

## AUDITORS' REPORT

### TO THE MEMBERS OF SAHARA HOUSINGFINA CORPORATION LIMITED

1. We have audited the attached Balance Sheet of **Sahara Housingfina Corporation Limited**, as at March 31, 2007, 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 March 31, 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31,2007;
  - 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

Lucknow  
June 29, 2007

**PANKAJ CHATURVEDI**  
Partner  
Membership No. 91239

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

- i.
  - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b. Fixed assets have been physically verified by the management during the year pursuant to a programme for physical verification of fixed assets, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - c. There was no disposal of fixed assets during the year.
- ii. The Company being a Housing Finance Company, the provisions related to inventories as mentioned in clause 4 (ii) of the Order is not applicable.
- iii.
  - a. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4 (iii) (a), (b), (c) and (d) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
  - b. The Company has taken unsecured loan from a company listed in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and year end balance is Rs 296,543,797/-.
  - c. In our opinion, the rate of interest and other terms and conditions on which loan had been taken, are *prima facie* not prejudicial to the interest of the Company.
  - d. The Company is regular in repaying the principal amounts and the payment of interest wherever stipulated.
- iv. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and with regard to the sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have neither observed nor have been informed of any continuing failure to correct major weaknesses in internal control system of the Company.
- v.
  - a. In our opinion and according to the information and explanations given to us, the particulars of all contracts or arrangements that needed to be entered into the register required to be maintained under Section 301 of the Companies Act, 1956 have been so entered.
  - b. According to the information and explanations given to us, there was no transaction with regard to sale, purchase, or supply of goods, materials or services exceeding the value of rupees five lacs in respect of any party, in pursuance of contracts or

arrangements entered in the register maintained under Section 301 of the Companies Act, 1956.

- vi. The Company has not accepted any deposits from the public in the current year within the meaning of Sections 58A and 58AA of the Companies Act, 1956, the rules framed there under and the Housing Finance Companies (NHB) Directions, 2001 with regard to the deposits accepted from the public. Therefore in our opinion clause (vi) of Para 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company for the current year. We are informed by the management that no order has been passed by the Company Law Board, or Reserve Bank of India or any Court or any other any Tribunal.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the products of the Company.
- ix. a. According to the information and explanations given to us,, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth tax, service tax, cess and any other statutory dues applicable to it We were informed that the operations of the Company during the year did not give rise to any liability for sales tax, custom duty, excise duty and any other statutory dues. There are no undisputed amounts payable in respect of these dues which have remained outstanding as at March 31, 2007 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 a 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

Lucknow  
June 29, 2007

**PANKAJ CHATURVEDI**  
Partner  
Mambership No. 91239

**SAHARA HOUSINGFINA CORPORATION LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2007**

	<u>Schedule Reference</u>	<u>As at March 31, 2007</u> Rupees	<u>As at March 31, 2006</u> Rupees
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	70,000,000	70,000,000
Reserves and Surplus	2	107,836,535	102,296,075
<b>LOAN FUNDS</b>			
Secured Loans	3	226,350,401	210,869,078
Unsecured Loans	4	397,424,217	345,688,409
<b>DEFERRED TAX LIABILITY</b>		<u>1,216,712</u>	<u>1,422,230</u>
		<b><u>802,827,865</u></b>	<b><u>730,275,792</u></b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	15,612,832	14,182,411
Less Depreciation		<u>4,433,668</u>	<u>3,500,926</u>
Net Block		11,179,164	10,681,485
<b>INVESTMENTS</b>	6	870,800	773,600
<b>LOAN ASSETS</b>	7	764,566,940	531,621,176
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Sundry Debtors	8	1,479,192	730,919
Cash & Bank Balances	9	21,971,061	119,240,055
Other Loans & Advances	10	<u>17,013,873</u>	<u>85,375,771</u>
Total Current Assets		40,464,126	205,346,745
Less: <b>CURRENT LIABILITIES AND PROVISIONS</b>	11	<u>14,253,165</u>	<u>18,147,214</u>
<b>NET CURRENT ASSETS</b>		<u>26,210,961</u>	<u>187,199,531</u>
		<b><u>802,827,865</u></b>	<b><u>730,275,792</u></b>
Significant Accounting Policies and Notes	17		

