporting does not apply to the Company since revenues are derived mainly from one segment i.e. housing finance activity. As a result, the Company's Profit & Loss Account reflects the working of the business.





## HUMAN RESOURCES DEVELOPMENT

The total work force strength of the Company as on 31st March, 2009 was 42. The manpower requirement of the offices of the Company is assessed and recruitment is conducted accordingly. Personal skills of employees are fine tuned and knowledge is enhanced by providing them internal and external training, keeping in view the market requirement from time to time. Outstanding performers are rewarded by elevation to the higher cadre.

Loan asset per employee as at 31st March, 2009 is Rs. 3.08 Cr.

Going ahead the Company intends to strengthen the quality of its manpower resources at the different regional offices by effectively recruiting qualified professionals whenever required.

## RISK, CONCERNS AND THEIR MANAGEMENT

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

## INTERNAL AUDIT AND CONTROL

The company has internal control system commensurate with the size of its operations. Adequate records and documents are maintained as required by law from time to time. Internal audits and checks are regularly conducted and internal auditor's recommendations are seriously considered for improving systems and procedures. The company's audit committee reviews the internal control system and looks into the observations of the statutory and internal auditors.

## CRITICAL SUCCESS FACTORS

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

## (i) Cost of Funds

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

## (ii) Cost of Operation

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

## (iii) Product Diversification

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

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

## DISCUSSION OF FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

This has been discussed in another section of the Annual Report.

## CONCLUSION WITH CAUTION

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



## CORPORATE GOVERNANCE REPORT

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

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

### I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company firmly believes and has consistently practised good Corporate Governance. The Company's policy is reflected by the very values of transparency, professionalism and accountability. The Company constantly strives towards betterment of these aspects and thereby perpetuate it into generating long term economic value for its shareholders, customers, employees, other associated persons and the society as a whole. The Company reaffirms its commitment to the good Corporate Governance practices. The core values of the Company are :

- Commitment to excellence and borrower satisfaction
- Maximizing long term shareholders' value
- Socially valued enterprise and
- Caring for people and environment.

The Company's philosophy on Corporate Governance can best be described as observing of business practices with the ultimate aim of enhancing long-term shareholders' value and commitment to high standard of business ethics.

Your Company is in compliance with the requirements of the guidelines on Corporate Governance stipulated under Clause 49 of the Listing Agreement as on 31st March, 2009 and presents the Corporate Governance Report for the year 2008-09 as under:

### II. BOARD OF DIRECTORS

- i. As of 31st March, 2009, the Board consisted of 7 (seven) Directors with a Non-Executive Chairman. Mr. Subrata Roy Sahara is the Non-Executive Chairman of the Board. Of the 7 Directors, all (i.e. 100 %) are Non-Executive Directors and 4 (57.14 %) i.e. more than half are Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchange and exceeds the percentages prescribed in the said Agreement.
- ii. None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees across all the companies in which he is a Director. Necessary disclosures regarding Committee positions in other public companies as on 31st March, 2009 have been made by the Directors.
- iii. The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other companies are given herein below. Other Directorships do not include Alternate Directorships, Directorships of Private Limited Companies, Foreign Companies and Section 25 Companies. Chairmanship/Membership of Board Committees include only Audit Committee and Shareholders/Investors Grievance Committees of all public limited companies as prescribed under Clause 49 of the Listing Agreement.

Names	Category	No. of Board Meeting during the year 2008-09		Whether Attended last AGM held on 27.09.08	No. of other Directorship and Committee Memberships/ Chairmanships in public companies excluding SHCL		
		Held	Attended		Other Directorships	Committee Chairmanship	Committee Membership
Shri Subrata Roy Sahara	Non-Independent, Non-Executive	4	—	No	12	—	02
Shri Joy Broto Roy	Non-Independent, Non-Executive	4	4	No	11	—	08
Shri O.P. Srivastava	Non-Independent, Non-Executive	4	4	No	12	02	06
Shri Brijendra Sahay	Independent, Non-Executive	4	4	Yes	02	—	02
Shri Sakti Prasad Ghosh	Independent, Non-Executive	4	3	Yes	02	—	02
Shri Ranoj Dasgupta	Independent, Non-Executive	4	4	Yes	04	02	—
Shri Malka Komaraiah	Independent, Non-Executive	4	—	No	14	—	—

- iv. Four Board Meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:  
30th April, 2008, 31st July, 2008, 31st October, 2008, and 30th January, 2009.
- v. The Independent Directors receive sitting fees for board / audit committee meetings attended by them. None of the Independent Directors has any material pecuniary relationship or transactions with the Company, its Promoters or the Management.
- vi. During the year, information as mentioned in Annexure 1A to Clause 49 of the Listing Agreement has been placed before the Board for its consideration.
- vii. Brief profile of the Directors is highlighted elsewhere in the Annual Report.
- viii. The Board constantly evaluates the contribution of its members and recommends their reappointment to the shareholders. Non-executive Directors do not have a specified term, but they are subject to retirement by rotation. Of the retiring Directors at least one third retires every year and if eligible, qualify for re-appointment.
- ix. The Board of Directors represents the interests of the company's shareholders, in optimizing long-term value by providing the management with guidance and strategic direction on the shareholders' behalf. The Board's mandate is to oversee the Company's strategic direction, review corporate performance, authorize and monitor strategic investments, ensure regulatory compliance and safeguard interests of shareholders.
- x. The details of Sitting Fees paid to Directors during the year under review are as under :

Name of Directors	Sitting Fees paid for		Total (Rs.)
	Board Meeting	Audit Committee	
Shri Joy Broto Roy	40,000	N.A.	40,000
Shri Om Prakash Srivastava	40,000	40,000	80,000
Shri Brijendra Sahay	40,000	40,000	80,000
Shri Sakti Prasad Ghosh	30,000	30,000	60,000
Shri Ranoj Dasgupta	40,000	40,000	80,000

Notes: Sitting fees of Rs. 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.

### III. APPOINTMENT/REAPPOINTMENT OF DIRECTORS AT THE 18TH AGM

**Shri Brijendra Sahay** and **Shri Ranoj Dasgupta** are liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, have offered themselves for re-appointment.

**Shri Brijendra Sahay**, 70 Yrs, a retired IAS Officer and Ex-Chief Secretary of the Government of Uttar Pradesh, was appointed on 9th September, 2006 as a Director liable to retire by rotation. He retires at the eighteenth AGM and is eligible for re-appointment.

**Shri Ranoj Dasgupta**, (M. Sc.) 70 Yrs, well known for his administrative, enterprising and dynamic qualities, was appointed on 22nd September, 2005 as a Director liable to retire by rotation. He retires at the eighteenth AGM and is eligible for re-appointment.

The details pertaining to Directors retiring by rotation required to be provided pursuant to Clause 49 of the Listing Agreement are furnished in the section 'Directors' Profile' published elsewhere in this Annual Report.

### IV. BOARD COMMITTEES

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

### A) AUDIT COMMITTEE

- i. The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchange read with Section 292A of the Companies Act, 1956.
- ii. The terms of reference of the Audit Committee are broadly as under:
  - Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
  - Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
  - Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  - Reviewing the financial statements and draft audit report, including quarterly/half-yearly financial information.
  - Reviewing with management the annual financial statements before submission to the Board, focussing primarily on any changes in accounting policies and practices, major accounting entries based on exercise of judgment by management, qualifications in draft audit report, significant adjustments arising out of audit, the going concern assumption, compliance with accounting standards, compliance with stock exchange and legal requirements concerning financial statements, any related party transactions as per Accounting Standard 18 (AS-18).

- Reviewing the Company's financial and risk management policies.
- Disclosure of contingent liabilities.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

- Looking into the reasons for substantial defaults in payments to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors.
- Reviewing compliances as regards the Company's Whistle Blower Policy.

- III. The Audit Committee Meetings are attended by the Directors, Chief Executive Officer, representatives of the Statutory Auditors and representatives of the Internal Auditors. The Operations Heads are invited to the meetings, as and when required. The Company Secretary acts as Secretary of the Audit Committee.
- IV. The previous Annual General Meeting of the Company held on Saturday, 27th September, 2008 was attended by the Chairman of the Audit Committee, Shri S. P. Ghosh.
- V. The composition of the Audit Committee and particulars of meetings attended by the members of the Audit Committee are given below :

Names of the Committee Members	Category of Director- Non-Executive/ Independent	Meeting Details During F.Y. 2008-09			Whether Attended Last AGM (Y/N)
		Held	Attended	%	
Shri Sakti Prasad Ghosh	Independent	4	3	75	Y
Shri Om Prakash Srivastava	Promoter & Non-Executive	4	4	100	N
Shri Brijendra Sahay	Independent	4	4	100	Y
Shri Ranoj Dasgupta	Independent	4	4	100	Y

- VI. The dates on which the meetings of the Committee were held are as follows:

30th April, 2008, 31st July, 2008, 31st October, 2008, and 30th January, 2009.

The necessary quorum was present at all the meetings

- VII. Details of Audit Committee for the financial year ended on 31st March, 2009 are given below :

Total No. of Members	4
Whether the Chairman is an Independent Director (Y/N)	Y
Whether the Chairman attended last AGM to answer Shareholders' queries (Y/N)	Y
Whether the Company Secretary acts as a Secretary to the Committees (Y/N)	Y
No. of members who are Non-Executive Directors	4
No. of members who are Independent Directors	3
Detail of Director having financial and accounting knowledge	Shri Sakti Prasad Ghosh, Chairman

## B) SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

- i. The Company has constituted a Shareholders/Investors Grievance Committee of Directors to look into the redressal of complaints of investors such as transfer or credit of shares to demat accounts, non-receipt of dividend/notices/annual reports, etc. and matters related to change or deletion of

name, issue of duplicate share certificates, dematerialization, rematerialization, transfer, transmission, and other allied transactions. The Committee oversees the performance of the Registrar and Share Transfer Agents i.e. Link Intime India Private Limited and also monitors the implementation of the Company's Code of Conduct for prohibition of insider trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.

ii. Thirteen meetings of the Shareholders / Investors Grievance Committee were held during the year ended 31st March, 2009.

iii. The composition of the Shareholders / Investors Grievance Committee and the details of meetings attended by its members are given below :

Names	Designation	No. of Meetings during the year 2008-09	
		Held	Attended
Shri Sakti Prasad Ghosh	Chairman	13	12
Shri Ranaj Dasgupta	Member	13	13

iv. 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

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

respect of implementing laws, rules, regulations and other directives of such authorities in respect of investor service and complaints.

