

There's some place

where dream comes naturally...

And we call that place Home.



SAHARA HOUSINGFINA CORPORATION LIMITED

Building the dream for every Indian

There's some place

that you enter once in your life....
and stay forever.

And we call that place Home.



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CORPORATE INFORMATION

Board of Directors

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

Chief Executive Officer & Company Secretary

Shri D.J. Bagchi

Senior Management Personnel

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

Statutory Auditors

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

Internal Auditors

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

Bankers

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

Registrars & Share Transfer Agents

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
Lal Bahadur Shastri Marg
Bhandup (W), Mumbai – 400 078

Registered Office

SAHARA INDIA SADAN
2A, Shakespeare Sarani, Kolkata – 700 071, www.saharahousingfina.com

BOARD OF DIRECTORS



Shri Om Prakash Srivastava



Shri Joy Broto Roy



Shri Seemanto Roy



Shri Brijendra Sahay



Shri S. P. Ghosh



Shri Ranoj Dasgupta

PROFILE OF DIRECTORS & KEY MANAGERIAL PERSONNEL

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

Shri Om Prakash Srivastava, age 57 years, is one of the Promoter Directors of the Company. He holds a Master's Degree in Arts and a Bachelor's Degree in Law from Gorakhpur University. He has over 30 years of experience in retail finance and real estate. He has held several important industrial and financial positions. He has been invited as a speaker by the World Bank and International Forums in Paris and Vienna acknowledging his views on the subject of emerging markets in the developing nations. He has been awarded "Pragati Purush" by the Governor of Uttar Pradesh and has also been honoured by the National and International Forums of Kayastha Samaj. He has done extensive work through Sahara Welfare Foundation on many corporate social responsibility activities. He was also an Executive Council Member of the Uttar Pradesh Technical University.

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

Shri Joy Broto Roy, age 51 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 experience of almost three decades 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 had also held the post of the President of the West Bengal Hockey Federation.

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

Shri Seemanto Roy, age 35 years, holds a Bachelors Degree in Arts from Lucknow University. He has been the Head of Aamby Valley City and the Entertainment businesses of Sahara India Pariwar and contributed immensely during his association with these divisions of the Sahara India Group. He has more than 10 years of experience in the real estate sector. He had also been associated with the Sahara Airlines (now divested) in the capacity of Director. Presently, he holds, amongst others, Directorships on the Board of Sahara Prime City Limited, Sahara India World Mart Corporation Limited, Sahara Adventure Sports Limited, Aamby Valley Limited, Sahara Safe Drinking Water Supply Limited, Sahara India Club Royale Corporation Limited. He created the

Customer Delight Centre (CDC) at Aamby Valley City and subsequently headed the ₹ 100 Cr Lake Front Development project at Aamby Valley City.

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

Shri Brijendra Sahay, age 73 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 73 years, is a former Executive Director of the National Housing Bank. He belonged to the service cadre of Reserve Bank of India and held various important positions in RBI which included deputation of service to Unit Trust of India (UTI) and NABARD. Presently, he is also on the Board of Bengal Ambuja Metro Development Limited, Shristi Infrastructure Development Limited, Home First Finance Company India Private Limited, Shristi Housing Development Private Limited, DBS Affordable Home Strategy Limited, Bengal Shristi Infrastructure Development Limited.

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

Shri Ranaj Dasgupta, age 73 years, holds a Masters degree in Agricultural Sciences and is known for his administrative, enterprising and dynamic qualities. His Directorships include Sahara Infrastructure and Housing Limited, Sahara India Tourism Development Corporation Limited, Sahara India Infrastructural Development Limited and Sahara India Commercial Corporation Limited.

DETAILS OF THE KEY MANAGERIAL PERSONNEL:

❖ **SHRI D. J. BAGCHI**

Shri D. J. Bagchi, age 49 years, is a Fellow member of the Institute of Company Secretaries of India (ICSI) and a LLB, having more than 20 years experience in the Mortgage Finance Industry. He is presently the Chief Executive Officer & Company Secretary of the Company, possessing business expertise and professional knowledge in Secretarial & Legal Matters and is in charge of the Company's Business Development, Resource Mobilisation and Statutory & Regulatory Compliances.

CEO Speak ...



Dear Shareholder,

Housing remains a basic need that provides a place to 'rest & roost' to the individual. It also simultaneously serves as a valuable collateral enabling access to credit from the financial market.

India is witnessing constant increase in urban population. Nearly 30 per cent of the country's population lives in cities and urban areas – double the level of urbanization at the time of Independence in 1947 and projected to reach 50 per cent in 2030. Within the urban population, the ability to borrow from the formal market of the rapidly growing informal sector is not adequately recognized resulting in a new challenge for the policymakers and financiers. Although there has been continued deepening and broadening of the financial system, through a series of comprehensive financial reforms, the outstanding housing loans account for only 7.25 per cent of India's GDP, when compared with China (12 per cent), Thailand (17 per cent), and Malaysia (29 per cent).

Housing finance sector in India has experienced buoyant growth over the past several years. Though there is no lack of demand for housing, there is shortage of credit flow. New initiatives towards building an appropriate market infrastructure would support the growth and development of an efficient and transparent demand driven housing market in the country, particularly for the low and moderate income households. Financial penetration in these market segments is still low. The need

to develop the right business model is clearly recognized by the policymakers, regulators and the industry. This will address various aspects of affordability such as efficient financing, risk mitigation, credit enhancement and specialist approach that can result in more innovative products. Parallel intervention on the supply side by way of better land governance, infrastructure management, new innovative technologies in construction etc. are already engaging the attention of the planners and the Policy institutions.

During the year ended March 31, 2012, your Company recorded a total income of ₹ 2017.51 lacs, Profit Before Tax (PBT) of ₹ 299.26 lacs and Profit After Tax (PAT) of ₹ 221.72 lacs. The Net Owned Fund (NOF)/ Shareholders' Equity & Assets under Management (AUM) balance of the Company as on March 31, 2012 stood at ₹ 2738.51 lacs & ₹ 14612.13 lacs, respectively. Earnings Per Share (EPS) as on that date was ₹ 3.17. The dip in Company's performance, albeit marginal, was attributed inter alia mainly to insufficiency of funds, rise in loan foreclosures/pre-payments and abolishment of foreclosure/prepayment levies on housing loans. There is clearly a long way to go before the company can be said to be fulfilling its potential.

The Company today faces the challenges of resource mobilisation to generation of new business, apart from the other common challenges facing the Housing Finance Industry like managing higher cost of funds, maturity mismatches (asset-liability mismatches), containing non-performing assets (NPAs), rising interest rates, thinning profit margins amidst fierce competition.

I am confident that with the trust and confidence of our customers, investors and the lending institutions, SHCL will be able to establish itself as a prominent player in the Housing Finance sector in India in the foreseeable future.

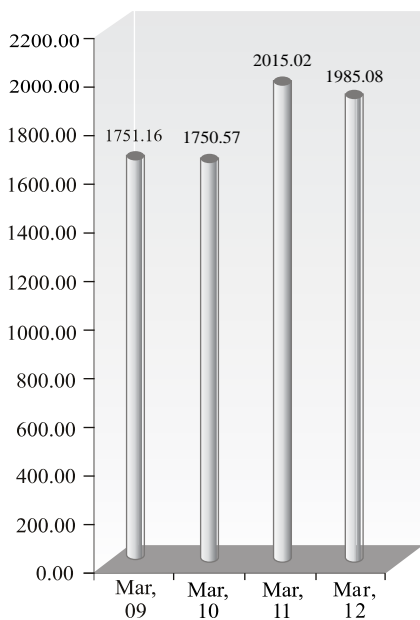
On behalf of the Board, the Executive Management and the entire SHCL team I thank you for your valuable trust and seek your continued interest and support.

D. J. Bagchi
Chief Executive Officer

OPERATIONAL HIGHLIGHTS

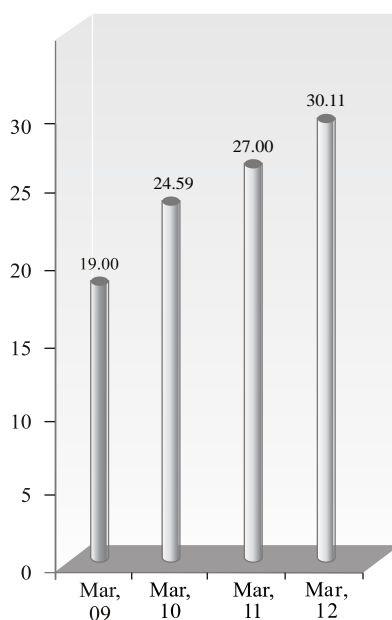
Income from Operations

₹ in lacs



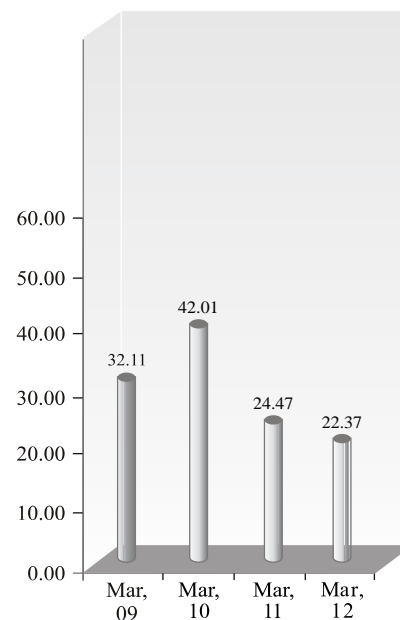
Capital Adequacy Ratio

%



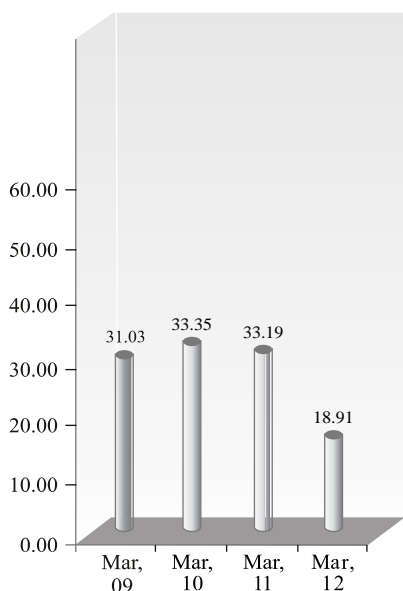
Incremental Loan Sanctioned

₹ in Crores



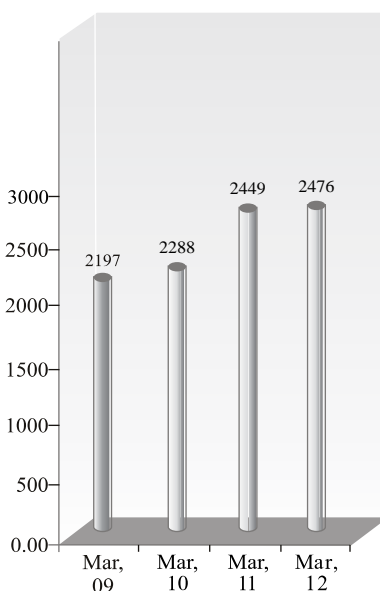
Incremental Disbursement of Loans

₹ in Crores



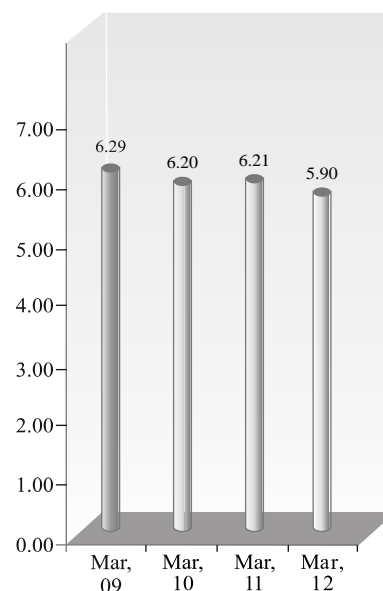
Loan Accounts

Numbers



Average Ticket Value

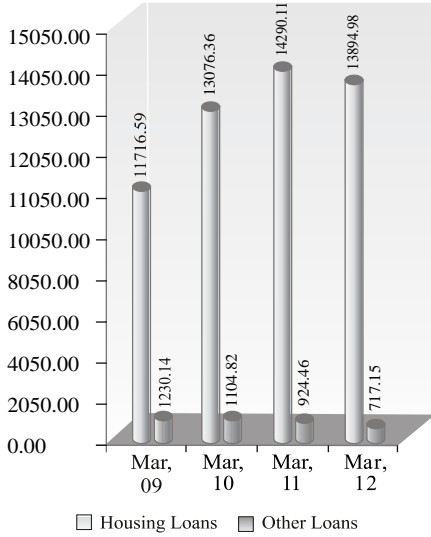
₹ in lacs





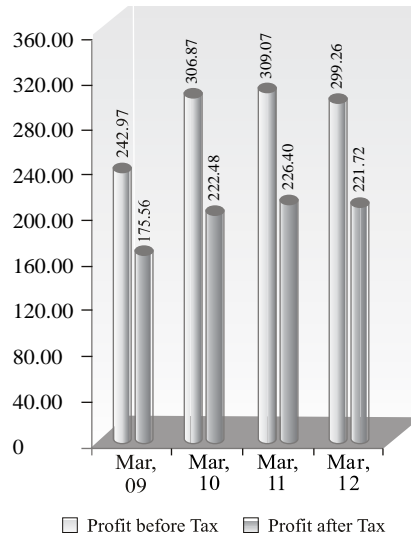
**Loan Outstanding -
Housing Loan & Other Loan**