As per our report of even date attached  
**For CHATURVEDI & CO.**  
Chartered Accountants

**FOR AND ON BEHALF OF THE BOARD**

**PANKAJ CHATURVEDI**  
Partner  
Membership No. 91239

**S.P.GHOSH**  
Director

**O.P.SRIVASTAVA**  
Director

Place : Lucknow  
Date : 29th June, 2007

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

**SAHARA HOUSINGFINA CORPORATION LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	<u>As at March 31,2007 Rupees</u>	<u>As at March 31,2006 Rupees</u>
<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	<u>200,000,000</u>	<u>200,000,000</u>
	<b><u>500,000,000</u></b>	<b><u>500,000,000</u></b>
<b>Issued, Subscribed and Paid up</b>		
70,00,000 Equity Shares of Rs.10 each.	<b><u>70,000,000</u></b>	<b><u>70,000,000</u></b>
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Special Reserve created and maintained in terms of Section 36(1)(viii) of The Income Tax Act,1961</b>		
Balance as per Last Balance sheet	31,092,289	29,049,855
Add:Transferred from Profit and Loss Account	<u>2,933,681</u>	<u>2,042,434</u>
	34,025,970	31,092,289
<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>	<u>23,156,960</u>	<u>20,550,181</u>
	<b><u>107,836,535</u></b>	<b><u>102,296,075</u></b>
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b>		
<b>Term Loans</b>		
From Banks	171,334,981	151,334,981
From Others	54,250,000	59,500,000
Interest accrued & due	<u>765,420</u>	<u>34,097</u>
	<b><u>226,350,401</u></b>	<b><u>210,869,078</u></b>
Notes		
1. The Term Loans from Andhra Bank and Gora Projects Ltd are secured by Negative Lien on assets refinanced by them individually. Further, the term loan of Andhra Bank is 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.		
<b>SCHEDULE 4</b>		
<b>UNSECURED LOANS</b>		
9% Unsecured Non-Convertible Debentures	80,000,000	80,000,000
Loan from Body Corporate	296,543,797	259,194,797
Interest Accrued and Due on loan	<u>20,880,420</u>	<u>6,493,612</u>
	<b><u>397,424,217</u></b>	<b><u>345,688,409</u></b>

**SAHARA HOUSINGFINA CORPORATION LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET**

**SCHEDULE - 5**  
**FIXED ASSETS**

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 1, 2006	Additions during the year	Write off during the year	As at March 31, 2007	Upto April 1, 2006	For the year	Write off during the year	Upto March 31, 2007	As at March 31, 2007	As at March 31, 2006
Buildings	5745548	-	-	5745548	776529	93652	-	870181	4875367	4,969,019
Computers	2336969	704,740	-	3041709	591029	443070	-	1034099	2007610	1,745,940
Solar Plant	3020000	-	-	3020000	1102687	143450	-	1246137	1773863	1,917,313
Furniture & Fixtures	1645408	364,463	-	2009871	779078	112731	-	891809	1118062	866,330
Air Conditioners	174180	27,390	-	201570	16824	9318	-	26142	175428	157,356
Office Equipment	159967	145,639	-	305606	14201	16028	-	30229	275377	145,766
Electrical fittings	70415	188,189	-	258604	7852	16649	-	24501	234103	62,563
Vehicles	1029924	-	-	1029924	212726	97843	-	310569	719355	817,198
<b>Total</b>	<b>14182411</b>	<b>1430421</b>	<b>-</b>	<b>15612832</b>	<b>3500926</b>	<b>932742</b>	<b>-</b>	<b>4433668</b>	<b>11179164</b>	<b>10681485</b>
<b>Previous year</b>	<b>13025430</b>	<b>1156981</b>	<b>-</b>	<b>14182411</b>	<b>2748170</b>	<b>752756</b>	<b>-</b>	<b>3500926</b>	<b>10681485</b>	<b>10277260</b>