**C) REMUNERATION COMMITTEE (Non-Mandatory)**

i. The Board of Directors of the Company has in its meeting dated 30th October, 2003 constituted a Remuneration Committee of Directors.

ii. The broad terms of reference of the Remuneration Committee are as under :

- To approve the Annual Remuneration Plan of the Company;
- To approve the remuneration and Annual Performance Bonus payable to the Manager/Whole time Directors of the Company for each financial year;
- Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend/approve.

iii. The composition of the Remuneration Committee is as given below:

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

**IV. CEO/CFO CERTIFICATION**

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

**V. MANAGEMENT REVIEW AND RESPONSIBILITY**

**1. Evaluation of Officers**

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

**2. Interaction of the Board with External Agencies and the Employees**

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

The CEO meets the employees on various occasions to discuss issues, which have a bearing on the business,

as well as matters affecting them specifically. The Company encourages a robust two way communication across hierarchies, creating a healthy corporate environment without fear of reprisal. It recognizes that formal and informal interaction, opinions and suggestions contribute to the success of the organization.

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

**3. Management Discussion and Analysis**

A Management Discussion and Analysis Report forms part of the Annual Report and includes discussion on various matters specified under Clause 49[IV] [F] of the Listing Agreement. The said report is appearing elsewhere in the Annual Report.

**4. Management Development**

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



## 5. Company Secretary's Compliance

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

## VII. CODE OF CONDUCT

In compliance with the Clause 49 (I) (D) of the Listing Agreement with the Stock Exchange, the Board of Directors of the Company has at its meeting dated 28th October, 2005 laid down a Code of Conduct for all the Board Members and Senior Management Personnel of the Company to avoid conflict of interest and ensuring the highest standard of honesty, dedication, and professionalism in carrying out their functional responsibilities.

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

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

## VIII. CODE FOR PREVENTION OF INSIDER TRADING PRACTICES

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

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

## IX. KNOW YOUR CUSTOMER AND ANTI-MONEY LAUNDERING STANDARDS

The Board of Directors of the Company has in its meeting dated 30th June, 2006 formulated a code on '**Know Your Customer and Anti-Money Laundering Standards**' in accordance with the Guidelines issued by the National Housing Bank (NHB). The policy lays down various

guidelines which are to be complied by all the Branch Heads, frontline staff and others while dealing with the customers of the Company. The code recognizes the importance of customer education and effective training to employees who deal with the customers.

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

## X. FAIR PRACTICES CODE

The Board of Directors of the Company has in its meeting dated 28th October, 2006 adopted a policy on Fair Practices Code in accordance with the '**Guidelines on Fair Practices Code for Housing Finance Companies (HFCs)**' issued by the National Housing Bank (NHB) which is designed to assist both the Company and its customers and is applicable to all the products and services offered by the branches across the counter, over the phone, by post, on the internet or by any other method. The code also lays down the various alternatives available to the customers in case the customers are not satisfied with the services offered by the Company.

## XI. STATUS OF REGULATORY COMPLIANCE

The Company has complied with all the requirements of the Listing Agreement 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, 2009.

## XII. WHISTLE BLOWER POLICY

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

In this connection the management is responsible for:

- (a) Receive, investigating and acting upon complaints and concerns (collectively, the "Reports") of any employee (or , the Whistle Blower) regarding an actual/possible violation of the SHCL's Code of Conduct or an event that could affect the business and /or reputation of his/her own or any other Group Company.
- (b) Establishing a fearless atmosphere where no reporting employee or Whistle Blower has the fear of being harassed, demoted, retaliated or threatened in any way, and thereafter maintaining the same.

- (c) Handling all such reports/concerns with as much confidentiality as possible such that there is no retaliation of any form against the Whistle Blower.
- (d) Retaining for three years, all records relating to (i) any Accounting allegation or Legal Allegation or report of a retaliatory act and (ii) the investigation of any such report.

### XIII. AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

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

### XIV. GENERAL BODY MEETINGS

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

Particulars	Date & Time	Venue
17th A.G.M.	27.09.2008 11.00 A.M.	Sahara India Sadan 2A, Shakespeare Sarani, Kolkata 700 071
16th A.G.M.	28.09.2007 11.00 A.M.	Sahara India Sadan 2A, Shakespeare Sarani, Kolkata 700 071
15th A.G.M.	09.09.2006 11.00 A.M.	Sahara India Sadan 2A, Shakespeare Sarani, Kolkata 700 071

### XV. SPECIAL RESOLUTION PASSED BY THE COMPANY AT THE PREVIOUS THREE AGMS

Meeting	Details of the Resolution passed
17th AGM	No Special Resolution
16th AGM	No Special Resolution
15th AGM	No Special Resolution

### XX. GENERAL SHAREHOLDERS INFORMATION

18th Annual General Meeting Date, Time and Venue	Wednesday, 23rd September, 2009 at 11.00 A.M. Sahara India Sadan 2A, Shakespeare Sarani, Kolkata 700 071
Financial Reporting Calendar : 2009-10 (Tentative)	<ul style="list-style-type: none"> <li>• First Quarter Results July 2009</li> <li>• Second Quarter Results October 2009</li> <li>• Third Quarter Results January 2010</li> <li>• Annual Results April/June 2010</li> </ul>
Book Closure	Wednesday, 16th September, 2009 to Wednesday, 23rd September, 2009 (both days inclusive)
Listing on Stock Exchanges	Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street, Fort, Mumbai 400 001 (Annual Listing Fees for the year 2009 have been paid) <b>Stock Code 511533</b>
ISIN of the Company	INE-135C01012
Corporate Identification No. (CIN) of the Company	<b>L18100WB1991PLC099782</b>
Website of the Company	<b>www.saharahousingfina.com</b>
Registered Office	Sahara India Sadan 2A, Shakespeare Sarani, Kolkata 700 071 Ph: (033) 2282 9067/0811, Fax: (033) 2282 4910

### XVI. RELATED PARTY TRANSACTIONS

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

### XVII. SECRETARIAL AUDIT

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

### XVIII. MEANS OF COMMUNICATION

As required under clause 41 of the Listing Agreement, the quarterly/annual financial results are published in widely circulated national and local dailies, in *The Financial Express* in English and in *Aajkaal* in Bengali.

The Company ensures effective interaction with the shareholders at the Annual General Meeting. The Directors pay special attention in answering the various queries raised by the shareholders at the AGM. Pursuant to Clause 51 of the Listing Agreement with the Stock Exchange, the Company has uploaded the Annual Report for the Financial Year 2007-08 along with the Balance Sheet, Profit & Loss Account and Corporate Governance Report on EDIFAR System maintained by SEBI and as prescribed under Clause 51 of the Listing Agreement. Apart from this, the quarterly shareholding pattern and un-audited/audited financial statements at the end of each quarter are also being filed so that users other than companies can view the data submitted by the Company. The objective of e-filing is to disseminate information to various classes of market participants like investors, regulatory organizations, research institutions, etc.

**XX. COMPLIANCE OF NON-MANDATORY REQUIREMENTS**

• **Shareholder Rights**

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

• **Market (BSE) Price Data**

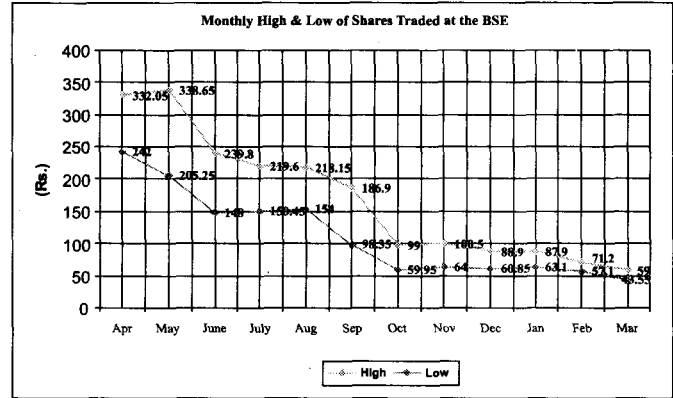
The monthly high and low stock valuations along with the volume of shares traded at the BSE are:

Period	High (Rs.)	Low (Rs.)	Qty. Traded
April 08	332.05	242.00	528288
May 08	338.65	205.25	333235
June 08	239.80	148.00	217006
July 08	219.60	150.45	120056
Aug 08	218.15	154.00	75752
Sept 08	186.90	98.35	93839
Oct 08	99.00	59.95	56063
Nov 08	100.50	64.00	60322
Dec 08	88.90	60.85	66045
Jan 09	87.90	63.10	75277
Feb 09	71.20	57.10	34017
Mar 09	59.00	43.55	52901

• Year High : Rs. 338.65

Year Low : Rs. 43.55

• Monthly High & Low of Shares Traded on the BSE during the Financial Year 2008-09.