₹ in lacs



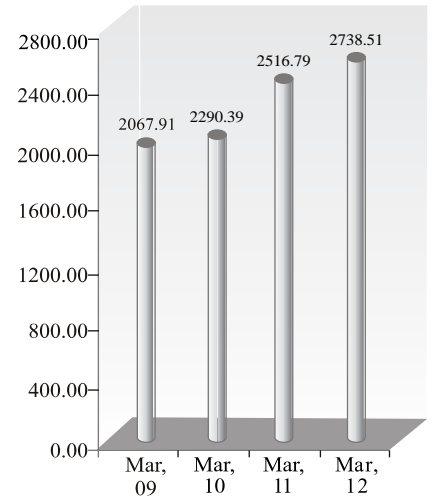
**Profit Before Tax &
Profit After Tax**

₹ in lacs



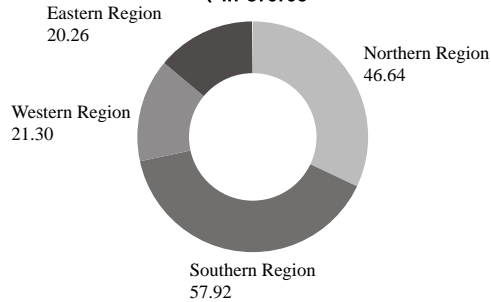
Net Owned Fund (NOF)

₹ in lacs



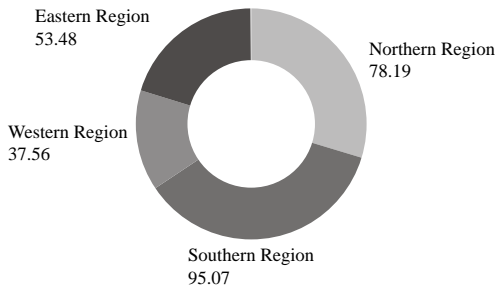
Regionwise Loan Outstanding

₹ in Crores



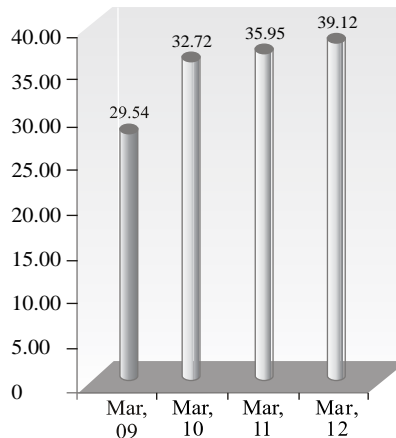
Regionwise Cumulative Disbursement

₹ in Crores



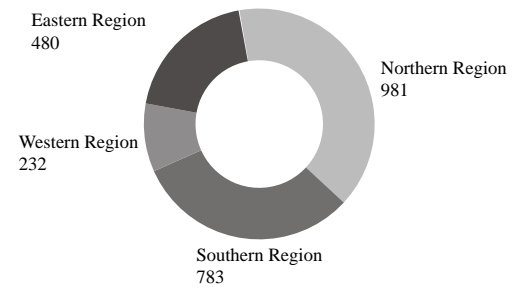
Book Value of Shares

₹



Regionwise Loan Accounts

Numbers



DIRECTORS' REPORT

To the members of Sahara Housingfina Corporation Limited,

The Board presents its Twenty- First Annual Report and the Audited Statement of Accounts of the Company for the year ended March 31, 2012.

FINANCIAL RESULTS

(₹)

Particulars	2011-2012	2010-2011
GROSS INCOME	20,17,50,791	20,38,65,671
Less:		
Interest	12,80,56,455	13,32,76,648
Overheads	4,22,49,010	3,82,05,487
Depreciation	15,19,602	14,76,785
Profit Before Tax (PBT)	2,99,25,724	3,09,06,751
Provision for Taxation		
– Current Tax	81,55,376	89,42,712
– Deferred Tax	(4,25,661)	(8,67,948)
– Income Tax related to earlier years	23,737	1,92,224
Profit After Tax (PAT)	2,21,72,271	2,26,39,763
Add: Profit carried from earlier years	7,32,25,340	5,72,30,090
Profit available for appropriations	9,53,97,611	7,98,69,853
Appropriations		
Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	61,59,803	66,44,513
Balance carried to Balance Sheet	8,92,37,808	7,32,25,340

PERFORMANCE

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

Income & Profit (PBT & PAT)

- The Profit and Loss Account shows a profit before tax of Rs. 299.26 lacs after making provisions for NPAs and Loan Assets (General) and taking into account all expenses, including depreciation as against the profit before tax of Rs. 309.07 lacs for the previous year. The provision for income tax (net of deferred tax) is Rs. 77.53 lacs and the profit after tax for the year is Rs. 221.72 lacs as against Rs. 226.40 lacs in the previous year. Taking into account the balance of Rs. 732.25 lacs being brought forward from the previous year, the distributable profit is Rs. 953.98 lacs.

- The Gross Income for the year under review declined marginally by 1.04 per cent to Rs. 2017.51 lacs in comparison to last financial year's income of Rs. 2038.66 lacs.

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

- Shareholders' Equity (Net Owned Fund) increased to Rs. 2738.51 lacs from Rs. 2516.79 lacs in the previous year, an increase of 8.81 per cent (approx).
- The total Assets Under Management of the Company as on March 31, 2012 is Rs. 14612.13 lacs as against Rs. 15214.58 lacs in the previous year, thereby registering a marginal decline of 3.96 per cent (approx).



Earnings Per Share (EPS)

The Earnings Per Share (EPS) is Rs. 3.17 as at March 31, 2012 as against Rs. 3.23 as at March 31, 2011.

Lending Operations

The main thrust continues on individual housing loans. Housing loan to individuals i.e. retail loans constitute 100% of the outstanding loan portfolio as at March 31, 2012. During the year under review, your Company disbursed loans aggregating to Rs. 1891.46 lacs (Previous year Rs. 3319.06 lacs). The outstanding loan portfolio as at March 31, 2012 stood at Rs. 14612.13 lacs (Previous Year 15214.58 lacs).

The Cumulative Log-in, Sanction and Disbursement amount as on March 31, 2012 are as under:

Particulars	No. of Accounts		Amount (₹ in Lacs)	
	2011-12	2010-11	2011-12	2010-11
Cumulative Log-in	5272	5062	48568.19	45968.66
Cumulative Sanction	3241	3063	32266.95	30029.95
Cumulative Disbursement	3046	2888	26429.87	24538.41

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

The performance of your Company, financial as well as operational, witnessed a marginal decline mainly due to insufficiency of funds coupled with vagaries of business environment including stiff competition from peers and banks, reduction in margins, increase in operating expenses, rise in loan foreclosures/Pre-payments including abolishment of foreclosure/pre-payment charges etc.

RESOURCE MOBILISATION THROUGH SUBORDINATED DEBT

The Board of Directors on May 30, 2012 approved the issue of 10% Unsecured, Redeemable, Non-convertible Debentures (NCDs) classified as "Subordinated Debt" (Tier II Capital) under Section 2(zd) of sub-rule (1) of Rule 2 of Chapter - I of the Housing Finance Companies (NHB) Directions, 2010. At the subsequent meeting held on July 25, 2012, the Board issued and allotted on Private Placement basis 2500, 10% NCDs at face value of Rs. 1 lac each as "Subordinated Debt" redeemable at the expiry of 84 months from the date of issue, aggregating Rs. 2500 lacs. The infusion is expected to ease the long standing problem of paucity of funds to generate new business.

CREDIT RATING

Your Company has been assigned a CARE BB+ (Double B Plus) rating from Credit Analysis and Research Limited (CARE Ratings) in July, 2012 for its 'Long-term Bank Facilities' aggregating to Rs. 5000 lacs.

DIVIDEND

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

DEPOSITS

The Company has been granted registration by the National Housing Bank, New Delhi as a non-deposit taking Housing Finance Company. Being so, the Company has neither accepted in the past nor has any future plans to accept any public deposits, by whatever name called.

NON-PERFORMING ASSETS AND PROVISIONS

The amount of gross Non- Performing Assets (NPA) as on March 31, 2012 was Rs. 249.62 lacs, which is equivalent to 1.71 per cent of the loan portfolio of the Company as against Rs. 273.71 lacs i.e.1.80 per cent of the housing loan portfolio as at March 31, 2011. Your Company continued its strict adherence to the prudential guidelines for Non-Performing Assets (NPAs), issued by the National Housing Bank (NHB) under its Directions of 2010, as amended from time to time. The Company has made adequate provision for the assets on which instalments are overdue for more than 90 days and on other assets, as required.

REGULATORY GUIDELINES/AMENDMENTS

The Company has been following guidelines, circulars and directions issued by National Housing Bank (NHB) from time to time.

As per the Housing Finance Companies (NHB) Directions, 2010 dated June 10, 2010, every Housing Finance Company (HFC) shall maintain a minimum Capital Adequacy Ratio (CAR) of 12 per cent. The Capital Adequacy Ratio of SHCL as on March 31, 2012 was 30.11 per cent.

During the year NHB advised HFCs not to charge prepayment levy or penalty on pre-closure of housing loans subject to satisfaction of certain conditions. Your Company has immediately taken steps to comply with the circular.

Besides above, your Company has continued to comply with the guidelines in respect of Income Recognition, Asset Classification, Provisioning for Non-Performing Assets, maintaining Capital Adequacy Ratio etc. issued by NHB from time to time.

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

DIRECTORS

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

INTERNAL CONTROL

The Company has internal audit system whereby internal audit is conducted by the internal auditors and reports are submitted on a periodic basis. The exercise is further complemented by an in-house team (Conformity Assessment Team) to ensure the understanding and compliance of various policies & procedures at all levels and to assure the management that the plans and policies framed by it have actually been implemented.

Your Company has framed policies on 'Know Your Customer & Anti-Money Laundering Standards' (amended on November 10, 2010), 'Fair Practice Code' (as amended on May 30, 2011), 'Policy on Partial/Part-Prepayment', 'Foreclosure/Pre-closure of loan prior to actual/agreed date of closure' (amended on July 25, 2012), 'Code of Conduct for Direct Selling Agents' (framed on July 31, 2008), 'Guidelines for Recovery Agents' (framed on July 31, 2008) 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.

TECHNOLOGY UPDATION

During the later part of the financial year 2011-12 the work on commissioning the "Operational Module" of the in-house developed software was commenced. The trial run is expected during the ongoing financial year. Newer application software was implemented for improved information flow.

Regular updation of Systems and procedures is undertaken from time to time to provide checks and alerts for avoiding fraud arising out of misrepresentation given by borrower/s while availing loans.