**SAHARA HOUSINGFINA CORPORATION LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	<b>As at March 31,2007 Rupees</b>	<b>As at March 31,2006 Rupees</b>
<b>SCHEDULE 6</b>		
<b>INVESTMENTS</b>		
(Non-trade, Unquoted, Long Term Government Securities)		
<b>Unquoted</b>		
Governemnt Securites		
13.75% National Housing Bank Bonds 2007 (Redeemed during the Year) (One bond face value of Rs.500,000/- each)	-	500,000
11.43% GOI Stock	597,200	-
<b>Quoted</b>		
Equity Shares		
Indian Overseas Bank Limited (11,400 Equity Shares face value of Rs.10 each, Market Value Rs.103/-)	273,600	273,600
	<b>870,800</b>	<b>773,600</b>
<b>SCHEDULE 7</b>		
<b>LOAN ASSETS</b>		
Housing Loans		
Standard	741,446,340	520,998,189
Substandard	13,784,175	11,803,319
Less: Provision for Non Performing Assets		
Sub-standard	1,100,970	963,274
Doubtful	616,759	217,058
Mortgage Loans		
Standard	11,065,219	-
Less:General Provision	11,065	-
	<b>764,566,940</b>	<b>531,621,176</b>
<b>SCHEDULE 8</b>		
<b>SUNDRY DEBTORS</b>		
Installments due from Borrowers:		
More than 3 months (*)	323,340	270,581
Less:Provision for Non Performing Assets		
Sub-standard	13,086	22,416
Doubtful	45,332	4,642
More than 3 months	264,922	243,523
Less than or equal to 3 months	1,214,270	487,396
(*Net of Interest Unrecognised Rs.956,056/- Previous Year Rs.417,117/-)		
	<b>1,479,192</b>	<b>730,919</b>
<b>SCHEDULE 9</b>		
<b>CASH AND BANK BALANCES</b>		
Cash in hand	95,817	169,636
Balance with Scheduled Banks		
In Current Accounts	21,825,244	38,520,419
In Term/Fixed deposits accounts	50,000	80,550,000
	<b>21,971,061</b>	<b>119,240,055</b>
<b>SCHEDULE 10</b>		
<b>LOANS AND ADVANCES</b>		
Inter Corporate Deposit	-	70,000,000
Refundable Deposits	1,094,495	621,160
Other advances	8,914,501	8,656,448
Interest accrued on Investments	8,414	735,770
Self Assessment Tax Paid	5,168,610	4,120,580
Advance Fringe Benefit Tax	150,222	185,419
Tax Deducted at Source	1,677,631	1,056,394
	<b>17,013,873</b>	<b>85,375,771</b>

**SAHARA HOUSINGFINA CORPORATION LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	<b>As at March 31,2007 Rupees</b>	<b>As at March 31,2006 Rupees</b>
<b>SCHEDULE 11</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors	1,086,739	1,178,043
Other Current Liabilities	4,601,080	10,373,716
Advances from Customers	232,388	29,911
Investor Education and Protection Fund will be credited with following amounts :		
Unclaimed Dividend*	-	229,375
Unclaimed Deposits	113,480	113,480
Interest on Unclaimed Deposits	40,851	40,851
Unclaimed Dividend (Preference Shares)	-	5,781
	<b>6,074,538</b>	<b>11,971,157</b>
*There is no amount due and outstanding as at Balance Sheet date to be credited to Investor Education and Protection Fund.		
<b>Provisions</b>		
For Taxation	7,639,567	5,722,812
For Fringe Benefit Tax	149,908	172,643
For Gratuity	209,265	216,263
For Leave Encashment	179,887	64,339
	<b>8,178,627</b>	<b>6,176,057</b>
	<b>14,253,165</b>	<b>18,147,214</b>

## **SCHEDULE 17**

### **SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

#### **A. SIGNIFICANT ACCOUNTING POLICIES**

##### **1. METHOD OF ACCOUNTING**

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

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

##### **2. REVENUE RECOGNITION**

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

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

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

##### **3. PROVISIONS ON HOUSING LOANS**

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

##### **4. FIXED ASSETS**

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

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

## **5. DEPRECIATION**

Depreciation on fixed assets is charged on Straight Line Method at the rates prescribed in Schedule XIV of the Companies Act, 1956. The depreciation is calculated on prorata 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.