**Shareholding Pattern as on 31st March, 2009**

No. of ordinary shares held	No. of shareholders	No. of shares	%
<b>Promoters:</b>			
Indian Promoters:			
– Sahara Prime City Limited	01	29,40,000	42.00
(Formerly Sahara India Investment Corporation Limited)			
– Sahara India Corp. Investment Limited	01	16,38,587	23.41
– Sahara India Finance & Investment Limited	01	4,16,000	5.94
<b>Total</b>	<b>03</b>	<b>49,94,587</b>	<b>71.35</b>
<b>Others</b>			
<b>Private Corporate Bodies:</b>			
i) Gandevi Commerce Pvt. Ltd.	01	7,23,044	10.33
ii) Others	295	2,09,369	02.99
– Indian Public	8,897	10,57,846	15.12
– NRIs/OCBs	40	15,154	00.21
– Foreign Institutional Investors	–	–	–
<b>Total</b>	<b>9,233</b>	<b>20,05,413</b>	<b>28.65</b>
<b>Grand Total</b>	<b>9,236</b>	<b>70,00,000</b>	<b>100.00</b>

• **Distribution of Shareholding (Shares) as on 31st March 2009 :**

Shareholding (Shares)	Shareholders' number	% of total
0001 — 2000	9,159	99.16
2001 — 3000	34	00.37
3001 — 4000	11	00.12
4001 — 5000	10	00.11
5001 — 10000	14	00.15
10001 and above	08	00.09
<b>Total</b>	<b>9,236</b>	<b>100.00</b>



• **Top 10 Shareholders List (as on 31st March 2009) :**

Sr. No.	No. of Shareholders	No. of Shares	% of Share Capital
1	Sahara Prime City Limited (Formerly, Sahara India Investment Corporation Limited)	29,40,000	42.00
2	Sahara India Corp Investment Limited	16,38,587	23.41
3	Gandevi Commerce Pvt Ltd.	7,23,044	10.33
4	Sahara India Finance & Investment Limited	4,16,000	5.94
5	Hirak Leasing and Investment Private Ltd.	41,100	0.59
6	Madhu Bala Mittal	15,721	0.22
7	Angel Broking Limited	13,074	0.19
8	Religare Securities Limited	12,194	0.17
9	Kamal Kumar Jalan Securities Private Limited	10,000	0.14
10	Vinod Kumar Jain	9,700	0.13
	<b>Total</b>	<b>58,19,420</b>	<b>83.12</b>

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

**Link Intime India Private Limited**

C-13 Pannalal Silk Mills Compound

LBS Road, Bhandup West,

Mumbai- 400 078

Tel : (022) 2596 3838, Fax: (022) 2594-6969

E-mail: kolkata@linkintime.co.in

Sebi Regn No. : INR000003761

• **Share Transfer System**

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

• **Shareholder Services, Enquiries, Complaints**

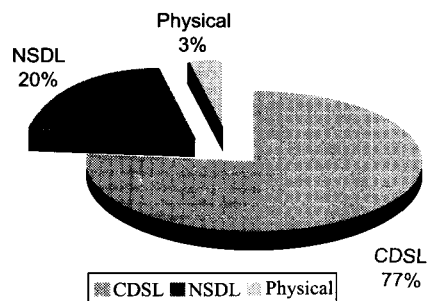
It has been our endeavor to provide prompt, efficient and satisfactory services to our esteemed shareholders. We have taken special care in answering the queries of the shareholders within the shortest possible time frame. We provide shareholder services in the following time frame :

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

• **Dematerialization of shares and liquidity**

The Shares of the Company are compulsorily traded in dematerialized form and are available for trading under both the depository system in India NSDL (National Securities Depositories Limited) and CDSL (Central Depository Services India Limited). As on 31st March, 2009 a total of 67, 64, 849 shares of the Company, which forms 96.64% of the total shares, stand dematerialized. The processing activities with respect to the requests received for dematerialization are completed within 15 days (maximum) from the date of receipt of the request.

**DEMAT POSITION AS ON 31.03.2009**



**Investor Correspondence**

**Shri S. P. Guha**

Link Intime India Private Limited

59 C, Chowringhee Road, 3rd Floor, Kolkata- 700 020

Ph:(033) 2289-0540 Telefax: (033) 2289-0539

E-mail: kolkata@linkintime.co.in

**Shri D. J. Bagchi**

Compliance Officer & Company Secretary

Sahara India Sadan

2A, Shakespeare Sarani, Kolkata- 700 071

Ph:(033) 2282-9067/0811 Fax: (033) 2282 4910

E-mail : dj.bagchi@saharahousingfina.com

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



## **AUDITORS' REPORT ON CORPORATE GOVERNANCE**

### **TO THE MEMBERS**

#### **Sahara Housingfina Corporation Limited**

We have examined the compliance of the conditions of Corporate Governance of Sahara Housingfina Corporation Limited for the year ended 31st March, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

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

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

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

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

For CHATURVEDI & CO  
Chartered Accountants

Pankaj Chaturvedi  
Partner  
Membership No. 91239

Place : Mumbai  
Date : 30th June, 2009



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

This is to confirm that the Company has adopted a Code of Conduct for the Board of Directors and Senior Management of the Company.

As the Chief Executive Officer of Sahara Housing Finance Corporation Limited and as required by Clause 49(1)(D)(ii) of the Listing Agreement of the Stock Exchange in India, I hereby declare that all the Board members and senior management personnel of the Company have affirmed compliance with the Code of Conduct for the financial year 2008-09.

D. J. Bagchi  
CEO & Company Secretary

Place : Mumbai  
Date : 30th June, 2009

## CORPORATE SOCIAL RESPONSIBILITY

**Corporate Social Responsibility (CSR)** is 'the continuing commitment by business to behave ethically and to contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large'. For Sahara India Pariwar, CSR means a voluntary activity in excess of legal compliance, concerned with the social and environmental as well as economic aspects of organizational behaviour rooted in ethical values and central in shaping stakeholder relationships. Sahara India Pariwar believes in strengthening the values of respect and emotional attachment with one another as citizens of one nation, thus promoting the concept of "NATION AS A FAMILY".

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.

Some of the Sahara India Pariwar's initiatives include:

### "JANSWASTHYA" PROJECT

The project started in the year 1997. The objective of this project is to provide assistance through a team of experts and mobile vans to help deprived people in socioeconomic backward parts of the country to develop their mental and physical health by making them aware regarding several health aspects. This Programme has benefited millions of people.

### PULSE POLIO PROGRAMME

Since 1997, Sahara Welfare Foundation (SWF) has been participating in a Pulse Polio Immunization Programme in co-ordination with the National Programme of Polio Immunization. Approximately 0.2 million children have been vaccinated till date.

Other short term programmes which were carried out include: Hepatitis B Programme, Blood Donation Programme and Tree Plantation Programme.

### LITERACY PROGRAMMES

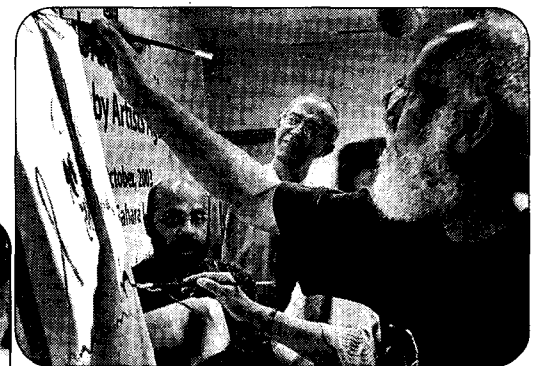
"Sakshar Bharat" - the Programme was adopted in the year 1997. The objective of this Programme is to help children and adults residing in slums of cities develop their overall personality and a functional understanding of aspects that affect their day-to-day lives. People of different age groups have benefited from this Programme since its inception. Through 23 centers over 3000 children were beneficiaries of the Programme. The objectives include in-house capacity building for teachers/community mobilization at local level / initiative to be taken to all slum children in Lucknow/Gorakhpur.

### CIVIC DEVELOPMENT PROJECTS

This project was adopted in the year 2005. This project undertakes activities like construction of cremation grounds (Baikunth Dham & Mukti Dham), construction of public toilets and hand pumps, Sankalp Udyan (Town Hall) & Sankalp Sthal at Gorakhpur, Jindpeer crossing at Hardoi, Sankalp Vatika & Prerana park developed and maintained at Lucknow and similar projects are being undertaken in other parts of the country.



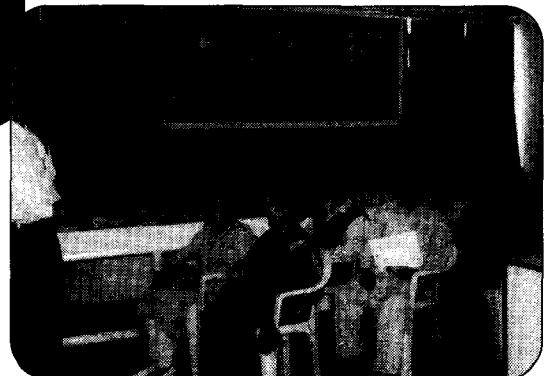
Participants in sewing and embroidery training at our Vocational Training Centre



Senior Artists participating in "Celebration of Life"- an event organized for the people living with HIV/AIDS by Sahara India Pariwar and UNDP at Aamby Valley City



Distribution of Blankets



Orientation and sensitisation programme on 'Role of parents and teachers in managing emotional behavioural problems among children'



Kartavyayogi of Sahara India Pariwar assisting in registration of challenged persons in one of the entitlement realisation camps



Distinguished delegates opening ceremony of Alternative Education Centre at one of the brick kilns in Lucknow