AUDITORS

Pursuant to the recommendations of the Audit Committee at its meeting held on May 30, 2012, the Board of Directors of the Company has approved, subject to the approval of the Members at the ensuing Annual General Meeting, the appointment of M/s Chaturvedi & Co., (Firm Registration No. 302137E) Chartered Accountants, Kolkata, as the Statutory Auditors, of the Company for the financial year 2012-13.

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

The Board of Directors recommends the appointment of M/s Chaturvedi & Co., Chartered Accountants, Kolkata, as the Statutory Auditors, of the Company for the financial year 2012-13.

AUDITORS' OBSERVATIONS

No adverse remark or observation is given by the Statutory Auditors. The observations made by the Statutory Auditors in their report, read with the relevant notes to accounts, are self-explanatory.

STATUTORY INFORMATION

The Company does not own any manufacturing facility. Hence the particulars relating to conservation of energy and technology absorption as per section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable. There has been no foreign exchange earning and outgo during the year under review.

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

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

DEPOSITORY SYSTEM

The Company has entered into an agreement with CDSL/ NSDL for transaction of shares in dematerialized form. As on March 31, 2012, only 3.08 per cent of the Company's Paid up Share Capital consisting of 2,15,785 shares were held in physical form. As per the Securities and Exchange Board of India's (SEBI) instructions, the Company's shares have to be transacted in dematerialised form and therefore, members are requested to convert their holdings to dematerialised form.

HUMAN RESOURCES AND TRAINING

The Company aims to align HR practices with business goals, motivate people for higher performance and build a competitive working environment. Productive high performing employees



are vital to the company's success. The Board values and appreciates the contribution and commitment of the employees towards performance of your Company during the year. In pursuance of the Company's commitment to develop and retain the best available talent, the Company continued to offer in-house training programme to staff members in executive development, leadership and management skills. The Company had organised various training programmes for upgrading the skill and knowledge of its employees in different operational areas. The Company also sponsored its employees at various levels to attend various seminars and programmes conducted by various organizations and institutions including Training programmes conducted by the National Housing Bank so as to update their knowledge and to keep them abreast of all the developments in their respective fields.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

INSURANCE COVERAGE TO BORROWERS

Your Company continues its arrangement with National Insurance Company Limited to offer comprehensive insurance cover product called "**NATIONAL INSURANCE SAHARA HOME LOAN SURAKSHA BIMA**" which affords protection to the borrowers of the Company against the following risks/perils/natural calamities:

(A) PERSONAL ACCIDENT INSURANCE: Death due to accident/Accidental loss of two limbs, two eyes or one limb and one eye; Permanent total disablement from injuries other than specified herein.

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

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

CORPORATE GOVERNANCE

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

Your Company has been complying with the principles of good corporate governance over the years. The Board of Directors support the broad principles of Corporate Governance. In addition to basis governing issues, the Board lays emphasis on transparency, accountability and integrity.

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

A NOTE OF APPRECIATION

Your Directors place on record their appreciation for the advice, guidance and support given by various regulatory authorities including the NHB, RBI, SEBI, MCA, Registrar of Companies, the Stock Exchange (BSE), Depositories and all the bankers of the Company. The Directors would also like to acknowledge the role of all its stakeholders – shareholders, borrowers, key partners, and lenders for their continuing support to the Company. Your Directors also record their appreciation for the dedicated services of the employees and their contribution to the growth of the Company. The Board would also like to express its sincere appreciation to all the Company's valued Shareholders, RTA, Service Providers and Counsellors for their continued support and patronage.

for and on behalf of the Board of Directors

(O. P. Srivastava)
Director

(S. P. Ghosh)
Director

Kolkata
July 25, 2012

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Global Economic Perspective

Economic growth had been relatively modest in the advanced economies during the latter half of 2010 mainly on account of the severe impact of the financial crisis on such economies. However, following some recent negative developments across the world, there are strong fears of these economies sliding into another phase of economic trough. The emerging and developing economies, which had displayed robust growth trends during most part of the year 2010 and the early part of 2011, have now begun to display growth marked by regional disparities.

While developing economies in Central and Eastern Europe, Central Asia and Latin America have experienced positive turnaround in economic activity on account of surging commodity prices; developing economies in Asia witnessed weakening activity and growth owing to supply-side disruptions and uncertainties resulting from declining demand from advanced economies. Developing economies, particularly in the Asian region, have witnessed the gradual withdrawal of fiscal stimulus along with monetary tightening to curb inflationary pressures mainly relating to supply-side bottlenecks relating to food and fuel.

Amongst the advanced economies, those in Asia have fared better in comparison to their counterparts in the Euro Zone area and North America. However, disruptions resulting from the natural calamity experienced in Japan are expected to not only slow down activity in the Asian region but also result in a further loss of momentum globally owing to supply-side disruptions and consumption slowdown. The developing economies in the Asian region, which were leading the rest of the world with their buoyant growth trends have now begun to experience slack in economic activity owing to inflationary pressures and other external growth retarding factors.

On the back of the deteriorating conditions in global financial markets and slowdown in economic activity, the return to growth trajectory in advanced economies is expected to be slow depending to a great extent on the response of policymakers involved in reviving their economies. The World Economic Outlook (WEO) predicts modest growth in the advanced economies and relatively buoyant growth in emerging and developing economies in the near term. The World Economic Outlook, September 2011, released by IMF predicts global growth to be about 4 per cent during 2011-12.

(Source: NHB Report on Trends and Progress of Housing in India, 2011)

Overview of the Indian Economy

Macroeconomic Overview

Managing growth and price stability are the major challenges of macroeconomic policymaking. In 2011-12, India found itself in the heart of these conflicting demands. Economic Survey 2010-11 had anticipated that the Indian economy would register growth of around 9 per cent (+ or - 0.25 per cent) in 2011-12,

almost reverting to the pre-crisis levels achieved during the three-year period 2005-6 to 2007-8. The optimism was driven in part by the fact that the economy had achieved a growth rate of 8.4 per cent during the years 2009-10 and 2010-11 and the savings and investment rates had begun rising once again. However, during the course of the year it became increasingly clear that economy would fall short of that growth rate by a significant margin for various reasons. As per the Advance Estimates (AE) released by the Central Statistics Office (CSO) on February 7, 2012, economy was expected to register a growth rate of 6.9 per cent in 2011-12.

A part of the reason for the slowdown lies in global factors, particularly the crisis in the eurozone area and near-recessionary conditions prevailing in Europe; sluggish growth in many other industrialized countries, like the USA; stagnation in Japan; and hardening international prices of crude oil, which always has a large effect on India. Domestic factors, namely the tightening of monetary policy, in particular raising the repo rate in order to control inflation and anchor inflationary expectations, resulted in some slowing down of investment and growth, particularly in the industrial sector.

The weak global economic prospects and continuing uncertainties in the international financial markets have had their impact on emerging market economies like India. Sovereign risk concerns, particularly in the euro area, affected financial markets for the greater part of the year, with the impact of Greece's sovereign debt problem spreading to India and other economies by way of higher-than normal levels of volatility. The funding constraints in international financial markets could impact both the availability and cost of foreign funding for banks and companies, since the Indian financial system is bank dominated and banks' ability to withstand stress is critical to overall financial stability. Indian banks however remain robust, notwithstanding a decline in the capital to risk weighted assets ratio and spurt in non-performing asset levels in the recent past. Capital adequacy levels remain above the regulatory requirements.

Keeping in view progressive deregulation of interest rates, savings bank account interest rates were deregulated with effect from October 25, 2011, wherein banks will have to keep a uniform rate of interest for savings accounts with deposits up to Rs. 1 lakh, while differential interest rates could be set for savings deposits over Rs. 1 lakh. The deregulation is expected to improve the transmission of monetary policy. It is also expected to enhance the attractiveness of savings accounts and encourage thrift behaviour in the economy by bringing savings.

The growth rate of investment in the economy is estimated to have registered a significant decline during the current year. The year has been witnessing a sharp increase in interest rates that resulted in higher costs of borrowings; and other rising costs affecting profitability and, thereby, internal accruals that could be used to finance investment.

(Source: Economic Survey, Ministry of Finance, Govt. of India, 2011-12)

Monetary Management

The RBI hiked the repo rate 13 times between March 2010 and January 2012, cumulatively by 375 basis points (bps). With supply-side factors feeding into food inflation and an uncertain economic scenario in advanced countries necessitating repeated liquidity injections by these countries to counter recessionary trends, the task of monetary policy calibration was particularly challenging. Sustained rate increases have, to an extent, impacted growth negatively. However, the period from December 2011 to January 2012 marked a reversal of the cycle with the RBI in its Third Quarter Review of Monetary Policy keeping the repo and reverse repo rates unchanged at 8.5 per cent and 7.5 per cent respectively. The cash reserve ratio (CRR), however, has been reduced from 6.0 to 5.5 per cent in order to ease the liquidity situation and aid revival of growth.

(Source: Economic Survey, Ministry of Finance, Govt. of India, 2011-12)

The Indian Housing Sector

Housing is a basic need that provides a place of 'home' to the individual and is valuable collateral that can enable him to access credit from the financial market. India is witnessing increasing levels of urban population. Nearly 30 per cent of the country's population lives in cities and urban areas – double the level of urbanization at the time of Independence in 1947 and projected to reach 50 per cent in 2030. Within the urban population, there is a rapidly growing informal sector whose ability to borrow from the formal market is not adequately recognized. This is also posing a new challenge to the Policymakers and financiers.

Although there has been continued deepening and broadening of the financial system, through a series of comprehensive financial reforms, the outstanding housing loans account for only 7.25 per cent of India's GDP, when compared with China (12 per cent), Thailand (17 per cent), and Malaysia (29 per cent).

A major policy concern for India is the widening gap between demand and supply of housing units and inadequate housing finance solutions. Investments in housing result in higher capital formation as it contributes to national wealth. Home ownership is also a measure of country's economic and social development. Though the housing finance sector in India has experienced buoyant growth over the past several years, the homelessness amongst the lower segments of population has continued to increase. "Affordable Housing" has crucial implications for the country as the market needs balanced and sustainable funding models, and pro-active participation of all stakeholders.

(Source: NHB Report on Trends and Progress of Housing in India, 2011)

The Housing Finance Industry

Acquisition of a house requires substantial investment on the part of the home buyer and a significant majority of home purchases are made through borrowings from banks and financial institutions. With support from the lending institutions, housing credit has grown substantially over the years, resulting in increased market penetration. However, access to formal credit is mostly available to the people in the formal sector who are salaried and have documented incomes.

The emerging challenge is to meet the housing needs of the low and moderate income households in urban and rural areas. Though there is no lack of demand for housing, there is shortage of credit flow. Affordable price of the housing unit is a more critical need and perhaps a bigger challenge than the provision of credit to the people. Aspirations of the people to own a house supplemented with their increasing incomes has resulted in an increased demand for credit among the people in the middle income segments. There are growing housing activities in Tier II and Tier III cities supported by easy availability of credit on the back of growing demand. A better understanding and appreciation of the risks and strengths of this growing and potentially very stable market has helped the lenders in achieving greater penetration of this market through innovative market based products.

People in the lower income segments and in the informal sector often find their own informal solutions in the urban habitat, adding to the squatter and slum population. Lack of sufficient and affordable finance and construction has resulted in poor living conditions for a large segment of the urban slum population lacking access to basic civic amenities and sub-standard hygienic conditions.

The housing sector in India historically had significant gaps in terms of credit flow and market infrastructure. The market reforms and liberalization through the 1990's contributed substantially to the productivity and efficiency of this sector in terms of credit flow and its absorption in the market. The supply responses, however, have not been so smooth, often marked by rigidities. Due to inadequate supply of land, infrastructure and housing, which are all part of the "real economy", the affordability is seriously affected. A number of policy measures have been initiated through the partnership between the Centre and State Governments. As a result, integration of the financial market with the "real" housing sector which was a serious challenge when the reforms began in the early nineties, is getting to be addressed through partnership initiatives at the Policy level between the Centre, State and local bodies and through greater involvement of the private sector. Besides the network of formal financing institutions, a large number of microfinance institutions (MFIs), community based organisations (CBOs), self-help groups (SHGs) etc are operating in the urban and rural space, serving the housing and housing finance needs of these segments of the population. Although, the cost of housing finance from these small sources is comparatively high, the easy, quick and timely availability of finance are supporting the growth and development of this market segment.