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.

Up to March 31, 2006 provision for Leave encashment was made on the basis actuarial valuation carried out by an actuary. However this has no material impact on the Profit of the company.

## **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 installments 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)

	<b>Year ended March 31, 2007</b>	<b>Year ended March 31, 2006</b>
Weighted average no of Equity Shares outstanding as on last day of the Financial Year (No)	70,00,000	6,038,356
Net Profit Rs	5,540,460	4,115,878
Basic and Diluted Earnings per Share (Rs.)	0.79	0.66
Face Value of Equity Shares (Rs)	10	10

4. Auditor's Remuneration

	<b>Year ended March 31, 2007</b>	<b>Year ended March 31, 2006</b>
Statutory Audit Fee	34,571	33,672
Tax Audit Fee	11,224	11,224
Certification and Other Charges	16,836	-
	<u>62,631</u>	<u>44,896</u>

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

<b>Component</b>	<b>As at March 31, 2007</b>	<b>As at March 31, 2006</b>
<b>Deferred Tax Liability</b>		
Depreciation (A)	19,49,277	19,40,148
<b>Deferred Tax Assets</b>		
Retirement Benefits	1,30,989	1,11,510
Provision for doubtful debts / loans	6,01,576	4,06,408
(B)	7,32,564	5,17,918
<b>Net Deferred Tax (A) - (B)</b>	12,16,712	14,22,230

## 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 shareholder having control over the company

Sahara India Corporation Limited  
Sahara India Investment Corporation Limited  
Sahara India Finance & Investment Limited

#### b. Key Management Personnel

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

#### c. Other Companies under common control

Sahara India Commercial Corporation Limited  
Sahara India Life Insurance Company Limited  
Gora Projects Limited

## 8. Disclosure of Related Party Transactions between the company and related parties for the year ended March 31, 2007.

<b>Sl. No</b>	<b>Particulars</b>	<b>Year ended March 31, 2007</b>	<b>Year ended March 31, 2006</b>
1	<b><u>Rent Paid</u></b> Sahara India Commercial Corporation Limited.	216,000	216,000
2	<b><u>Interest Paid</u></b> Sahara India Commercial Corporation Sahara India Life Insurance Corporation Limited Gora Projects Limited	18,346,523 1,312,329 3,981,754	8,223,349 - 4,471,754
3	<b><u>Loan Outstanding</u></b> Sahara India Commercial Corporation Limited Sahara India Life Insurance Corporation Limited Gora Projects Limited	271,543,797 25,000,000 54,250,000	259,194,797 - 59,500,000

9. Sundry creditors do not include amount payable to Small Scale Industrial Undertakings (SSIs) or to Micro, Small and Medium Enterprises as at March 31, 2007.

10. Managerial Remuneration

<b>Particulars</b>	<b>Year ended March 31, 2007</b>	<b>Year ended March 31, 2006</b>
Salary	1,128,466	934,356
Company's Contribution to Provident Fund	32,256	18,000
Perquisites	177,146	1,75,911
<b>Total</b>	<b>1,370,124</b>	<b>1128,267</b>