Children participating in rally on the occasion of World Environment Day



Distribution of Blanket to Families affected by Cold wave



DOTS Camp being organized in slum



Swastha Mela in Progress

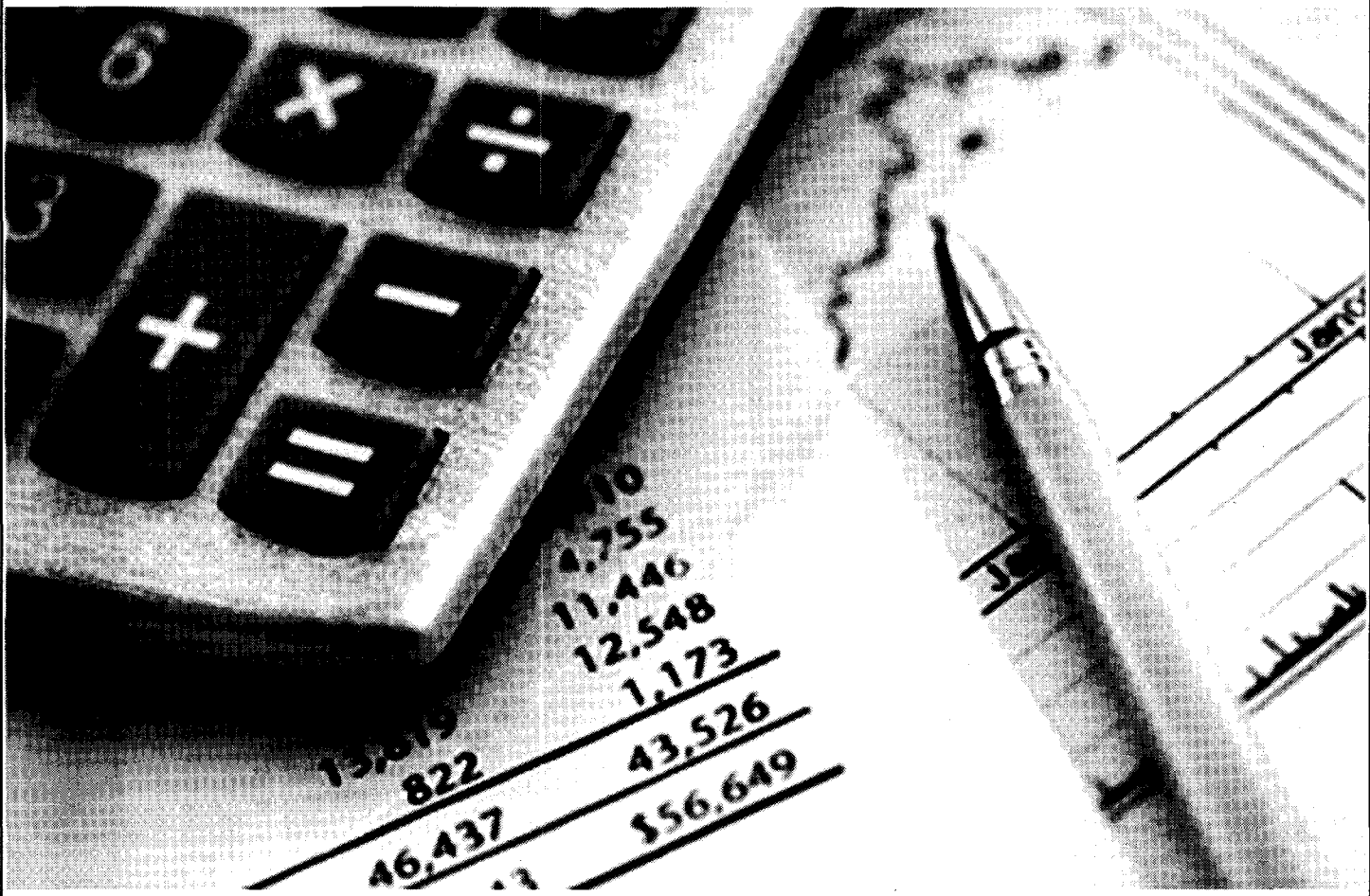
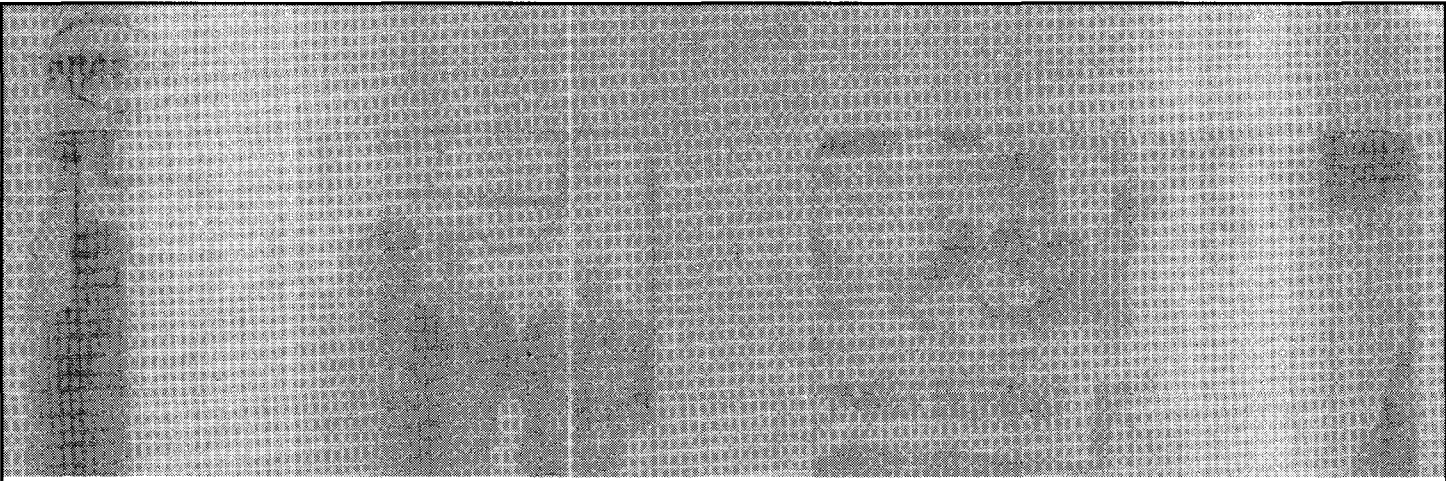


Medicine distribution on World Filaria Day



Rally being organised on World Tuberculosis Day

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



HOSFINAS FINANCIALS

## AUDITORS' REPORT

### TO THE MEMBERS OF

### SAHARA HOUSINGFINA CORPORATION LIMITED

1. We have audited the attached Balance Sheet of **Sahara Housingfina Corporation Limited**, as at 31st March, 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e. On the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
    - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
    - ii. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For CHATURVEDI & CO.  
Chartered Accountants

**PANKAJ CHATURVEDI**  
Partner  
Membership No. 91239

Place : Mumbai  
Date : 30th June, 2009

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

- i. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. Fixed assets have been physically verified by the management during the year pursuant to a programme for physical verification of fixed assets, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c. There was no disposal of fixed assets during the year, however a Fixed Asset was written-off.
- ii. The Company being a Housing Finance Company, the provisions related to inventories as mentioned in clause 4(ii) of the Order is not applicable.
- iii. a. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii) (a), (b), (c) and (d) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- b. The Company has taken unsecured loan from a company listed in the Register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and year end balance is Rs. 597,100,797/-.
- c. In our opinion, the rate of interest and other terms and conditions on which loan had been taken, are *prima facie* not prejudicial to the interest of the Company.
- d. The Company is regular in repaying the principal amounts and the payment of interest wherever stipulated.
- iv. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and with regard to the sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have neither observed nor have been informed of any continuing failure to correct major weaknesses in internal control system of the Company.
- v. a. In our opinion and according to the information and explanations given to us, the particulars of all contracts or arrangements that needed to be entered into the register required to be maintained under section 301 of the Companies Act, 1956 have been so entered.
- b. According to the information and explanations given to us, there was no transaction with regard to sale, purchase, or supply of goods, materials or services exceeding the value of rupees five lacs in respect of any party, in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956.
- vi. The Company has not accepted any deposits from the public in the current year within the meaning of sections 58A and 58AA of the Companies Act, 1956, the rules framed thereunder and the Housing Finance Companies (NHB) Directions, 2001 with regard to the deposits accepted from the public. Therefore in our opinion clause (vi) of Para 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company for the current year. We are informed by the management that no order has been passed by the Company Law Board, or Reserve Bank of India or any Court or any other Tribunal.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- ix. a. According to the information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth tax, service tax, cess and any other statutory dues applicable to it. We were informed that the operations of the Company during the year did not give rise to any liability for sales tax, custom duty, excise duty and any other statutory dues. There are no undisputed amounts payable in respect of these dues which have remained outstanding as at 31st March, 2009 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. Therefore the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xiv. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from 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 and vice versa.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. Accordingly, clause 4(xviii) of the Order is not applicable.
- xix. The Company has not issued any debentures during the year.
- xx. The Company has not raised money through public issue of shares during the year. Accordingly, clause 4(xx) of the Order is not applicable.
- xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For CHATURVEDI & CO.  
*Chartered Accountants*

**PANKAJ CHATURVEDI**  
*Partner*  
Membership No. 91239

Place : Mumbai  
Date : 30th June, 2009



**BALANCE SHEET AS AT MARCH 31, 2009**

	<u>Schedule Reference</u>	<u>As at March 31, 2009</u> Rupees	<u>As at March 31, 2008</u> Rupees
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	70,000,000	70,000,000
Reserves and Surplus	2	136,790,978	119,234,778
<b>LOAN FUNDS</b>			
Secured Loans	3	431,970,160	411,741,782
Unsecured Loans	4	691,454,757	714,680,852
<b>DEFERRED TAX LIABILITY</b>		129,832	799,272
		<u><b>1,330,345,727</b></u>	<u><b>1,316,456,684</b></u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	16,745,246	17,343,123
Less : Depreciation		<u>5,205,777</u>	<u>5,546,036</u>
Net Block		11,539,469	11,797,087
<b>INVESTMENTS</b>	6	870,800	870,800
<b>LOAN ASSETS</b>	7	1,291,274,395	1,205,900,196
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Sundry Debtors	8	140,290	233,367
Cash & Bank Balances	9	31,134,555	104,799,972
Other Loans & Advances	10	<u>18,268,984</u>	<u>12,704,782</u>
Total Current Assets		49,543,829	117,738,121
Less: <b>CURRENT LIABILITIES AND PROVISIONS</b>	11	<u>22,882,766</u>	<u>19,849,520</u>
<b>NET CURRENT ASSETS</b>		26,661,063	97,888,601
		<u><b>1,330,345,727</b></u>	<u><b>1,316,456,684</b></u>
Significant Accounting Policies and Notes	17		