(Source: NHB Report on Trends and Progress of Housing in India, 2011)

Housing Finance Companies

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

- Cost of funds
- Strong credit function
- Cost of operations
- Product features
- Brand recognition

Dependence on wholesale funding sources

Most HFCs rely primarily on wholesale funding sources for onward lending. As shown in the below graphs of HFC borrowing profiles, while the bigger HFCs have more diversified funding profiles, the smaller ones continue to depend largely on banks and NHB to meet their borrowing requirements. NHB is likely to remain an important source of long-term funds for the smaller HFCs, given that the institution mobilizes funds at competitive rates and on-lends the same while maintaining thin interest spreads because of its developmental role in the mortgage finance market. Also, most HFCs have increased their emphasis on mobilizing public deposits to diversify their funding profile, as they perceive deposits to be a relatively stable source of funding, especially after the liquidity crisis of October 2008. However, despite these initiatives, HFCs are likely to remain reliant on wholesale funding sources, and as a result, any prolonged tightness in liquidity at the systemic level could affect their cost of funds. (Source: ICRA Rating Feature, November 2011)

The following table gives the borrowing profile of all HFCs as at March 2011.

Source	Percentage
Commercial Papers	4
Loans from Banks	37
Other loans	2
NHB refinance	5
Fixed deposits	13
NCDs	39
Total	100

(Source: ICRA Rating Feature, November 2011)

HFCs - Key Financial Indicators

(Amount in Rs. Crore)

Particulars	Outstanding as on March 31					
	2009	Growth %	2010	Growth %	2011	Growth %
Paid up capital	4797.13	10.94	4,890.47	1.95	5,167.72	5.67
Free Reserves	19,930.63	14.65	24,674.83	23.80	29,657.67	20.19
Net owned fund (NOF)	22,293.00	6.37	28,180.65	26.41	32,730.89	16.15
Public deposits	20,296.27	55.14	27,035.75	33.21	28,694.34	6.13
Outstanding Housing Loans	1,26,823.50	16.12	1,53,188.73	20.79	1,86,438.25	21.71

(Source: NHB Report on Trends and Progress of Housing in India, 2011)

Outlook

The Indian economy's outlook for the year 2012-13 remains favourable, given the strong fundamentals it rests upon. However,

given the high degree of integration with the global economy, some recent developments may pose hindrances to domestic growth. Although global commodity prices have somewhat moderated in recent times, the risks associated with high commodity prices cannot be discounted. Global oil prices have continued to exhibit surging trends in international markets and it poses a major risk to India's growth and inflation.

Persistent high inflation continues to pose a threat to sustainable growth in the medium term. The challenge of managing inflationary pressures while sustaining growth and development persists. The RBI continued with its anti-inflationary Policy stance, keeping in view the need to balance the adverse movements in inflation with recent global developments and their likely impact on the domestic growth trajectory.

(Source: NHB Report on Trends and Progress of Housing in India, 2011)

Opportunities and Threats

A Technical Group constituted by the Ministry in 2006 to assess the urban housing shortage has estimated that at the end of the 10th Five Year Plan (2007-08), the total housing shortage in the country was 24.71 million. Combining the housing shortage at the beginning of the 11th plan period and the additional requirements during the 11th plan period, the total requirement of urban housing during the XI Plan period (2007-2012) works out to be 26.53 million units as shown in Table below:

Housing Requirement during XI Plan Period	As on 2012
1. Housing Shortage as on 2007 (Million)	24.71
2. Households (Million)	75.01
3. Pucca Houses (Million)	53.49
4. Semi Pucca Houses (Million)	10.05
5. Katcha Houses (Million.)	2.56
6. Addition to households (Million.)	8.71
7. Addition to housing stock	7.27
8. Upgradation of Katcha Houses (Million.)	0.38
9. Additional requirement (Million.) (6-7+8)	1.82
10. Total requirement (Million units)	26.53

(Source: Report of the Technical Group – 11th Five Year Plan: 2007-12 on Estimation of Urban Housing Shortage)

Thus it is clear that, taking the business as usual scenario, the total shortage of dwelling unit at the beginning of the 11th Plan Period i.e. 2007 will be 24.71 million. The housing shortage during the plan period (2007-2012) including the backlog can then be computed as 26.53 million.

This indicates a huge growth potential for the housing sector and in turn presents a fantastic growth opportunity for the housing finance industry. However majority of the requirements will be in "low income group segment" and in "tier II and tier III cities". Hence Housing finance companies has to immediately expand its network in such centres.



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

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

Segment Reporting

Accounting Standard 17 regarding Segment-wise Reporting does not apply to your Company since revenues are derived from only one segment i.e. housing finance activity.

Risks and Concerns

One general feature observed in many of the housing finance companies is lowering of interest spreads due to increase in cost of funding and competitive rates to be offered on housing loans due to stiff competition from scheduled commercial banks. Upward trend witnessed in property prices and the expected rise in interest rates will impact the affordability of vast number of end users.

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

Risk Management

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

Risk Management Committee

SHCL has formed an Asset Liability Committee (ALCO) which meets at periodic interval to review its approvals and controls to the various risks faced. The ALCO reviews the process of implementation of various risk management techniques, system policies, procedure and evaluates as well as advises for changes required in relation to the business environment.

Internal Control Systems & Adequacy

The company has internal control system commensurate with the size of its operations. Adequate records and documents are maintained as required by law from time to time. Internal audits and checks are regularly conducted and internal auditor's recommendations are seriously considered for improving systems and procedures. The company's audit committee reviews the internal control system and looks into the observations of the statutory and internal auditors. The Company has also established a team in-house for assessing that various policies and procedures being implemented from time to time are being understood and complied at all the levels. The report of such assessment is placed before the Board periodically.

Discussion of Financial Performance With Respect To Operational Performance

The financial and other operational performance of the Company for the year under review has been discussed in detail in the Directors' Report. The Cash-Flow Statement and the Balance Sheet Abstract and Company's General Business Profile are annexed to the Annual Accounts of the Company.

Marketing and Selling Arrangements

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

Provision on Standard Assets

The requirement relating to creation of a general provision at 0.4% of the total outstanding amount of loans other than housing loans, which are standard assets, in terms of the Directions issued by National Housing Bank (NHB) has been complied with.

Loan Products

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

Loan products offered by the Company are as under:

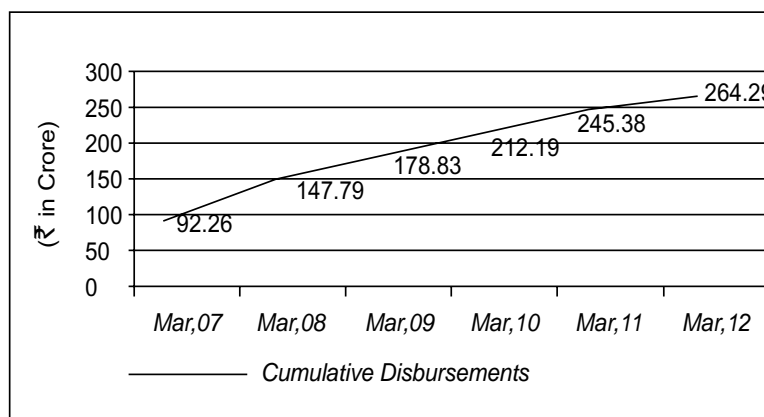
Individual Housing Loans (HL)	This is the primary home loan product available to all Indian nationals / NRIs (selectively), to acquire/construct a house any where in India within the jurisdiction of SHCL's Branches/satellite offices.
Home Improvement Loans (HIL)	This loan is extended to help the borrower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

Disbursements

During the year under review, your Company disbursed housing loans aggregating to Rs.1891.46 lacs Year- wise cumulative disbursements during the last six years ended March 31, 2012 is as shown in the table.

Spread on Loans

The average yield on loan assets during the year was 12.94% per annum as compared to 12.93% per annum in the previous year. The average all-inclusive cost of funds was 10.27% per annum as compared to 10.30% per annum in the previous year. The spread on loans over the cost of borrowings for the year was to 2.67% per annum as against 2.63% 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.

Competition

Banks in India hold an advantage over HFCs by having a larger deposit base which provides access to low-cost funds and larger branch networks. By focusing on the housing market, however, HFCs may maintain better customer service, have lower operating costs and avoid government mandated /directed-lending standards.

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

Human Resources Development

The total work force strength of the Company as on March 31, 2012 was 68. 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 of the Company as at March 31, 2012 was Rs. 356.39 lacs as against Rs 362.25 lacs as at March 31, 2011.

Conclusion with Caution

Statements in this report, describing the company's objectives, estimations, projections, expectations are "forward looking statements" based on the management's current expectations and beliefs concerning future developments and their potential effect upon the Company. Several factors could make significant difference to the company's operations. These include economic conditions affecting demand and supply, Government regulations and taxation, natural calamities, etc. over which the company does not have any direct control. SHCL assumes no responsibility in case the actual results differ materially due to change in internal or external factors.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance today has emerged as an integral element in the business environment. It is not only a prerequisite for attaining sustainable growth in emerging global market scenario but it is also an embodiment of the parameters of fairness, accountability, disclosures and transparency to maximize value for the shareholders of a company.

The Company is fully committed to practicing sound corporate governance and upholding the highest business standards in conducting business. The Company has always worked towards building trust with shareholders, employees, customers, suppliers, and other stakeholders based on the principles of good corporate governance, viz., integrity, equity, transparency, fairness, disclosure, accountability and commitment to values.

2. MANAGEMENT STRUCTURE

The Company has a multi-tier management structure, comprising the Board of Directors at the top followed by managing executive officers, divisional and department heads. Through this, it is ensured that:

- Strategic supervision is provided by the Board;
- Control and implementation of Company's strategy is achieved effectively;
- Operational management remains focused on implementation;
- Information regarding the Company's operations and financial performance are made available adequately;

- Delegation of decision making with accountability is achieved;
- Financial and operating control and integrity are maintained at an optimal level;
- Risk is suitably evaluated and dealt with

Board of Directors

As on March 31, 2012 the Company's Board of Directors consists of 6 (six) members. All the Directors of the Company are Non-executive Directors and half of them i.e. 50% are Independent Directors. The current Board structure is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchange.

All the Directors on the Board are liable to retire by rotation in accordance with the provisions of the Companies Act, 1956. Of the retiring Directors at least one third retires every year and if eligible, qualify for re-appointment. In terms of the Article of Association of the company, the strength of the Board shall not be less than 3 (three) and more than 12 (twelve).
Board Composition As On March 31, 2012

Category	No. of Directors	Percentage to total no. of Directors
Executive Directors	Nil	Nil
Non- Executive – Non- Independent Directors	3	50
Independent Directors	3	50

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

Information Related To Other Directorships/ Committee Memberships/ Chairmanships In Other Companies

Directors	Category	No. of Other Directorship(s)*	No. of Other Committee Memberships/Chairmanships In Public Companies Excluding SHCL**	
			Chairmanship	Membership
Shri Om Prakash Srivastava	NED	14	1	07
Shri Joy Broto Roy	NED	08	–	04
Shri Seemanto Roy	NED	07	–	02
Shri Brijendra Sahay	NED (I)	02	–	03
Shri Sakti Prasad Ghosh	NED (I)	04	–	02
Shri Ranoj Dasgupta	NED (I)	04	3	01

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

* Excludes Directorship in Indian Private Limited Companies (excluding Pvt. Ltd. companies that are subsidiaries of Public Company), Foreign Companies, Section 25 Companies under the Companies Act, 1956 and Alternate Directorships, if any.

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



Note:

- i. Other Directorships and Committee Memberships of Directors are as on March 31, 2012.
- ii. In terms of Clause 49 of the Listing Agreement, none of the Directors was a member of more than 10 committees or chairman of more than 5 committees across all companies in which he is a Director.
- iii. None of the Directors hold any equity shares in the Company.