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

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

**FOR CHATURVEDI & CO.**  
Chartered Accountants

**FOR AND ON BEHALF OF THE BOARD**

**PANKAJ CHATURVEDI**  
Partner  
Membership No.91239

**S.P. GHOSH**  
Director

**O.P. SRIVASTAVA**  
Director

Place : Lucknow  
Date : 29<sup>th</sup> June, 2007

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



**SAHARA HOUSINGFINA CORPORATION LIMITED**  
**CASHFLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2007**

	<u>For the Year Ended March 31, 2007 Rupees</u>	<u>For the Year Ended March 31, 2006 Rupees</u>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit Before Tax and Extraordinary Items	7,401,706	5,768,728
Adjustments for:		
Depreciation	932,742	752,756
Provision for sub-standard assets	579,822	1,207,390
Investment income-interest/dividend	(2,069,406)	(1,387,388)
Interest and finance charges Paid	<u>48,694,294</u>	<u>26,378,363</u>
Operating profit before working capital changes	55,539,158	32,719,849
Adjustments for Working Capital Changes		
(Increase)/Decrease in Debtors	(779,633)	(217,703)
(Increase)/Decrease in Advances	70,031,165	(6,271,242)
Increase/(Decrease) in Current Liabilities	(5,896,619)	5,149,148
Increase/(Decrease) in Provisions	<u>85,815</u>	<u>(23,789)</u>
Cash Generated from operations	119,011,246	31,356,263
Direct Tax paid	<u>(1,819,276)</u>	<u>(4,590,464)</u>
<b>Net Cash from Operating Activities</b>	<b><u>117,191,970</u></b>	<b><u>26,765,799</u></b>
<b>B. NET CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Sale of Investments	500,000	-
Purchase of Investment	(597,200)	-
Purchase of Fixed Assets	(1,430,421)	(1,156,981)
Income from Investments	2,069,406	1,387,388
Invested with Body Corporate	-	(70,000,000)
<b>Net Cash From Investing Activities</b>	<b><u>541,785</u></b>	<b><u>(69,769,593)</u></b>
<b>C. NET CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Increase/(Decrease) in Term Loan (Net of Repayment)	15,481,323	122,543,061
Increase/(Decrease) in Unsecured Loan (Net of Repayment)	51,735,808	203,129,508
(Increase)/Decrease in Housing Loan (Net of Repayment)	(233,494,226)	(243,765,309)
Proceeds from Preferential Issue of Equity Share capital	-	10,000,000
Proceeds from Securities Premium	-	50,000,000
Interest and Finance charges paid	<u>(48,694,294)</u>	<u>(26,378,363)</u>
<b>Net cash from Financing Activities</b>	<b><u>(214,433,992)</u></b>	<b><u>115,528,897</u></b>
<b>D. NET INCREASE IN CASH AND CASH EQUIVALENTS:</b>		
	<b>(97,268,994)</b>	<b>72,525,103</b>
Cash and Cash equivalents of the beginning of the year	<b>119,240,055</b>	<b>46,714,952</b>
Cash and Cash equivalents of the end of the year	<b><u>21,971,061</u></b>	<b><u>119,240,055</u></b>

Notes:-

1 The cash flow statement has been prepared under the indirect method as set out in the Accounting Standard 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

2 Figures in brackets indicate cash outflow.

3 Previous year figures have been regrouped and recast wherever necessary to conform to current year classification.

4 Cash and cash equivalents as on March 31, 2007 consist of following :

Cash in hand	95,817	169,636
Balance with scheduled Banks :		
In Current Accounts	21,825,244	38,520,419
In Term/Fixed Deposit Accounts	50,000	80,550,000
	<u>21,971,061</u>	<u>119,240,055</u>

**For CHATURVEDI & CO.**  
Chartered Accountants

**FOR AND ON BEHALF OF THE BOARD**

**PANKAJ CHATURVEDI**  
Partner  
Membership No. 91239

**S.P.GHOSH**  
Director

**O.P.SRIVASTAVA**  
Director

Place : Lucknow  
Date : 29th June, 2007

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

# Auditors' Certificate

We have verified the Cash Flow Statement of Sahara Housingfina Corporation Limited from the audited financial statements of the Company for the period 1<sup>st</sup> April, 2006 to 31<sup>st</sup> March, 2007 and found the Statement to be in accordance therewith and also with the requirements of Clause 32 of the Listing Agreement with the Stock Exchanges.

Place : Lucknow  
Date : 29.06.2007

for CHATURVEDI & CO.,  
Chartered Accountants

(Pankaj Chaturvedi)  
Partner  
Membership No. 91239