As per our report of even date attached

**For CHATURVEDI & CO.**  
*Chartered Accountants*

**PANKAJ CHATURVEDI**  
*Partner*  
Membership No. 91239

Place : Mumbai  
Date : 30th June, 2009

**FOR AND ON BEHALF OF THE BOARD**

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



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009**

	<u>Schedule Reference</u>	<u>For the Year ended March 31, 2009</u>	<u>For the Year ended March 31, 2008</u>
		Rupees	Rupees
<b>INCOME</b>			
Income from Operations	12	175,116,127	116,027,427
Other Income	13	4,320,219	6,016,544
		<u><b>179,436,345</b></u>	<u><b>122,043,971</b></u>
<b>EXPENDITURE</b>			
Staff Expenses	14	14,736,791	12,841,878
Operating & Other Expenses	15	15,926,160	12,375,774
Interest and Other Financial Charges	16	123,283,423	81,429,980
Depreciation		1,192,778	1,112,369
		<u><b>155,139,152</b></u>	<u><b>107,760,001</b></u>
<b>PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS</b>		<b>24,297,193</b>	<b>14,283,970</b>
Less: Provision for Taxation			
- Current Tax		7,269,179	3,265,160
- Deferred Tax		(669,440)	(417,440)
- Fringe Benefit Tax		198,964	195,603
- Income Tax related to earlier years		(57,710)	(157,596)
<b>PROFIT/(LOSS) AFTER TAX</b>		<b>17,556,200</b>	<b>11,398,243</b>
Add : Profit carried from earlier year		28,583,306	23,156,960
Profit available for appropriations		<u><b>46,139,506</b></u>	<u><b>34,555,203</b></u>
<b>APPROPRIATIONS</b>			
Special Reserve in terms of section 36(1)(viii) of the Income Tax Act, 1961		4,853,284	5,971,897
Balance Carried to Balance Sheet		41,286,222	28,583,306
		<u><b>46,139,506</b></u>	<u><b>34,555,203</b></u>
Earning Per Share - Basic (Rs.)		2.51	1.63
Earning Per Share - Diluted (Rs.)		2.51	1.63
Significant Accounting Policies and Notes	17		

As per our report of even date attached

**For CHATURVEDI & CO.**  
*Chartered Accountants*

**PANKAJ CHATURVEDI**  
*Partner*  
Membership No. 91239

Place : Mumbai  
Date : 30th June, 2009

**FOR AND ON BEHALF OF THE BOARD**

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



## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	For the Year Ended March 31, 2009	For the Year Ended March 31, 2009
	Rupees	Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit Before Tax and Extraordinary Items	24,297,193	14,283,970
Adjustments for :		
Depreciation	1,192,778	1,112,369
Fixed Assets Written Off	1,486,963	—
Provision for sub-standard assets	704,848	1,111,563
Investment income—interest/dividend	(3,276,649)	(4,374,951)
Interest and finance charges Paid	<u>123,283,423</u>	<u>81,429,980</u>
Operating profit before working capital changes	147,688,556	93,562,931
Adjustments for Working Capital Changes		
(Increase)/Decrease in Debtors	93,077	620,619
(Increase)/Decrease in Advances	335,860	5,097,852
Increase/(Decrease) in Current Liabilities	(3,017,982)	6,212,369
Increase/(Decrease) in Provisions	<u>373,756</u>	<u>542,545</u>
Cash Generated from operations	145,473,268	106,036,316
Direct Tax paid	<u>(7,716,801)</u>	<u>(4,687,841)</u>
<b>Net Cash from Operating Activities</b>	<b><u>137,756,467</u></b>	<b><u>101,348,475</u></b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(2,422,123)	(1,730,291)
Income from Investments	<u>3,276,649</u>	<u>4,374,951</u>
<b>Net Cash From Investing Activities</b>	<b><u>854,526</u></b>	<b><u>2,644,660</u></b>
<b>C. NET CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Increase/(Decrease) in Term Loan (Net of Repayment)	20,228,378	185,391,381
Increase/(Decrease) in Unsecured Loan (Net of Repayment)	(23,226,095)	317,256,635
(Increase)/Decrease in Housing Loan (Net of Repayment)	(85,995,270)	(442,382,259)
Interest and Finance Charges paid	<u>(123,283,423)</u>	<u>(81,429,980)</u>
<b>Net Cash from Financing Activities</b>	<b><u>(212,276,410)</u></b>	<b><u>(21,164,223)</u></b>
<b>D. NET INCREASE IN CASH AND CASH EQUIVALENTS :</b>	<b><u>(73,665,417)</u></b>	<b><u>82,828,912</u></b>
Cash and Cash equivalents of the beginning of the year	104,799,972	21,971,061
Cash and Cash equivalents of the end of the year	<u>31,134,555</u>	<u>104,799,972</u>

### 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	52,075	65,895
Balance with scheduled Banks :		
In Current Accounts	16,032,480	24,684,077
In Term/Fixed Deposit Accounts	15,050,000	80,050,000
	<u>31,134,555</u>	<u>104,799,972</u>

As per our report of even date attached

**For CHATURVEDI & CO.**  
Chartered Accountants

**PANKAJ CHATURVEDI**  
Partner  
Membership No. 91239

Place : Mumbai  
Date : 30th June, 2009

**FOR AND ON BEHALF OF THE BOARD**

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

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

	<b>As at March 31, 2009</b>	<b>As at March 31, 2008</b>
	Rupees	Rupees
<b>Schedule 1</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
30,000,000 Equity Shares of Rs. 10/- each	300,000,000	300,000,000
20,000,000 Preference Shares of Rs. 10/- each	200,000,000	200,000,000
	<u>500,000,000</u>	<u>500,000,000</u>
<b>Issued, Subscribed and Paid up</b>		
7,000,000 Equity Shares of Rs. 10/- each	<u>70,000,000</u>	<u>70,000,000</u>
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Special Reserve created and maintained in terms of Section 36(1)(viii) of The Income Tax Act, 1961</b>		
Balance as per Last Balance Sheet	39,997,867	34,025,970
Add : Transferred from Profit and Loss Account	4,853,284	5,971,897
	44,851,151	39,997,867
<b>General Reserve</b>	501,605	501,605
<b>Capital Reserve</b>	152,000	152,000
<b>Share Premium Account</b>	50,000,000	50,000,000
<b>Profit and Loss Account</b>	41,286,222	28,583,306
	<u>136,790,978</u>	<u>119,234,778</u>
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b>		
<b>Term Loans</b>		
– From Banks	431,941,919	366,204,981
– From Others	–	45,500,000
Interest accrued & due	28,241	36,801
	<u>431,970,160</u>	<u>411,741,782</u>
<b>Notes</b>		
1. The Term Loans from Andhra Bank and Sahara Infrastructure & Housing Ltd. (formerly Gora Projects Ltd.) are secured by Negative Lien on assets refinanced by them individually. Further, the term loan of Andhra Bank is also secured by immovable properties of third parties and personal guarantee of a director and his relatives.		
2. Term Loan from The Bank of Rajasthan Ltd. is secured by Negative Lien over the specific assets created by the utilisation of the said loan and immovable assets of a group company.		
<b>SCHEDULE 4</b>		
<b>UNSECURED LOANS</b>		
9% Unsecured Non-Convertible Debentures	–	80,000,000
Loan from Body Corporate	597,100,797	593,105,797
Interest Accrued and Due on loan	94,353,960	41,575,055
	<u>691,454,757</u>	<u>714,680,852</u>



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

**SCHEDULE 5  
FIXED ASSETS**

Description	Gross Block				Depreciation				Net Block	
	As at Apr. 1, 2008	Additions	Sale / Adjustment	As at Mar. 31, 2009	Upto April 1, 2008	For the year	Written off during the period	Upto Mar. 31 2009	As at Mar. 31, 2009	As at Mar. 31, 2008
Building	5,745,548	—	—	5,745,548	963,833	93,652	—	1,057,485	4,688,063	4,781,715
Computers	3,514,686	2,248,472	—	5,763,158	1,587,377	588,766	—	2,176,143	3,587,015	1,927,309
Solar Plant	3,020,000	—	3,020,000	—	1,389,587	143,450	1,533,037	—	—	1,630,413
Furniture & Fixtures	2,285,286	68,598	—	2,353,884	1,024,157	147,604	—	1,171,761	1,182,123	1,261,129
Air Conditioners	248,970	71,501	—	320,471	37,188	12,012	—	49,200	271,271	211,782
Office Equipment	393,941	33,552	—	427,493	47,555	19,554	—	67,109	360,384	346,386
Electrical fittings	316,969	—	—	316,969	39,443	15,056	—	54,499	262,470	277,526
Vehicles	1,817,723	—	—	1,817,723	456,896	172,684	—	629,580	1,188,143	1,360,827
<b>Total</b>	<b>17,343,123</b>	<b>2,422,123</b>	<b>3,020,000</b>	<b>16,745,246</b>	<b>5,546,036</b>	<b>1,192,778</b>	<b>1,533,037</b>	<b>5,205,777</b>	<b>11,539,469</b>	<b>11,797,087</b>
Previous year	15,612,832	1,730,291	—	17,343,123	4,433,667	1,112,369	—	5,546,036	11,797,087	11,179,164

	<u>As at March 31, 2009</u>	<u>As at March 31, 2008</u>
	Rupees	Rupees
<b>SCHEDULE 6</b>		
<b>INVESTMENTS</b>		
(Non-trade, Unquoted, Long Term Government Securities)		
<b>Unquoted</b>		
11.43% GOI Stock	597,200	597,200
<b>Quoted</b>		
Equity Shares		
Indian Overseas Bank Limited	273,600	273,600
(11,400 Equity Shares face value of Rs. 10/- each, Market Value Rs. 998,070/-, Previous Year Rs. 1,540,140/-)		
	<u><b>870,800</b></u>	<u><b>870,800</b></u>

<b>SCHEDULE 7</b>		
<b>LOAN ASSETS</b>		
<b>Housing Loans</b>		
Standard	1,157,127,414	1,056,240,022
Substandard	14,531,771	14,208,048
Less: Provision for Non Performing Assets		
– Sub-standard	484,196	886,765
– Doubtful	2,422,616	1,338,112
<b>Other Loans</b>		
Standard	123,014,078	138,229,923
Less: General Provision	492,056	552,920
	<u><b>1,291,274,395</b></u>	<u><b>1,205,900,196</b></u>