NUMBER OF BOARD MEETINGS AND ATTENDANCE

The Board met five times during the year on May 30, 2011, August 11, 2011, September 29, 2011, November 12, 2011 and February 10, 2012.

ATTENDANCE AT THE BOARD MEETINGS AND AT ANNUAL GENERAL MEETING (AGM) DURING THE FINANCIAL YEAR 2011-2012

Name of Director	No. of Board Meeting Attended (Total Meetings Held : 5)	Whether Attended Last AGM
Shri Om Prakash Srivastava	4	No
Shri Joy Broto Roy	4	No
Shri Seemanto Roy	3	No
Shri Brijendra Sahay	5	Yes
Shri Sakti Prasad Ghosh	4	No
Shri Ranaj Dasgupta	5	Yes

INFORMATION PLACED BEFORE THE BOARD

Apart from its primary role of monitoring of Corporate Governance in the company, the Board provides direction/ guidance to the top management, reviews performance and ensures protection of long term interest of the shareholders. The Board has complete access to all information of the Company. The following information is provided to the Board and the agenda papers for the meetings are circulated in advance of each meeting:

- Quarterly Results of the Company;
- Minutes of meetings of Audit committee and other committees of the Board;
- General notice of interests and any updates;
- Notices under Section 274(1)(g) of the companies Act, 1956;
- Information on recruitment and/ or remuneration of senior officers just below the Board level;
- Materially important litigation, information show cause, demand, prosecution, and penalty notice;
- Fatal or serious accidents or dangerous occurrences (if any);
- Any issues, which involve possible public or product liability claims of a substantial nature;
- Significant developments on the human resources front;
- Related Party Transaction;
- Risk Analysis Report, Social / Community Initiatives;
- Details of joint ventures or collaboration agreement;

- Non-compliance of any regulatory, statutory nature or listing requirements and shareholder services such as non-payment of dividend, delay in share transfer, etc.
- Any other relevant & critical issues pertaining to the Company;

REMUNERATION TO DIRECTORS

Directors do not receive any remuneration except the sitting fees for the meetings of the Board and Committee meetings attended by them. The Company did not advance any loans to any of its Directors in the year under review.

DETAILS OF SITTING FEES PAID DURING 2011-2012

Name of Directors	Sitting Fees		Total (₹)
	Board Meeting (₹)	Audit Committee (₹)	
Shri Om Prakash Srivastava	40,000	40,000	80,000
Shri Joy Broto Roy	40,000	-	40,000
Shri Seemanto Roy	30,000	-	30,000
Shri Brijendra Sahay	50,000	40,000	90,000
Shri Sakti Prasad Ghosh	40,000	40,000	80,000
Shri Ranaj Dasgupta	50,000	40,000	90,000

Note: Sitting fees of ₹ 10,000/- are paid for each Board and Audit Committee Meeting held during the year. No sitting fee is paid for Shareholders'/Investors' Grievance Committee meetings.

COMMITTEES OF THE BOARD

The Board of Directors has constituted 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. The roles and responsibilities assigned to these committees are covered under the terms of reference specified by the Board and are subject to review by the Board from time to time. The minutes of the meetings of Audit Committee, Shareholders'/Investors' Grievance Committee and Remuneration Committee are placed before the Board for information and noting. The details as to the composition, terms of reference, number of meetings and related attendance etc of these Committees are given below:

3. AUDIT COMMITTEE:

The Audit Committee of the Company is constituted as per Section 292A of the Companies Act, 1956 and the guidelines set out in the Listing Agreement with the Stock Exchanges.

During the financial year, the Committee meetings were held on May 30, 2011, August 11, 2011, November 12, 2011, and February 10, 2012. The necessary quorum was present at all the meetings.

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.

Details of Audit Committee for the financial year ended on March 31, 2012 are as under:

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

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	Meeting Details during 2011-12			Whether Attended Last AGM (Y/N)
		Held	Attended	%	
Shri Sakti Prasad Ghosh	NED (I)	4	4	100	N
Shri Om Prakash Srivastava	NED	4	4	100	N
Shri Brijendra Sahay	NED (I)	4	4	100	Y
Shri Ranaj Dasgupta	NED (I)	4	4	100	Y

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

Terms of reference:

The Terms of reference to this Committee, inter alia, covers all the matters specified under Clause 49 of the Listing Agreement with the Stock Exchange as well as in Section 292(A) of the Companies Act, 1956. Besides, the Committee also takes cognizance of other terms as may be referred by the Board of Directors from time to time. The Audit Committee has also powers, inter alia, to investigate any activity within its terms of reference and to seek information from any employee of the Company and seek legal and professional advice.

4. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

The Board 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.

Seven meetings of the Shareholders' / Investors' Grievance Committee were held during the year ended March 31, 2012.

THE COMPOSITION OF THE SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE AND THE DETAILS OF MEETINGS ATTENDED BY ITS MEMBERS ARE GIVEN BELOW:

Names	Category	Designation	No. of Meeting During the year 2011-12	
			Held	Attended
Shri Sakti Prasad Ghosh	NED (I)	Chairman	07	07
Shri Ranaj Dasgupta	NED (I)	Member	07	07

NED (I): Non-executive and Independent Director

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
 E-MAIL: dj.bagchi@saharahousingfina.com

5. REMUNERATION COMMITTEE (Non-mandatory)

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

Terms of reference:

- a) To review the performance of the Managerial Personnel, after considering the Company's performance;
- b) To recommend to the Board remuneration including salary, perquisites and commission to be paid to the Company' Managerial Personnel;
- c) To finalize the perquisites package of the Managerial Personnel of the Company within the overall ceiling fixed by the Board.
- d) Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend / approve.

THE COMPOSITION OF THE REMUNERATION COMMITTEE IS AS GIVEN BELOW:

Members	Category	Designation
Shri Brijendra Sahay	NED (I)	Chairman
Shri Sakti Prasad Ghosh	NED (I)	Member
Shri Ranoj Dasgupta	NED (I)	Member

NED (I): Non-executive and Independent Director

6. CEO/ CFO CERTIFICATION

The CEO / CFO certification of the financial statements and the cash flow statement for the year has been obtained and had been placed before the Board in its meeting dated May 30, 2012.

7. MANAGEMENT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

DISCLOSURES MADE BY THE MANAGEMENT TO THE BOARD

During the year, there were no transactions of material nature with the promoters, the directors or the management, or relatives, etc. that had potential conflict with the interest of the Company. All disclosures related to financial and commercial transactions where directors may have a potential interest are provided to the board and the interested directors do not participate in the discussion nor do they vote on such matters.

EVALUATION OF OFFICERS

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

8. 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.

9. CODE OF CONDUCT

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

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

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.

10. 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.

11. STATUS OF REGULATORY COMPLIANCES

The Company has complied with all the requirements of the Listing Agreements as well as the regulations and guidelines of SEBI and there has been no non-compliance of any legal requirements or strictures imposed by any Stock Exchanges, SEBI or Regional Director, Company Law Board, National Housing Bank (NHB) over the last three years for the year ended March 31, 2012. A comprehensive report of all such compliances is placed quarterly before the Board for its review. No penalty or strictures were imposed on the Company by Stock Exchange, SEBI, or any other statutory authority on any matter related to capital market since last three years.

12. 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.

13. AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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

14. RELATED PARTY TRANSACTIONS

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

ii. DETAILS OF PREVIOUS THREE GENERAL BODY MEETINGS

20th A.G.M	29.09.2011 11.00 A.M	Sahara India Sadan 2A, Shakespeare Sarani, Kolkata - 700 071	No Special Resolution
19th A.G.M	29.09.2010 11.00 A.M	Sahara India Sadan 2A, Shakespeare Sarani, Kolkata - 700 071	No Special Resolution
18th A.G.M.	23.09.2009 11.00 A.M	Sahara India Sadan 2A, Shakespeare Sarani, Kolkata-700 071	Special Resolution passed appointing Shri D. J. Bagchi, CEO, as Manager u/sec. 269 of the Companies Act, 1956, for a period of three years.

15. RECONCILIATION OF SHARE CAPITAL AUDIT

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

16. SHAREHOLDERS' INFORMATION

i. COMMUNICATION TO SHAREHOLDERS

Effective communication of information is an essential component of corporate governance. It is a process of sharing information, ideas, thoughts, opinions, and plans to all stakeholders which promotes management-shareholder relations. The Company regularly interacts with shareholders through multiple channels of communication such as results announcement, annual report, media releases, Company's website and subject specific communications.

As required under clause 41 of the Listing Agreement, the quarterly / annual financial results are published in widely circulated national English newspaper and in a vernacular newspaper.

SEBI had, vide circular no. SEBI/CFD/DIL/LA/4/2007/2712 dated December 27, 2007 introduced a clause in Equity Listing Agreement, which inter-alia mandated electronic filing of certain corporate information such as the quarterly, half-yearly and annual results, annual report and the shareholding pattern of the Company through the Electronic Data Information Filing and retrieval (EDIFAR) system hosted by the National Informatics Centre. SEBI has discontinued the said requirement with effect from April 1, 2010. In view of above a new portal, viz., CFDS put in place jointly by BSE and NSE at the URL www.corpfiling.co.in. CFDS offers a common platform for listed companies to file their returns with stock exchanges and also a common place for investors to view information related to listed companies.

The Company's results and announcements etc. are also displayed on the Company's website and on the website of the Bombay Stock Exchange Limited (BSE).



iii. ADDITIONAL SHAREHOLDER INFORMATION

21st Annual General Meeting

Date: September 29, 2012 Day: Saturday Time: 11.00 A.M.
 Venue: Sahara India Sadan, 2A, Shakespeare Sarani, Kolkata- 700 071
 Book Closure Dates: Friday, September 21, 2012 to Saturday, September 29, 2012 (both days inclusive)

iv. GENERAL INFORMATION ABOUT THE COMPANY

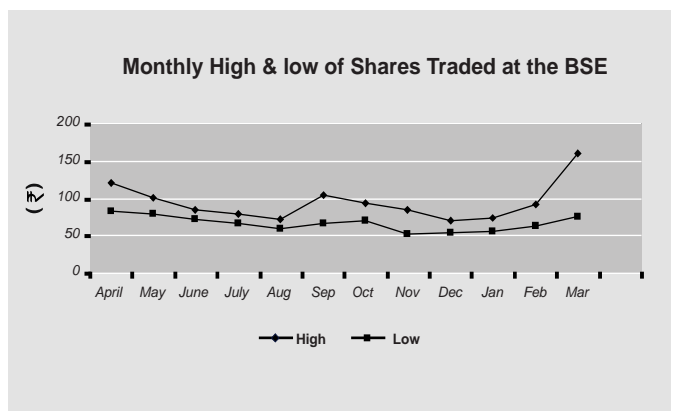
Financial Year	April 01 – March 31
Financial Reporting Calendar: 2012-13 (Tentative)	<ul style="list-style-type: none"> First Quarter Results July/Aug 15, 2012 Second Quarter Results Oct/Nov 15, 2012 Third Quarter Results Jan/Feb 15, 2013 Annual Results May, 2013
Listing on Stock Exchanges	Bombay Stock Exchange Limited (BSE). Phiroze Jeejebhoy Towers Dalal Street, Fort, Mumbai- 400 001 [Annual Listing Fees for the year 2012-13 have been paid]
Stock Code at BSE	511533
ISIN (Equity Shares) of the Company	INE- 135C01012
ISIN (NCDs) of the Company	INE- 135C08025
Corporate Identification No. (CIN)	L18100WB1991PLC099782
Website of the Company	www.saharahousingfina.com
Registered & Corporate Office	Sahara India Sadan 2A, Shakespeare Sarani, Kolkata- 700 071 Ph: 033-2282 9067/0811, Fax: 033-2282 4910

v. COMPLIANCE OF NON – MANDATORY REQUIREMENT

- Shareholder Rights
Half- yearly results including summary of the significant events are presently not being sent to the shareholders of the company.
- Market (BSE) Price Data
The monthly high and low stock valuations along with the volume of shares traded at the BSE are:

Year	Month	High (₹)	Low (₹)	Qty Traded	
2011	April	120.00	82.90	71,467	
	May	100.00	79.00	16,460	
	June	84.95	71.60	12,065	
	July	79.95	65.80	22,582	
	August	71.80	60.00	13,676	
	September	105.40	67.00	35,011	
	October	93.00	70.35	12,601	
	November	85.55	52.30	27,127	
	December	70.45	53.30	12,721	
	2012	January	73.55	56.00	12,239
		February	91.75	62.25	51,569
		March	161.05	76.10	99,914

i. Monthly High & low of Shares Traded on the BSE during the Financial Year 2011 -12



Year High: ₹ 161.05 Year Low: ₹ 52.30

vi. SHAREHOLDING PATTERN AS ON MARCH 31, 2012

<i>No. of ordinary shares held</i>	<i>No. of shareholders</i>	<i>No. of shares</i>	<i>%</i>
Promoters:			
Indian Promoters:			
- Sahara Prime City Limited	01	29,40,000	42.00
- Sahara India Corp Investment Limited.	01	16,38,587	23.41
- Sahara India Finance & Investment Limited	01	4,16,000	05.94
Total	03	49,94,587	71.35
Others			
Private Corporate Bodies:			
i) Gandevi Commerce Pvt. Ltd.	01	7,23,044	10.33
ii) Other	181	1,42,247	02.03
Indian Public	7,680	11,32,474	16.18
NRIs/OCBs	30	7,648	00.11
Foreign Institutional Investors	-	-	-
Total	7892	20,05,413	28.65
Grand Total	7895	70,00,000	100.00

vii. DISTRIBUTION OF SHAREHOLDING (SHARES) AS ON MARCH 31, 2012

HOLDING	SHAREHOLDERS		SHARES	
	NUMBER	%	TOTAL SHARES	%
0001 - 2000	7821	99.06	899,242	12.85
2001 - 3000	29	00.37	73,705	01.05
3001 - 4000	8	00.10	27,046	00.39
4001 - 5000	7	00.09	30,669	0.44
5001 - 10000	19	00.24	137,188	01.96
10001 - And Above	11	00.14	5,832,150	83.31
TOTAL	7895	100	7,000,000	100

viii. TOP 10 SHAREHOLDERS LIST (AS ON MARCH 31, 2012)

Sr. No.	No. of Shareholders	No. of Shares	% of Share Capital
1	Sahara Prime City Limited	2,940,000	42.00
2	Sahara India Corp Investment Limited	1,638,587	23.41
3	Sahara India Finance & Investment Limited	416,000	05.94
4	Gandevi Commerce Private Limited	723,044	10.33
5	Hirak Leasing And Investment Private Limited	25,000	00.36
6	Madhu Bala Mittal	22,221	00.32
7	Sunita Kantilal Vardhan	14,327	00.20
8	Sharmila Parasa	13,500	00.19
9	Kunvarji Commodities Brokers Private Limited	13,320	00.19
10	Meeta Kantilal Vardhan	13,151	00.18
	Total	5,819,150	83.12

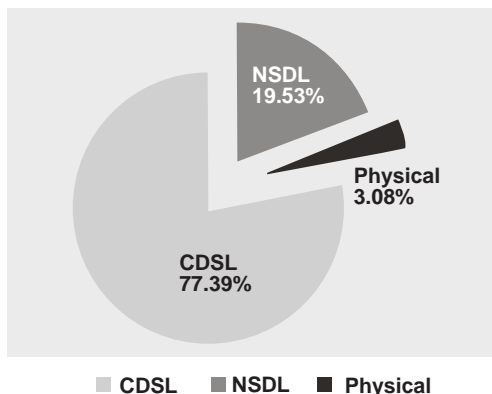
17. SHARE TRANSFER SYSTEM

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.

18. DEMATERIALIZATION OF SHARES AND LIQUIDITY

The Shares of the Company are compulsorily traded in dematerialized form and are available for trading under both the depository system in India – NSDL (National Securities Depositories Limited) and CDSL (Central Depository Services India Limited). As on March 31, 2012 a total of 67, 84, 215 shares of the Company, which forms 96.92% 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.

19. DEMAT POSITION AS ON March 31, 2012



20. INVESTOR CORRESPONDENCE

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

Shri Vinay Kumar Mishra

Manager- Secretarial
Sahara India Sadan
2A, Shakespeare Sarani, Kolkata- 700 071
Ph: 033- 2282-9067/ 0811 Fax: 033 – 2282 4910
e-mail: vinayvinmishra@gmail.com

Shri S. P. Guha

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

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

AUDITORS' REPORT ON CORPORATE GOVERNANCE

TO THE MEMBERS

Sahara Housingfina Corporation Limited

We have examined the compliance of the conditions of Corporate Governance of Sahara Housingfina Corporation Limited for the year ended March 31, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

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

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

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

For CHATURVEDI & CO.

Chartered Accountants

Firm Registration No. 302137E

D R Baid

Partner

Membership No. 10517

Place : Kolkata

Date : May 30, 2012

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

This is to confirm that the Company has adopted a Code of Conduct for the Board of Directors and Senior Management of the Company. The same is available on the website of the Company at www.saharahousingfina.com.

As the Chief Executive Officer of Sahara Housingfina Corporation Limited and as required by Clause 49(1)(D)(ii) of the Listing Agreement of the Stock Exchanges in India, I hereby declare that all the Board members and senior management personnel of the Company have affirmed compliance with the Code of Conduct for the financial year 2011 - 12.

Place : Kolkata

Date : May 30, 2012

D. J. Bagchi

CEO & Company Secretary

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility (CSR) is:

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

Corporate social responsibility means:

- Conducting business in an ethical way and in the interests of the wider community
- Responding positively to emerging societal priorities and expectations
- A willingness to act ahead of regulatory confrontation
- Balancing shareholder interests against the interests of the wider community
- Being a good citizen in the community

An Emotional Commitment towards Society

Sahara Welfare Foundation, 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. The social welfare schemes of Sahara India Pariwar focus on women and disabled who are socially and economically deprived and hence marginalised. It aims to initiate and facilitate such processes and initiatives where socially & economically marginalised and deprived people and communities irrespective of age, caste, class, gender or race are able to participate actively in the process of their development so that they may lead a life of dignity and respect.



Donors at the Blood Donation Camp, Kolkata

Major Social Initiatives undertaken include;

- Mega Rehabilitation Scheme – Sahara Gram
- Rehabilitation Program for the Earthquake Victims of Lathur – Sahara Wadi
- Adoption of the families of Martyrs of Kargil and 26/11/2008 Mumbai
- Financial Assistance to the victims of Dhantewadha Naxal Attack.
- Mobile Healthcare Units
- “101 Samuhik Vivaah “ every year for the people of Poor & Backward Classes
- “Sakshar Bharat” (Literacy Program)
- “Jana Swasthya” Project –(Health Programs)
- Pulse Polio Immunization program
- Business Training Program
- Rehabilitation of Challenged People
- Civic Development Projects
- Programs for solving the Problems relating to behavioural changes
- Disaster Management
- Research & Publication
- N.C.C. Scholarships
- Project for rehabilitation of physically handicapped (Sahyog)
- Blood donations and Hepatitis – B prevention Camps & Awareness Workshops
- Constructing Funeral Ghats and their Reconstruction



Voluntary Blood Donation Camp organised under the banner of Sahara India Pariwar on June 10, 2012 at Kolkata.



Laying the foundation stone of the second Baikunth Dham at Lucknow by Mayor of Lucknow & Shri O. P. Srivastava.



Cheque distribution to the under privileged children at Gorakhpur under the Sahara India Pariwar Scholarship scheme



An artificial limb being donated to the needy



Distribution of scholarship cheques under the Sahara India Pariwar Scholarship scheme to under-privileged children.



Inauguration of a splendid Rest House at Kedarnath Temple.



Dy. Chief Minister of Bihar, Sri Sushil Kr. Modi inaugurating the Baikunth Dham reconstructed by Sahara India Pariwar at Patna



Tree Plantation drive by Sahara India Pariwar



Kartavyayogis of Sahara India Pariwar marching for the awareness on Environment Day

There's some place

where we are never alone.

And we call that place Home.



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, 2012, the Statement of Profit and Loss and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement 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, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 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, 2012;
 - ii. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

D R Baid
Partner
 Membership No. 10517

Place : Kolkata
 Date : May 30, 2012



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

- i. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. Fixed assets have been physically verified by the management during the year pursuant to a programme for physical verification of fixed assets, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c. There was no disposal of fixed assets during the year, however a Fixed Asset was written-off.
- ii. The Company being a Housing Finance Company, the provisions related to inventories as mentioned in clause 4 (ii) of the Order is not applicable.
- iii. a. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4 (iii) (a), (b), (c) and (d) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- b. The Company has taken unsecured loan from a company listed in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and year end balance is ₹ 600,100,797/-.
- c. In our opinion, the rate of interest and other terms and conditions on which loan had been taken, are prima facie not prejudicial to the interest of the Company.
- d. The Company is regular in repaying the principal amounts and the payment of interest wherever stipulated.
- iv. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and with regard to the sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have neither observed nor have been informed of any continuing failure to correct major weaknesses in internal control system of the Company.
- v. a. In our opinion and according to the information and explanations given to us, the particulars of all contracts or arrangements that needed to be entered into the register required to be maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b. According to the information and explanations given to us, there was no transaction with regard to sale, purchase, or supply of goods, materials or services exceeding the value of rupees five lacs in respect of any party, in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956.
- vi. The Company has not accepted any deposits from the public in the current year within the meaning of Sections 58A and 58AA of the Companies Act, 1956, the rules framed there-under and the Revised Housing Finance Companies (NHB) Directions, 2010 with regard to the deposits accepted from the public. Therefore in our opinion clause (vi) of Para 4 of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company for the current year. We are informed by the management that no order has been passed by the Company Law Board, or Reserve Bank of India or any Court or any other Tribunal.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the products of the Company.
- ix. a. According to the information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, service tax, cess and any other statutory dues applicable to it. We were informed that the operations of the Company during the year did not give rise to any liability for sales tax, custom duty, excise duty and any other statutory dues. There are no undisputed amounts payable in respect of these dues which have remained outstanding as at March 31, 2012 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
 Firm Registration No. 302137E

D R Baid
Partner
 Membership No. 10517

Place : Kolkata
 Date : May 30, 2012



Balance Sheet as at March 31, 2012

Particulars	Note No.	As at	As at
		March 31, 2012	March 31, 2011
		₹	₹
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	1	70,000,000	70,000,000
Reserves and Surplus	2	203,851,001	181,678,730
		273,851,001	251,678,730
NON-CURRENT LIABILITIES			
Long Term Borrowings	3	1,174,786,674	1,209,979,862
Long Term Provisions	4	1,023,725	892,673
Total Non-Current Liabilities		1,175,810,399	1,210,872,535
CURRENT LIABILITIES			
Trade Payables	29	7,118,318	5,569,216
Other Current Liabilities	5	124,223,627	119,147,376
Short Term Provisions	6	23,131,885	14,814,428
Total Current Liabilities		154,473,830	139,531,020
TOTAL		1,604,135,230	1,602,082,285
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Tangible Assets	7	8,448,570	9,182,603
Non-Current Investments	8	870,800	870,800
Loan Assets	9	1,364,715,528	1,421,656,468
Deferred Tax Assets	10	1,460,805	1,035,144
Long Term Loans & Advances	11	793,174	786,774
Total Non-Current Assets		1,376,288,876	1,433,531,789
CURRENT ASSETS			
Loan Assets	12	90,466,351	94,120,148
Trade Receivables	13	473,162	444,082
Cash & Bank Balances	14	104,430,156	50,024,992
Other Current Assets	15	2,396,810	2,320,738
Short Term Loans & Advances	16	30,079,875	21,640,535
Total Current Assets		227,846,354	168,550,496
TOTAL		1,604,135,230	1,602,082,285
Significant Accounting Policies	22		
Accompanying notes to the financial statements	23 to 32		

As per our report of even date attached

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

D R Baid
Partner
Membership No. 10517

Place : Kolkata
Date : May 30, 2012

FOR AND ON BEHALF OF THE BOARD

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

Statement of Profit and Loss for the year ended March 31, 2012

Particulars	Note No.	For the Year ended	For the Year ended
		March 31, 2012	March 31, 2011
		₹	₹
INCOME			
I Income from Operations	17	198,508,220	201,502,157
II Other Income	18	3,242,571	2,363,514
III Total Revenue (I+II)		201,750,791	203,865,671
IV EXPENDITURE			
Finance Costs	19	128,056,455	133,276,648
Employee Benefit Expenses	20	24,017,044	19,359,778
Depreciation and Amortization	7	1,519,602	1,476,785
Operating & Other Expenses	21	18,231,966	18,845,710
Total Expenses		171,825,067	172,958,920
V PROFIT BEFORE EXCEPTIONAL AND EXTRA ORDINARY ITEMS AND TAX (III-IV)		29,925,724	30,906,751
VI Exceptional Items		—	—
VII PROFIT BEFORE EXTRA ORDINARY ITEMS AND TAX (V-VI)		29,925,724	30,906,751
VIII Extraordinary Items		—	—
IX PROFIT BEFORE TAX (VII-VIII)		29,925,724	30,906,751
X TAX EXPENSES:			
– Current Tax		8,155,376	8,942,712
– Deferred Tax		(425,661)	(867,948)
– Income Tax related to earlier years		23,737	192,224
		7,753,453	8,266,988
XI PROFIT AFTER TAX (IX – X)		22,172,271	22,639,763
Earning Per Share (₹) - Basic		3.17	3.23
Earning Per Share (₹) - Diluted		3.17	3.23
Significant Accounting Policies	22		
Accompanying notes to the financial statements	23 to 32		

As per our report of even date attached

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

D R Baid
Partner
Membership No. 10517

Place : Kolkata
Date : May 30, 2012

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, 2012

	For the Year ended March 31, 2012	For the Year ended March 31, 2011
	₹	₹
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit Before Tax and Extraordinary Items	29,925,724	30,906,751
Adjustments for:		
Depreciation	1,519,602	1,476,785
Fixed Assets Written Off	11,048	7,152
Provision for sub-standard assets	510,472	1,941,806
Investment income-interest/dividend	(3,237,717)	(1,886,632)
Interest and finance charges Paid	128,056,455	133,276,648
Operating profit before working capital changes	156,785,584	165,722,509
Adjustments for Working Capital Changes		
(Increase)/Decrease in Trade Receivable	(29,080)	301,119
(Increase)/Decrease in Advances	(569,904)	(1,961,133)
Increase/(Decrease) in Current Liabilities	6,625,352	4,224,016
Increase/(Decrease) in Provisions	269,396	266,395
Cash Generated from operations	163,081,348	168,552,905
Direct Tax paid	(8,112,020)	(10,432,918)
Net Cash from Operating Activities	154,969,329	158,119,987
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Sale of Fixed Assets	16,150	—
Purchase of Fixed Assets	(812,767)	(54,345)
Income from Investments	3,237,717	1,886,632
Net Cash from Investing Activities	2,441,100	1,832,287
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Increase/(Decrease) in Term Loan (Net of Repayment)	(110,306,718)	20,298,713
Increase/(Decrease) in Unsecured Loan (Net of Repayment)	75,113,530	53,468,981
(Increase)/Decrease in Housing Loan (Net of Repayment)	60,244,377	(103,339,499)
Interest and Finance Charges paid	(128,056,455)	(133,276,648)
Net cash from Financing Activities	(103,005,265)	(162,848,453)
D. NET INCREASE IN CASH AND CASH EQUIVALENTS:	54,405,163	(2,896,178)
Cash and Cash equivalents of the beginning of the year	50,024,993	52,921,171
Cash and Cash equivalents of the end of the year	104,430,156	50,024,993

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	125,344	50,018
Balance with scheduled Banks :		
In Current Accounts	44,254,812	39,924,975
In Term/Fixed Deposit Accounts	60,050,000	10,050,000
	104,430,156	50,024,993

As per our report of even date attached

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

D R Baid
Partner
Membership No. 10517

Place : Kolkata
Date : May 30, 2012

FOR AND ON BEHALF OF THE BOARD

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

Notes forming part of the Balance Sheet as at March 31, 2012

Note No.	Particulars	As at March 31, 2012 ₹	As at March 31, 2011 ₹
1	SHARE CAPITAL		
	Authorised		
	30,000,000 Equity Shares of ₹ 10/- each	300,000,000	300,000,000
	20,000,000 Preference Shares of ₹ 10/- each	200,000,000	200,000,000
		<u>500,000,000</u>	<u>500,000,000</u>
	Issued, Subscribed and Paid up		
	7,000,000 Equity Shares of ₹ 10/- each	<u>70,000,000</u>	<u>70,000,000</u>

Reconciliation of Number of Shares outstanding at the beginning and at the end of the year:

Number of Equity Shares at the beginning of the year	7,000,000	7,000,000
Add: Number of Shares Issued	—	—
Number of Equity Shares at the end of the year	<u>7,000,000</u>	<u>7,000,000</u>

Rights, Preferences and Restrictions -

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

Details of the shareholders holding more than 5% of Shares

Name	% age of Holding	As at March 31, 2012	% age of Holding	As at March 31, 2011
Equity :				
Sahara Prime City Limited	42.00	2,940,000	42.00	2,940,000
Sahara India Corp Investment Limited	23.41	1,638,587	23.41	1,638,587
Sahara India Finance and Investment Limited	5.94	416,000	5.94	416,000
Gandevi Commerce Private Limited	10.33	723,044	10.33	723,044
	81.68		81.68	



Notes forming part of the Balance Sheet as at March 31, 2012

Note No.	Particulars	As at March 31, 2012 ₹	As at March 31, 2011 ₹
2	RESERVES AND SURPLUS		
	Capital Reserve	152,000	152,000
	Balance at the beginning and end of the year		
	Securities Premium Account	50,000,000	50,000,000
	Balance at the beginning and end of the year		
	General Reserve	501,605	501,605
	Balance at the beginning and end of the year		
	Special Reserve		
	Created and maintained in terms of Section 36(1)(viii) of The Income Tax Act, 1961		
	Balance at the beginning of the year	57,799,785	51,155,272
	Add : Transferred from Reserve & Surplus	6,159,803	6,644,513
		<u>63,959,588</u>	<u>57,799,785</u>
	Surplus Opening balance	73,225,340	57,230,090
	Add : Transferred from Statement of Profit and Loss	22,172,271	22,639,763
		<u>95,397,611</u>	<u>79,869,853</u>
	Less: Appropriations:		
	Transferred to Special Reserve	6,159,803	6,644,513
		<u>89,237,808</u>	<u>73,225,340</u>
		<u>203,851,001</u>	<u>181,678,730</u>
3	LONG TERM BORROWINGS		
	Secured		
	From Banks	297,121,995	407,428,713
	Un-Secured		
	From Other Parties		
	Loans and advances from related parties (Refer Note 28)	851,265,364	802,551,149
	Loan from Body Corporate	26,399,315	-
		<u>1,174,786,674</u>	<u>1,209,979,862</u>
3.1	Term Loan from ICICI Bank Limited is secured by Negative Lien over the specific assets created by the utilisation of the said loan & immovable assets of a group company and personal guarantee of a Director.		
3.2	Term loan from bank is repayable in 28 equated quarterly installments with a interest rate of 14.50% P.A. to 16.50% P.A.		
3.3	Maturity Profile of Term Loan from Banks as on March 31, 2012:		
	Particulars	Amount	
	One to two year	109,996,800	
	Two to three years	84,990,800	
	More than three years	102,132,800	
	Total	<u>297,120,400</u>	
3.4	Unsecured loan carry the interest rate of 7% P.A. to 9% P.A. and the entire loan is repayable in the Financial Year 2021-22		

Notes forming part of the Balance Sheet as at March 31, 2012

Note No.	Particulars	As at March 31, 2012 ₹	As at March 31, 2011 ₹
4	LONG TERM PROVISIONS		
	For Gratuity (Refer Note 20.1, 20.2)	1,023,725	892,673
		1,023,725	892,673
5	OTHER CURRENT LIABILITIES		
	Current maturities of long term debt		
	From Banks	110,033,376	110,033,376
	Advances from Customers	2,526,958	5,376,724
	Government dues	6,086,935	891,245
	Other payables	5,576,358	2,846,031
		124,223,627	119,147,376
6	SHORT TERM PROVISIONS		
	For Taxation	22,011,126	13,832,013
	For Fringe Benefit Tax	345,511	345,511
	For Leave Encashment	775,248	636,904
		23,131,885	14,814,428

7 FIXED ASSETS

Description	Gross Block				Depreciation				Net Block	
	As at April 1, 2011	Additions during the year	Write off during the year	As at March 31, 2012	Upto April 1, 2011	For the year	Write off during the year	Upto March 31, 2012	As at March 31, 2012	As at March 31, 2011
Tangible Assets										
Buildings	5,745,548	–	–	5,745,548	1,244,789	93,909	–	1,338,698	4,406,850	4,500,759
Computers	6,192,023	654,547	–	6,846,570	4,145,436	1,043,635	–	5,189,071	1,657,499	2,046,587
Furniture & Fixtures	2,464,687	72,420	–	2,537,107	1,480,353	158,452	–	1,638,805	898,302	984,334
Air Conditioners	320,471	–	–	320,471	79,644	15,264	–	94,908	225,563	240,827
Office Equipment	442,340	85,800	–	528,140	107,377	22,029	–	129,406	398,734	334,963
Electrical fittings	316,969	–	–	316,969	84,611	15,098	–	99,709	217,260	232,358
Vehicles	1,817,723	–	40,746	1,776,977	974,948	171,216	13,548	1,132,616	644,361	842,775
Total	17,299,761	812,767	40,746	18,071,782	8,117,158	1,519,602	13,548	9,623,212	8,448,570	9,182,603
Previous year	17,253,718	54,345	8,302	17,299,761	6,641,523	1,476,785	1,150	8,117,158	9,182,603	10,612,195

Note No.	Particulars	As at March 31, 2012 ₹	As at March 31, 2011 ₹
8	NON-CURRENT INVESTMENTS		
	Unquoted, Non-Trade		
	Investment in Government Securities		
	11.43% GOI Stock	597,200	597,200
	Quoted, Non-Trade		
	Equity Shares		
	Indian Overseas Bank Limited	273,600	273,600
	(11,400 Equity Shares face value of ₹ 10/- each, Market Value ₹ 1,075,020/-, Previous Year Value ₹ 1,637,040/-)		
		870,800	870,800



Notes forming part of the Balance Sheet as at March 31, 2012

Note No.	Particulars	As at March 31, 2012 ₹	As at March 31, 2011 ₹
9	NON CURRENT LOAN ASSETS		
	Housing Loans		
	Standard	1,281,502,241	1,315,899,388
	Substandard	22,020,691	24,783,440
	Less: Provision for Non Performing Assets		
	– Sub-standard	649,213	1,029,487
	– Doubtful	5,095,341	4,281,780
	Other Loans		
	Standard	67,205,974	86,631,433
	Less : General Provision	268,824	346,526
		1,364,715,528	1,421,656,468
10	DEFERRED TAX ASSETS		
	Deferred Tax Assets		
	Retirement Benefits	583,677	508,087
	Provision for doubtful debts/loans	2,249,556	2,133,551
		<u>2,833,233</u>	<u>2,641,638</u>
	Deferred Tax Liabilities		
	Depreciation	1,372,428	1,606,494
	Net Deffered Tax Assets	1,460,805	1,035,144
11	LONG TERM LOANS & ADVANCES		
	Refundable Deposits	793,174	786,774
		793,174	786,774
12	CURRENT LOAN ASSETS		
	Housing Loans		
	Standard	85,975,560	88,328,364
	Other Loans		
	Standard	4,508,826	5,815,044
	Less: General Provision	18,035	23,260
		90,466,351	94,120,148
13	TRADE RECEIVABLES		
	Outstanding for a period exceeding six months	–	–
	Secured considered good		
	Other Debts (Refer note 31)	473,162	444,082
		473,162	444,082