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

	<b>As at March 31, 2009</b>	<b>As at March 31, 2008</b>
	Rupees	Rupees
<b>SCHEDULE 8</b>		
<b>SUNDRY DEBTORS</b>		
Outstanding for a period exceeding six months *	—	—
Other Debts	140,290	233,367
(*Interest Unrecognised Rs. 2,597,747/- Previous Year Rs. 1,626,303/-)	<b>140,290</b>	<b>233,367</b>
<b>SCHEDULE 9</b>		
<b>CASH AND BANK BALANCES</b>		
Cash in hand	52,075	65,895
Balance with Scheduled Banks		
— In Current Accounts	16,032,480	24,684,077
— In Term/Fixed Deposits Accounts	15,050,000	80,050,000
	<b>31,134,555</b>	<b>104,799,972</b>
<b>SCHEDULE 10</b>		
<b>LOANS AND ADVANCES</b>		
Instalments due from Borrowers - Principal	1,982,570	1,928,805
Less : Provision for		
— Sub-standard Assets	24,711	22,284
— Doubtful Assets	180,044	98,694
	1,777,815	1,807,827
Refundable Deposits	583,970	786,170
Other Advances	2,098,965	2,360,531
Interest Receivable	216,456	363,336
Income Tax	4,674,462	2,186,582
Advance Income Tax	5,900,000	2,585,000
Advance Fringe Benefit Tax	535,583	314,562
Tax Deducted at Source	2,481,733	2,300,774
	<b>18,268,984</b>	<b>12,704,782</b>
<b>SCHEDULE 11</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors	2,320,083	850,983
Other Current Liabilities	3,152,005	8,988,351
Advances from Customers	3,796,837	2,293,242
Investor Education and Protection Fund will be Credited with following amounts :		
Unclaimed Deposits	—	113,480
Interest on Unclaimed Deposits	—	40,851
	<b>9,268,925</b>	<b>12,286,907</b>
<b>Provisions</b>		
For Taxation	12,158,480	6,481,009
For Fringe Benefit Tax	544,475	345,511
For Gratuity	575,930	400,601
For Leave Encashment	334,956	335,492
	13,613,841	7,562,613
	<b>22,882,766</b>	<b>19,849,520</b>



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

	<u>For the Year Ended March 31, 2009</u>	<u>For the Year Ended March 31, 2008</u>
<b>SCHEDULE 12</b>		
<b>INCOME FROM OPERATIONS</b>		
Interest Income	169,716,981	109,129,270
Fee Income	5,399,146	6,898,157
	<u>175,116,127</u>	<u>116,027,427</u>
<b>SCHEDULE 13</b>		
<b>OTHER INCOME</b>		
Dividend Income	39,900	34,200
Interest on Term Deposits with Banks	3,179,599	2,288,945
Interest from Others	—	1,994,794
Interest on GOI Stocks	57,150	57,012
Miscellaneous Income	1,043,570	1,641,593
	<u>4,320,219</u>	<u>6,016,544</u>
<b>SCHEDULE 14</b>		
<b>STAFF EXPENSES</b>		
Salaries & Bonus	13,940,425	12,107,762
Staff Welfare	286,690	214,584
Contribution to Provident Fund & ESI	509,676	519,532
	<u>14,736,791</u>	<u>12,841,878</u>
<b>SCHEDULE 15</b>		
<b>OPERATING AND OTHER EXPENSES</b>		
Rent	2,952,655	1,483,154
Travelling and Conveyance		
- Directors	14,050	40,035
- Others	1,161,212	1,696,713
Legal and Professional Fee	3,135,708	2,566,399
Printing and Stationery	723,939	501,611
Communication Charges	1,545,806	1,359,199
General Expenses	940,178	861,796
Insurance	321,677	415,327
Repairs and Maintenance – Others	745,500	454,272
Rates, Taxes and Licences	83,034	92,702
Office Maintenance	690,185	744,487
Vehicles Maintenance	770,671	535,299
Advertisement and Publicity	167,949	207,377
Electricity Charges	319,893	192,369
Payment to Auditors		
- As Statutory Auditors	44,120	44,944
- As Tax Auditors	11,030	11,236
- Other Capacity	106,742	57,291
Provision for Non-Performing Assets	765,712	569,708
Provision for Loan Assets – General	(60,864)	541,855
Fixed Asset Written Off	1,486,963	—
	<u>15,926,160</u>	<u>12,375,774</u>
<b>SCHEDULE 16</b>		
<b>INTEREST AND OTHER CHARGES</b>		
<b>Interest on</b>		
Term Loans	63,226,796	41,510,114
Inter Corporate Deposit	55,031,137	29,943,615
Debentures	3,037,808	7,200,000
Upfront Fees	1,264,050	2,106,750
Bank and Other Charges	723,632	669,501
	<u>123,283,423</u>	<u>81,429,980</u>



## SCHEDULE 17

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

#### A. SIGNIFICANT ACCOUNTING POLICIES

##### 1. METHOD OF ACCOUNTING

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

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

##### 2. REVENUE RECOGNITION

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

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

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

##### 3. PROVISIONS ON HOUSING LOANS

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

##### 4. FIXED ASSETS

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

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

##### 5. DEPRECIATION

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

##### 6. INVESTMENTS

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

##### 7. TAXES ON INCOME

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

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

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

##### 8. EARNINGS PER SHARE (EPS)

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

For calculating diluted earning per share, the number of shares comprises the weighted average shares considered for deriving basic earning per share, and also the weighted average number of shares, if any which would have been used in the conversion of

all dilutive potential equity shares. The number of shares and potentially dilutive equity shares are adjusted for the bonus shares and the sub-division of shares, if any.

#### 9. EMPLOYEE BENEFITS

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

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

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

#### 10. PROVISIONS AND CONTINGENCIES

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

#### B. NOTES ON ACCOUNTS

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

Particulars	Year ended March 31, 2009	Year ended March 31, 2008
Weighted average number of Equity Shares outstanding as on last day of the Financial Year (No.)	7,000,000	7,000,000
Net Profit Rs.	17,556,199	11,398,242
Basic and Diluted Earnings per Share (Rs.)	2.51	1.63
Face Value of Equity Shares (Rs.)	10	10

#### 4. Auditor's Remuneration :

Particulars	Year ended March 31, 2009	Year ended March 31, 2008
Statutory Audit Fee	44,120	44,944
Tax Audit Fee	11,030	11,236
Limited Review of Results	50,562	—
Certification Charges	56,180	57,291
	<u>161,892</u>	<u>113,471</u>

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

Component	As at March 31, 2009	As at March 31, 2008
<b>Deferred Tax Liabilities</b>		
Depreciation (A)	1,664,314	2,034,764
<b>Deferred Tax Assets</b>		
Retirement Benefits	309,610	250,198
Provision for doubtful debts/loans (B)	1,224,872	985,294
	1,534,482	1,235,492
<b>Net Deferred Tax (A) – (B)</b>	<b>129,832</b>	<b>799,272</b>

6. Segment Information

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

7. Related Party Disclosures

*List of Related Parties*

a. Major shareholders having control over the Company

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

b. Key Management Personnel

D. J. Bagchi, Chief Executive Officer, Company Secretary & Manager

c. Companies under common control

- Sahara India Commercial Corporation Limited
- Sahara India Life Insurance Company Limited
- Sahara Infrastructure & Housing Ltd. (formerly Gora Projects Limited)

8. Disclosure of Related Party Transactions between the Company and related parties for the year ended March 31, 2009

Sl. No.	Particulars	For the year ended March 31, 2009	For the year ended March 31, 2008
1	<b>Rent Paid</b> Sahara India Commercial Corporation Limited	1,711,976	238,248
2	<b>Interest Paid</b> Sahara India Commercial Corporation Limited Sahara India Life Insurance Corporation Limited Sahara Infrastructure & Housing Ltd. (formerly Gora Projects Ltd.)	53,511,409 1,519,728 3,534,273	28,266,217 1,677,398 3,500,816
3	<b>Loan Outstanding</b> Sahara India Commercial Corporation Limited Sahara Infrastructure & Housing Ltd. (formerly Gora Projects Limited)	597,100,797 —	593,105,797 45,500,000

9. Sundry creditors do not include amount payable to Small Scale Industrial Undertakings (SSIs) or to Micro, Small and Medium Enterprises as at 31st March, 2009.



10. Employee Benefit Plan :

**Gratuity Plan**

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

Particulars	As at March 31, 2009	As at March 31, 2008
<b>Change in Benefit Obligation</b>		
Liability at the beginning of the year	400,601	209,265
Interest Cost	39,061	35,500
Current Service Cost	128,228	162,435
Actuarial (gain)/loss on obligations	8,040	(6,599)
Liability at the end of the year	575,930	400,601
<b>Amount recognized in the Balance Sheet</b>		
Liability at the end of the year	575,930	400,601
Fair value of plan assets at the end of the year	—	—
Difference	575,930	400,601
Amount recognized in the Balance Sheet	575,930	400,601
<b>Expenses recognized in the Income Statement</b>		
Current Service Cost	128,228	162,435
Interest Cost	39,061	35,500
Expected return on plan assets	—	—
Net Actuarial (gain)/loss to be recognized	8,040	(6,599)
Expense recognized in the Profit and Loss Account	175,329	191,336
<b>Balance Sheet Reconciliation</b>		
Opening Net Liability	400,601	209,265
Expense as above	175,329	191,336
Employers Contribution	—	—
Amount Recognised in the Balance Sheet	575,930	400,601
<b>Assumptions</b>		
Discount rate	8.00%	7.50%
Rate of return on plan assets	—	—

11. Managerial Remuneration

Schedule-14, Staff Expenses include Managerial Remuneration of Rs. 3,112,184 (Previous Year Rs. 2,280,514)

Particulars	For the Year Ended March 31, 2009	For the Year Ended March 31, 2008
Salary	2,911,954	2,121,312
Company's Contribution to Provident Fund	30,255	33,149
Perquisites	169,975	126,341
<b>Total</b>	<b>3,112,184</b>	<b>2,280,514</b>

12. Expenditure in Foreign Currency : Foreign Traveling – Rs. Nil (Previous Year Rs. 198,960/-)

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

14. During the Year, 800 numbers, 9% Non-Cumulative Debentures of face value of Rs. 100,000 each aggregating to Rs. 80,000,000, including interest thereon, have been redeemed.

15. 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*

**PANKAJ CHATURVEDI**

*Partner*

Membership No. 91239

Place : Mumbai

Date : 30th June, 2009

**FOR AND ON BEHALF OF THE BOARD**

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

**S. P. GHOSH** *Director*

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

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

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

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

Public Issue  Right Issue   
 Bonus Issue  Private Placement

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

<b>Total Liabilities</b>	<input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="6"/>	<b>Total Assets</b>	<input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="6"/>
<b>Sources of funds</b>			
Paid-up Capital	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>	Reserves & Surplus	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="1"/>
Secured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="0"/>	Unsecured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="5"/>
Deferred Tax Liability	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="0"/>		
<b>Applications of funds</b>			
Net Fixed Assets	<input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="0"/>	Investments	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="1"/>
Net Current Assets	<input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="1"/>	Misc. Expenditure	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Accumulated losses	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Housing Loans	<input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="4"/>

**IV. Performance of Company (Amount in Rs. Thousand)**

Turnover	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="6"/>	Expenditure	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="9"/>
Profit/(loss) Before Tax	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="7"/>	Profit/(loss) After Tax	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="6"/>
Earning per share (Rs.)	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="1"/>	Dividend	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

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

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

As per our report of even date attached

**For CHATURVEDI & CO.**  
Chartered Accountants

**PANKAJ CHATURVEDI**  
Partner  
Membership No. 91239

Place : Mumbai  
Date : 30th June, 2009

**FOR AND ON BEHALF OF THE BOARD**

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



## CORPORATE OFFICE

Sahara India Sadan

2A, Shakespeare Sarani, Kolkata-700 071

Phone No.: (033) 2282 9271/9067, 3298 4850

### EASTERN REGION

#### **Regional & Branch Office – Kolkata**

46, Dr. Sundari Mohan Avenue (2nd Floor)

Kolkata - 700 014

Phone No. : (033) 2289 6708

#### **Branch Office – Siliguri**

Studio Photo Focus Building: 2nd Floor;

Hill Cart Road, Siliguri – 734 401

Phone No.: (0353) 2534401

#### **Branch Office – Asansol**

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

Asansol - 713 304

Phone No.: (0341) 3295514, 2200368

#### **Branch Office – Durgapur**

A-210, 1st Floor, Kamdhenu Building,

Durgapur, Muti Utility Plaza, City Centre,

Durgapur - 713 216

Phone No. : (0343) 2543248

#### **Branch Office – Ranchi**

R. No 107, 1st Floor, Mahalaxmi Complex

Line Trunk Road, Thana - Kotwali

Zilla-65, Ranchi-834 001

Phone No.: (0651) 2207497

### WESTERN REGION

#### **Regional & Branch Office – Mumbai**

Solitaire Corporate Park

4th Floor; Building No-5

Unit No-541/542, 167

Guru Hargovindji Marg, Chakala

Andheri (E) Mumbai-400 093

Phone : (022) 6668 8050

#### **Branch Office – Pune**

Office No. 44, 2nd Floor,

1184/4, Shreenath Plaza, 'C' Wing,

Near Dnyaneshwar Paduka Chowk

Above Union Bank of India

Pune-411 005

Phone No. (020) 6602 7387

### NORTHERN REGION

#### **Regional & Branch Office – Lucknow**

Laibagh Office: 2nd Floor, 7 Forsyth Road,

Near Allied Surgical & Equipments,

Lucknow-226 001

Phone No. (0522) 2612512, 4005958, 2333462

#### **Branch Office – Gorakhpur**

Rashtriya Sahara Complex, 1st Floor

7 Park Road

University Crossing

Gorakhpur-273 001

Phone No.: (0551) 2202285

#### **Branch Office – Kanpur**

24/18 Shyam Sundar Building

(Opposite LIC Building)

1st Floor, Mall Road, Kanpur-208 001

Phone No.: +91 9335634680

### SOUTHERN REGION

#### **Regional & Branch Office – Hyderabad**

Sahara Manzil, 2nd Floor

Opposite A.P. Secretariat, Saifabad,

Hyderabad-500 063

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

#### **Branch Office – Vishakapatnam**

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

1st Floor, Sai Dharani Castle

Opp. Gopalepatnam Police Station,

Visakhapatnam-530027

Phone No.: (0891) 2784864

#### **Branch Office – Vijayawada**

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

Adjacent to Cheunupati Petrol Bunk, Labbipet

Vijayawada - 520 010

Phone No.: (0866) 2471559

## NOTICE

NOTICE is hereby given that the **Eighteenth Annual General Meeting** of the members of SAHARA HOUSINGFINA CORPORATION LIMITED will be held on **Wednesday, the 23rd day of September, 2009 at 11.00 A.M.** at Sahara India Sadan, 2A, Shakespeare Sarani, Kolkata-700071 to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and the Profit & Loss Account for the year ended on that date together with the reports of the Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Shri Ranaj Dasgupta, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Brijendra Sahay, who retires by rotation and being eligible offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modifications, the following Resolution as an ordinary Resolution :

"RESOLVED THAT M/s. Chaturvedi & Co., Chartered Accountants, Kolkata, be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting, on such remuneration as may be fixed by the Board of Directors of the Company in consultation with M/s. Chaturvedi & Co. and reimbursement of actual travel and other out of pocket expenses incurred by them for the purpose of their audit".

### Special Business

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

"RESOLVED THAT pursuant to the provisions of section 198, 269, 310, 311 read with Schedule XIII as amended to date and other applicable provisions, if any, of the Companies Act, 1956,

and such other approvals as may be necessary in this regard, consent be and is hereby accorded to the re-appointment of Shri D. J. Bagchi, Chief Executive Officer, as the Manager of the Company for a period of 3 (three) years with effect from 31st July, 2009, on a remuneration and other terms and conditions as recommended by the Remuneration Committee and as set out in Agreement entered into between the Company and Shri D. J. Bagchi, placed before this meeting which agreement is hereby specifically approved and sanctioned with authority to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include the Remuneration Committee of the Board of Directors) to alter and vary the terms and condition of the said re-appointment and /or agreement (including authority, from time to time, to determine the amount of salary and commission as also the type and amount of perquisite and other benefits payable to Shri D. J. Bagchi), in such manner as may be agreed to between the Board and Shri D. J. Bagchi; Provided they are within and in accordance with the limits prescribed in Schedule XIII to the Companies Act, 1956 or any amendment thereto.

**RESOLVED FURTHER THAT** the remuneration as stated in the aforesaid agreement is to be treated as Minimum Remuneration payable to Shri D. J. Bagchi in the event of loss or inadequacy of Profit in any financial year during his tenure as Manager and these are well within the limits prescribed under Para 1 (B) of Section II, Part II of Schedule-XIII to the Companies Act, 1956.

**RESOLVED FURTHER THAT** Shri D. J. Bagchi shall be treated as Officer/Principal Officer/Administrative Officer/Manager/Occupier or any other terminology used for Principal Officer for Compliance of all the Legislations applicable to the Company and shall be responsible for regularly reporting the activities of the Company to the Board of Directors and performing such other duties that may be delegated from time to time subject to the supervision of Board of Directors.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do and perform all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

### Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the company. Proxies, in order to be effective must be deposited at the company's registered office not less than forty eight hours before the commencement of the meeting.
2. Pursuant to the provisions of Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 16th September, 2009 to Wednesday, 23rd September, 2009 (both days inclusive).
3. Members are requested to bring their copies of the Annual Report and Accounts to the Meeting.
4. Members are requested to notify immediately any change in their address to the Company/Share Transfer Agents if shares are held in physical mode and to the Depository Participants if shares are held in electronic mode.
5. Members/proxies should bring the Attendance Slip duly filled in for attending the Meeting.
6. Members desirous of making a nomination in respect of their shareholding, as permitted under Section 109A of the Companies Act, 1956, are requested to submit the prescribed Form 2B (in duplicate) to the Registrar and Share Transfer Agents of the Company.
7. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representative(s) to attend and vote at the Annual General Meeting.
8. Members desiring any information with regard to Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready at the meeting.
9. Re-appointment of Directors: At the ensuing meeting, Shri Ranaj Dasgupta and Shri Brijendra Sahay retire by rotation, and being eligible, offer themselves for re-appointment. The details pertaining to these directors required to be provided pursuant to Clause 49 of the Listing Agreement are annexed herewith.