Notes forming part of the Balance Sheet as at March 31, 2012

Note No. Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
14 CASH AND BANK BALANCES		
a) Cash & Cash Equivalent		
Cash in hand	125,344	50,018
Balance with Scheduled Banks		
– In current accounts	44,254,812	39,924,974
– In Fixed deposits maturing less than three months	60,000,000	10,000,000
	<u>104,380,156</u>	<u>49,974,992</u>
b) Other Bank Balances		
Balance with Scheduled Banks		
– In Fixed deposits maturing in more than three months	50,000	50,000
	<u>104,430,156</u>	<u>50,024,992</u>
15 OTHER CURRENT ASSETS		
Installments due from Borrowers - Principal		
Standard	357,692	474,744
Sub-Standard	376,343	413,040
Less: Provision for Sub-Standard Assets	37,634	41,304
	<u>338,709</u>	<u>371,736</u>
Doubtful Assets	2,564,806	2,174,873
Less: Provision for Doubtful Assets	864,396	700,615
	<u>1,700,410</u>	<u>1,474,258</u>
	<u>2,396,810</u>	<u>2,320,738</u>
16 SHORT TERM LOANS & ADVANCES		
Income Tax	13,634,462	4,674,462
Advance Income Tax	7,800,000	8,960,000
Advance Fringe Benefit Tax	347,601	347,601
Tax Deducted at Source	2,324,880	2,012,860
Other Advances	5,465,686	5,637,336
Interest Receivable	507,246	8,276
	<u>30,079,875</u>	<u>21,640,535</u>



Notes forming part of Statement of Profit and Loss for the year ended March 31, 2012

Note No.	Particulars	For the year Ended March 31, 2012	For the year Ended March 31, 2011
		₹	₹
17	INCOME FROM OPERATIONS		
	Interest Income	195,588,542	197,443,186
	Fee Income	2,201,398	3,448,617
	Other Operating Revenue	718,280	610,354
		<u>198,508,220</u>	<u>201,502,157</u>
18	OTHER INCOME		
	Dividend Income	57,000	39,900
	Interest on Term Deposits with Banks	3,123,567	1,789,582
	Interest on GOI Stocks	57,150	57,150
	Miscellaneous Income	4,854	476,882
		<u>3,242,571</u>	<u>2,363,514</u>
19	FINANCE COSTS		
	Interest on :		
	Term Loans	71,975,991	78,811,986
	Unsecured Loans (Refer note 28)	55,681,700	54,009,072
	Bank and Other Charges	398,764	455,590
		<u>128,056,455</u>	<u>133,276,648</u>
20	EMPLOYEE BENEFIT EXPENSES		
	Salaries & Bonus	23,176,454	18,422,095
	Staff Welfare	251,702	342,453
	Contribution to Provident Fund & ESI	588,888	595,230
		<u>24,017,044</u>	<u>19,359,778</u>
20.1	The disclosures as required by Accounting Standard 15 relating to employees benefits recognized are set out below:		
	Change in Benefit Obligation		
	Liability at the beginning of the year	892,673	719,778
	Interest Cost	76,656	64,498
	Current Service Cost	136,459	139,317
	Actuarial (gain)/loss on obligations	(82,063)	(30,920)
	Liability at the end of the year	<u>1,023,725</u>	<u>892,673</u>
	Amount recognized in the Balance Sheet		
	Liability at the end of the year	1,023,725	892,673
	Fair value of plan assets at the end of the year	-	-
	Difference	<u>1,023,725</u>	<u>892,673</u>
	Amount recognized in the Balance Sheet	<u>1,023,725</u>	<u>892,673</u>
	Expenses recognized in the Income Statement		
	Current service cost	136,459	139,317
	Interest cost	76,656	64,498
	Expected return on plan assets	-	-
	Net Actuarial (gain)/loss to be recognized	<u>(82,063)</u>	<u>(30,920)</u>
	Expense recognized in the Statement of Profit and Loss	<u>131,052</u>	<u>172,895</u>
	Balance Sheet Reconciliation		
	Opening Net Liability	892,673	719,778
	Expense as above	131,052	172,895
	Employer's Contribution	-	-
	Amount Recognized in the Balance Sheet	<u>1,023,725</u>	<u>892,673</u>
	Assumptions		
	Discount rate	8%	8%
	Rate of return on plan assets	-	-

Notes forming part of Statement of Profit and Loss for the year ended March 31, 2012

Note No.	Particulars	For the year Ended March 31, 2012	For the year Ended March 31, 2011
		₹	₹
20.2	The employees benefit liability of the company is not funded. Accordingly disclosures related to return on planned assets and fair value thereof is not applicable.		
21	OPERATING AND OTHER EXPENSES		
	Rent (Refer Note 28)	4,135,728	3,397,533
	Travelling and Conveyance		
	– Directors	36,215	53,454
	– Others	1,288,636	2,306,072
	Legal and Professional Fees	4,817,710	4,506,289
	Printing and Stationery	736,686	654,585
	Communication Charges	1,203,005	1,361,723
	General Expenses	1,391,132	1,077,782
	Insurance	192,540	192,182
	Repairs and Maintenance - Others	431,911	352,478
	Rates, Taxes and Licences	58,741	86,487
	Office Maintenance	1,074,464	987,186
	Vehicles Maintenance	1,501,859	1,114,355
	Advertisement and Publicity	217,760	194,766
	Electricity Charges	469,637	468,468
	Payment to Auditors		
	– As Statutory Auditors	88,240	88,240
	– As Tax Auditors	22,060	22,060
	– Other Capacity	44,122	33,092
	Provision for Non-Performing Assets	593,399	2,013,950
	Provision for Loan Assets - General	(82,927)	(72,144)
	Fixed Asset Written Off	11,048	7,152
		18,231,966	18,845,710



22. 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 Loan Assets is accounted for on accrual basis, other than on Non-Performing Assets, which is accounted for on cash basis in accordance with the NHB Guidelines.

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

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

3. PROVISIONS ON HOUSING LOANS

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

4. FIXED ASSETS

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

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

5. DEPRECIATION

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

6. INVESTMENTS

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

7. TAXES ON INCOME

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

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

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

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 Statement of Profit and Loss.

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

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

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.

NOTES FORMING PART OF FINANCIAL STATEMENTS

23. Loan Assets and installments due from borrowers are secured or partly secured by
- Equitable Mortgage of Property and/or
 - Assignment of Life Insurance Policies and/or
 - Personal Guarantee of borrowers and/or
 - Undertaking to create a security.
24. In the opinion of the Board of Directors the Current Assets, Loans and Advances are approximately of the value stated above, if realized in the ordinary course of the business.

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

a. Loan Assets

Particulars	Standard	Sub-standard year	Doubtful			Loss Assets	Total
			D-1: Upto 1 years	D-2 : 1 to 3 years	D-3: Over 3		
Loans for the purpose of Housing							
a) To Individuals	1,367,477,801	6,492,134	4,313,426	6,874,549	4,340,582	–	1,389,498,492
b) To Builders	–	–	–	–	–	–	–
Loan against Property	–	–	–	–	–	–	–
Other Loans (Including Trade Receivables)	71,714,800	–	–	–	–	–	71,714,800
Total Loans and Advances	1,439,192,601	6,492,134	4,313,426	6,874,549	4,340,582	–	1,461,213,292

b. Details of the provisions against the loan assets

Particulars	Standard	Sub-standard year	Doubtful			Loss Assets	Total
			D-1: Upto 1 years	D-2 : 1 to 3 years	D-3: Over 3		
Loans for the purpose of Housing							
a) To Individuals	–	686,848	964,512	2,460,264	2,534,961	–	6,646,585
b) To Builders	–	–	–	–	–	–	–
Loan against Property	–	–	–	–	–	–	–
Other Loans (Including Trade Receivables)	286,859	–	–	–	–	–	286,859
Total Provision	286,859	686,848	964,512	2,460,264	2,534,961	–	6,933,444

26. Disclosure regarding provisions made for Asset Liability Management (ALM) System for the Housing Finance Companies as per NHB Circular dated October 11, 2010:

a) Capital to Risk Assets Ratio (CRAR)

Items		As at March 31, 2012	As at March 31, 2011
i.	CRAR (%)	30.11%	27.00%
ii.	CRAR - Tier I Capital (%)	30.11%	27.00%
iii.	CRAR - Tier II Capital (%)	–	–

b) Exposure to Real Estate Sector

Rs. in Lacs

Category		As at March 31, 2012	As at March 31, 2011
1)	Direct Exposure		
	(i) Residential Mortgages :		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented		
	– Housing Loans up to Rs.15 Lacs	12,219.64	13,116.02
	– Housing Loan more than Rs.15 Lacs	2,392.49	2,098.56
	(ii) Commercial Real Estate:	Nil	Nil
	Lending secured by mortgages on commercial real estates (office buildings, retail spaces, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). exposure would also include non-fund based (NFB) limits		
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures:	Nil	Nil
	(a) Residential (PTC - B)		
	(b) Commercial Real Estate		
2)	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil

c) Asset Liability Management

Maturity pattern of certain items of assets and liabilities

Rs. in Lacs

	1 day to 30/31days (1 month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
LIABILITIES											
Borrowings from Banks	–	–	275.01	275.01	550.31	1949.88	1021.33	–	–	–	4071.54
Market Borrowings	–	–	–	–	–	–	–	–	6251.01	–	6251.01
ASSETS											
Advances (*)	71.39	72.96	73.57	221.23	465.69	2132.89	2491.12	3139.85	4128.17	1815.26	14612.13
Investments	–	–	–	–	–	–	–	–	–	–	–

* Net of Provision



27 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.

28. Related Party Disclosures

List of Related Parties

a. Major shareholder having control over the company

- Sahara India Corp Investment Limited
- Sahara Prime City Limited
- Sahara India Finance & Investment Limited

b. Key Management Personnel

D.J. Bagchi, Chief Executive Officer, Company Secretary/Manager (u/s 269 of the Companies Act., 1956)

c. Companies under common control

- Sahara India Commercial Corporation Limited

d. Disclosure of Related Party Transactions between the company and related parties for the year ended March 31, 2012:

Particulars	Year ended March 31, 2012 (₹)	Year ended March 31, 2011 (₹)
Rent Paid		
Sahara India Commercial Corporation Limited	1,683,619	1,526,400
Interest Paid		
Sahara India Commercial Corporation Limited	54,157,042	54,009,072
Loan Outstanding		
Sahara India Commercial Corporation Limited	600,100,797	600,100,797

29. Trade payables do not include amount payable to Small Scale Industrial Undertakings (SSIs) or to Micro, Small and Medium Enterprises as at March 31, 2012.

30. Expenditure in Foreign Currency : ₹ Nil (Previous Year ₹ Nil)

31. The balances in Trade Receivables, Trade payables and Advances are subject to confirmations and adjustments, if any. Such adjustments, in the opinion of the management, are not likely to be material.

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

As per our report of even date attached

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

D R Baid
Partner
Membership No. 10517

Place : Kolkata
Date : May 30, 2012

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

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www.saharahousingfina.com

EASTERN REGION

Regional & Branch Office – Kolkata

46, Dr. Sundari Mohan Avenue (2nd Floor), Kolkata - 700 014

Tel : (033) 2289 6708 • Fax: (033) 2289 6708

Branch Office – Siliguri

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

Branch Office – Asansol

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

Branch Office – Durgapur

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

Branch Office – Ranchi

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

WESTERN REGION

Regional & Branch Office – Mumbai

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

Branch Office – Pune

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

NORTHERN REGION

Regional & Branch Office – Lucknow

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

Branch Office – Gorakhpur

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

Branch Office – Kanpur

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

SOUTHERN REGION

Regional & Branch Office – Hyderabad

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

Branch Office – Vishakapatnam

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

Branch Office – Vijayawada

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



Notes

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SAHARA HOUSINGFINA CORPORATION LIMITED
Building the dream for every Indian

Visuals of the 20th Annual General Meeting





Corporate Office : SAHARA INDIA SADAN, 2A - Shakespeare Sarani, Kolkata - 700 071 INDIA.
Website : www.saharahousingfina.com