<b>II. Information about the Appointee</b>															
<b>Job profile and suitability</b>	<p>Shri D. J. Bagchi devotes wholetime attention to the management of affairs of the Company and exercises powers subject to the superintendence, directions and control of the Board of Directors of the Company. He is responsible for the day to day management of the of the Company and carries out duties as entrusted to him from time to time by the Board of Directors.</p>														
<b>Remuneration proposed</b>	<table data-bbox="761 502 1344 722"> <tr> <td>Basic</td> <td>Rs. 28000/- P.M.</td> </tr> <tr> <td>D.A.</td> <td>Rs. 6160/- P.M.</td> </tr> <tr> <td>H.R.A.</td> <td>Rs. 17080/- P.M.</td> </tr> <tr> <td>Uniform Maintenance Allowance</td> <td>Rs. 1500/- P.M.</td> </tr> <tr> <td>Production Incentive</td> <td>Rs. 59244/- P.M.</td> </tr> <tr> <td>Special Allowance</td> <td>Rs. 86218/- P.M.</td> </tr> <tr> <td><b>Total (A)</b></td> <td><b>Rs. 1,98,202/- P.M.</b></td> </tr> </table> <p>The Annual Increments will be decided as per the Company's Policy.</p> <p><b>Perquisites</b></p> <ol style="list-style-type: none"> <li>Use of fully maintained Company's car with Chauffer with fuel reimbursement of upto 400 Ltrs/ month.</li> <li>Reimbursement of residential telephone bills subject to a maximum of Rs. 10,250/- per month.</li> <li>Reimbursement of expenditure on Electricity subject to a maximum of Rs. 5,000/- per month.</li> <li>One mobile telephone for official purpose. Reimbursement of mobile bill subject to a maximum of Rs. 10,350/- per month.</li> <li>Leave Travel Concession for self and family as per Company's policy.</li> <li>Contribution to Superannuation Fund or Annuity Fund as per the Company's rules and applicable provisions of the relevant statutes. Contribution to Provident Fund will not be included in the computation of perquisite to the extent it is not taxable under the Income Tax Act, 1961. Gratuity shall be calculated as per Company policy.</li> <li>Bonus shall be calculated as per Company policy.</li> <li>House Loan at concessional rate of interest as per Company Policy (Concession in this regard valued at Rs. 52734/- for F.Y.2008-2009)</li> <li>Leave: Casual Leave: 12 days in a calendar year, Medical Leave: 15 days in a calendar year, Earned Leave: 20 days in a calendar year, Special Leave: 6 days in a calendar year. Leave not availed can not be encashed.</li> <li>Termination/Resignation: The appointment shall be terminable by the company by giving to him a notice of one month of such termination or on payment of one month's salary in lieu thereof. Similarly, Shri D. J. Bagchi may leave the services of the Company by giving one month's notice in writing or on payment or forfeit to the Company of one month's salary and other emoluments.</li> </ol>	Basic	Rs. 28000/- P.M.	D.A.	Rs. 6160/- P.M.	H.R.A.	Rs. 17080/- P.M.	Uniform Maintenance Allowance	Rs. 1500/- P.M.	Production Incentive	Rs. 59244/- P.M.	Special Allowance	Rs. 86218/- P.M.	<b>Total (A)</b>	<b>Rs. 1,98,202/- P.M.</b>
Basic	Rs. 28000/- P.M.														
D.A.	Rs. 6160/- P.M.														
H.R.A.	Rs. 17080/- P.M.														
Uniform Maintenance Allowance	Rs. 1500/- P.M.														
Production Incentive	Rs. 59244/- P.M.														
Special Allowance	Rs. 86218/- P.M.														
<b>Total (A)</b>	<b>Rs. 1,98,202/- P.M.</b>														
<b>Comparative remuneration profile with respect to the industry</b>	<p>The remuneration payable to the Manager has been benchmarked with the remuneration being drawn in Mortgage Finance Industry and the same has been considered by the remuneration committee in its meeting held on 30th June, 2009.</p>														
<b>Pecuniary relationship directly or indirectly with the Company or managerial persons</b>	<p>Except Salary, and perquisites Shri D. J. Bagchi does not have any pecuniary relationship directly or indirectly with the Company or relationship with any other managerial personnel of the Company.</p>														



**OTHER INFORMATION :**

Reasons of loss or inadequate Profile	There is no loss, but as abundant caution compliance under Para 1 (B) of Section II, Part II of Schedule-XIII to the Companies Act, 1956 has been resorted to.
Step taken or proposed to be taken for improvement	As a result of various initiatives taken by the Company over the past few years it may be seen that the profits are already on increasing trends which, barring unforeseen circumstances, is expected to continue in the future years also.
Expected increase in productivity and profits in measurable terms	The company is expected to maintain consistency in the level of growth of its productivity and profits.

**Inspection of Documents**

The agreement between the Company and Shri D. J. Bagchi is available for inspection by the members of the Company at its Registered Office on any working day between 11.00A.M. and 1.00 P.M. and will also be available at the meeting.

As per the applicable provisions of the Companies Act, 1956, the appointment and remuneration of Shri D. J. Bagchi is subject to the approval of the members of the Company. Hence, the Special Resolution set out in Item No 5 of the notice is placed for your approval. Your directors recommend passing of the said resolution in the interest of the Company.

None of the Directors of the Company is concerned or interested in the resolution in any way.

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

**D. J. Bagchi**  
CEO & Company Secretary

Place: Kolkata  
Date: 4th August 2009

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

Name of Director	Shri Brijendra Sahay	Shri Ranaj Dasgupta
Date of Birth	26.07.1939	15.02.1939
Date of Appointment	24.08.2002	23.12.2004
Expertise in specific functional areas	Wide experience across various industries	Wide experience across various industries
Qualifications	Master's Degree in Economics (Delhi School of Economics, University of Delhi and Bachelor's Degree of Law, IAS	M.Sc.
Directorships held in other public companies	<ul style="list-style-type: none"> <li>• Ginni International Limited</li> <li>• Sahara One Media &amp; Entertainment Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Sahara India Commercial Corporation Limited</li> <li>• Sahara India Infrastructural Development Limited</li> <li>• Sahara Infrastructure and Housing Limited (formerly Gora Projects Limited)</li> <li>• Sahara India Tourism Development Corporation Limited</li> </ul>
Membership/Chairmanship of committees of other public companies (includes only Audit Committees and Shareholder'/Inventors' Grievance Committee	<ul style="list-style-type: none"> <li><b>Shareholders'/ Inventors' Grievance Committee – Member</b></li> <li>• Ginni International Limited</li> <li><b>Audit Committee – Member</b></li> <li>• Sahara One Media &amp; Entertainment Limited</li> </ul>	<ul style="list-style-type: none"> <li><b>Audit Committee – Chairman</b></li> <li>• Sahara Infrastructure and Housing Limited (formerly Gora Projects Limited)</li> <li><b>Shareholders'/Investors' Grievance Committee – Chairman</b></li> <li>• Sahara Infrastructure and Housing Limited (formerly Gora Projects Limited)</li> </ul>
Shareholding in the Company	<b>Nil</b>	<b>Nil</b>



**FORM OF PROXY**

**SAHARA HOUSINGFINA CORPORATION LIMITED**

Registered Office : SAHARA INDIA SADAN, 2A, Shakespeare Sarani  
Kolkata - 700 071

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

No.\* .....

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

No. of Shares : .....

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

my/our proxy to attend and vote for me/us on my/our behalf at the Eighteenth Annual General Meeting of the Company to be held on Wednesday, 23rd September, 2009 at 11.00 A.M. at the Registered Office of the Company at Sahara India Sadan, 2A, Shakespeare Sarani, Kolkata-700 071 and at any adjournment thereof.

Signed this..... day of .....2009

Signature .....

Affix  
Re. 1/-  
Revenue  
Stamp

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



TEAR HERE

**ATTENDANCE SLIP**

**SAHARA HOUSINGFINA CORPORATION LIMITED**

Registered Office : SAHARA INDIA SADAN, 2A, Shakespeare Sarani  
Kolkata - 700 071

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

No.\* .....

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

Address : .....

Name : .....

(IN BLOCK LETTERS)

I hereby record my presence at the Eighteenth Annual General Meeting of SAHARA HOUSINGFINA CORPORATION LIMITED held on Wednesday, 23rd September, 2009 at 11.00 A.M. at the Registered Office of the Company at SAHARA INDIA SADAN, 2A, Shakespeare Sarani, Kolkata-700 071

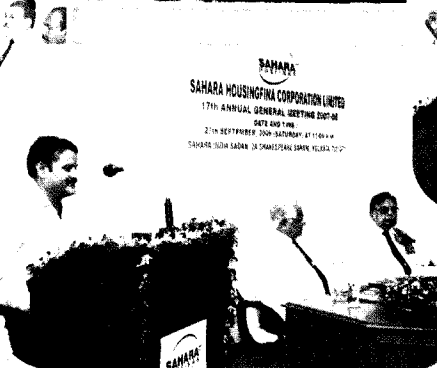
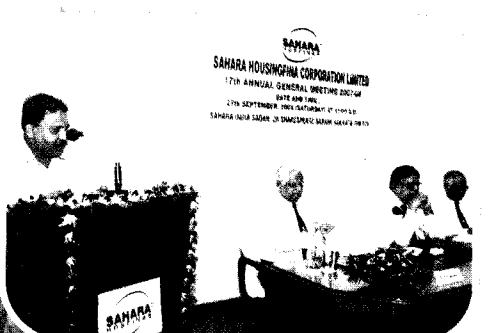
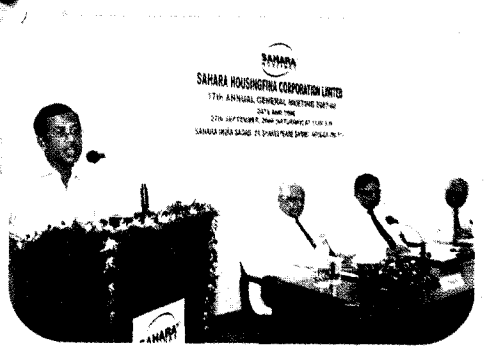
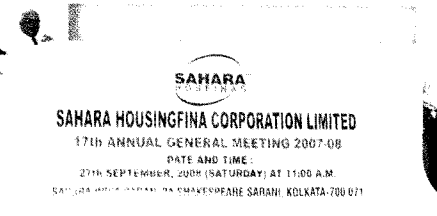
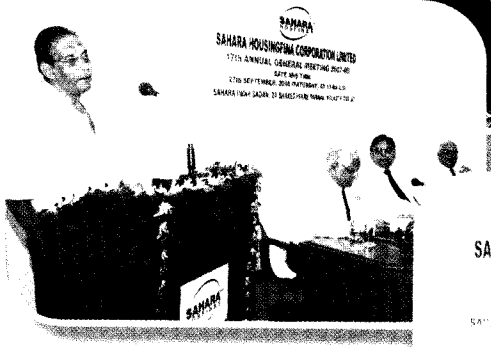
Signature of Shareholder/Proxy : .....

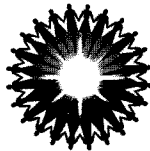
Name of Shareholder : .....

**Notes**

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

# SHOTS FROM 17th AGM





**SAHARA**  
**INDIA PARIWAR**

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