



# ANNUAL REPORT

2017-2018



Making  
**YOUR DREAM HOME**  
A Reality

## Registered & Corporate Office

46, Dr. Sundari Mohan Avenue, Kolkata - 700 014, Tel : (033) 22896708 / 22890148  
www.saharahousingfina.com

### EASTERN REGION

#### Region Office - East & Branch Office – Kolkata

46, Dr. Sundari Mohan Avenue, 2nd Floor, Kolkata - 700 014  
Tel : (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 – 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

#### Region Office - West & Branch Office – Mumbai

303, 3rd floor, "Paras Business Centre"  
Carter Road No. 1, Near Kasturba Marg  
Police Station, Borivali East, Mumbai - 400 066  
Tel : (022) 28011083

#### Branch Office – Pune

1184/4, Shreenath Plaza, "A" Wing, Office No. 76, 3rd Floor, Dnyaneshwar Paduka Chowk  
Shivaji Nagar, Off. Fergusson College Road, Pune – 411 005  
Tel : (020) 48604961

### NORTHERN REGION

#### Region Office - North & Branch Office – Lucknow

"YASH ARCADE", Ground Floor D-280, 281, 282,  
Vibhuti Khand, Gomtinagar, Lucknow - 226 010  
Tel : (0522) 2720608 / 4303032

#### Branch Office – Gorakhpur

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

### SOUTHERN REGION

#### Region Office - South & 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) 278486

#### Branch Office – Vijayawada

Sarada Towers, Door No. 39 -1-59/1, Flat No. S -6 (2nd Floor)  
Adjacent to Cheenupati Petrol Bunk, M.G. Road, Labbipet  
Vijayawada - 520 010  
Tel: (0866) 2471559, Fax : (0866) 2471559

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Shri Brijendra Sahay      Shri Joy Broto Roy  
Ms. Anshu Roy

### Chief Executive Officer & Company Secretary

Shri D.J. Bagchi

### Chief Financial Officer

Shri Vivek Kapoor

### Senior Management Personnel

Shri Anup Kirtan	Credit & Operations
Shri K.D.Bhattacharya	System & Administration
Shri Sarvesh Kumar	Regional Business Head – North & West
Shri S.C.Maitra	Regional Business Head – East
Shri R.N.Singh	Regional Business Head – South

### Statutory Auditor

M/s.Chaturvedi & Partners  
Chartered Accountants  
Flat No. 410  
Shankuntala Building  
59, Nehru Place  
New Delhi – 110019

### Internal Auditor

VCG & Company  
408, Kusal Bazar  
32-33, Nehru Place  
New Delhi – 110 019

### Bankers

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

### Registrar & Share Transfer Agent

Link Intime India Private Limited  
59C, Chowringhee Road,  
3rd Floor, Kolkata- 700 020  
Ph: +91 33 22890540, Tele fax: +91 33 22890539  
E-mail: [kolkata@linkintime.co.in](mailto:kolkata@linkintime.co.in)  
Contact Person: Shri Kuntal Mustafi

### Address of the Stock Exchange

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

### Registered & Corporate office

CIN : L18100WB1991PLC099782  
46, Dr. Sundari Mohan Avenue,  
Kolkata - 700 014  
Tel: +91 33 22896708, Fax: +91 33 22896708  
Visit us at: [www.saharahousingfina.com](http://www.saharahousingfina.com),  
Email: [info.saharahousingfina@gmail.com](mailto:info.saharahousingfina@gmail.com)  
[info.saharahousingfina@sahara.in](mailto:info.saharahousingfina@sahara.in)

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## PROFILE OF DIRECTORS & KEY MANAGERIAL PERSONNEL

### PROMOTER DIRECTOR

#### ✦ SHRI JOY BROTO ROY (DIN: 00432043)



Shri Joy Broto Roy, holds a Bachelor's Degree in Commerce. He has been part of the Sahara India Pariwar since 1982 and has more than 36 years of experience with the Group. He is on the board of various listed / unlisted companies of the group and has vast and rich experience in management of companies. He had also been the President of the West Bengal Hockey

Federation.

### INDEPENDENT DIRECTORS

#### ✦ SHRI BRIJENDRA SAHAY (DIN: 00017600)

Shri Brijendra Sahay, age 80 years, is a retired IAS Officer and has served as the Chief Secretary, Government of U.P. (two times). He holds a Master's Degree in Economics and a Bachelor's Degree in Law. He has a total experience of over 38 years in Finance, Administration, Industrial and Urban Development. He has



been the Chairman of U.P. State Textile Corporation, New Okhla Industrial Development Authority (NOIDA). He has also worked as the Cement Controller of India and later as Joint Secretary in the Ministry of Industry, as Deputy Secretary in the Ministry of Commerce, Govt. of India. He is the recipient of National Citizen's award, Lok Shree Award and National Amity Award. He is on the Board of various companies since his superannuation and has substantial experience in finance, policy, administration and view point on the working governance of institutions both with government and the private sector.

#### ✦ Ms. ANSHU ROY (DIN-05257404)

Ms. Anshu Roy (43 years), Woman Independent Director, is a graduate from Calcutta University. She was appointed on

the Board of the Company as Independent Director on February 13, 2015. She has served as Director in the companies like Rageswari Polytraders Private Limited, Oasis Polytraders Private Limited and Jelenta Polytraders Private Limited prior to joining Sahara Housingfina Corporation Limited. Apart from Sahara Housingfina Corporation Limited, she has been appointed as Woman Director (Independent) in Fastspeed Marcom Private Limited. She has relevant industry experience.



### KEY MANAGERIAL PERSONNEL

#### ✦ SHRI D J BAGCHI (PAN: AAFPB2022A)

Shri D J Bagchi, age 55 years, is a Fellow member of the Institute of Company Secretaries of India (ICSI) and a LLB, having more than 28 years' experience in the Mortgage Finance Industry. He is presently the Chief Executive Officer & Company Secretary of the Company, possessing business expertise and professional knowledge in the respective fields.

He is not interested as a director or partner in any other group entity.

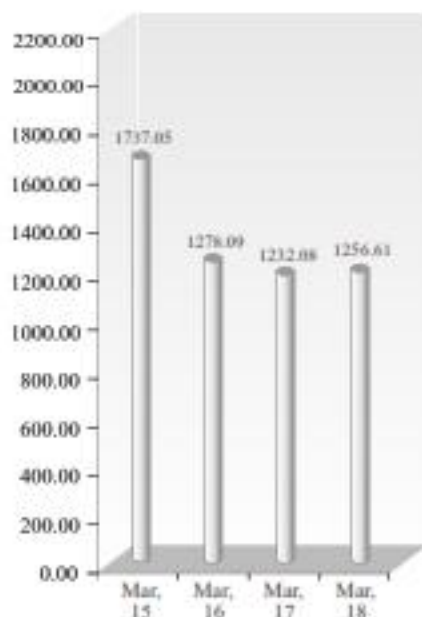
#### ✦ SHRI VIVEK KAPOOR (PAN: AJTPK1894N)

Shri Vivek Kapoor, age 49 years, holds Bachelor's degree in Commerce from Calcutta University and has experience of over 26 years in managing accounts, finance, and administration. In his capacity as Corporate Manager - Finance & Corporate Affairs of the Company he has managed the Finance and Accounts department of the Company for a period exceeding 13 years and also looks after the regulatory compliance function as per NHB rules and regulations. He was designated as the Chief Financial Officer of the Company, as defined in Section 2(19) of the Companies Act, 2013, with effect from May 29, 2014.

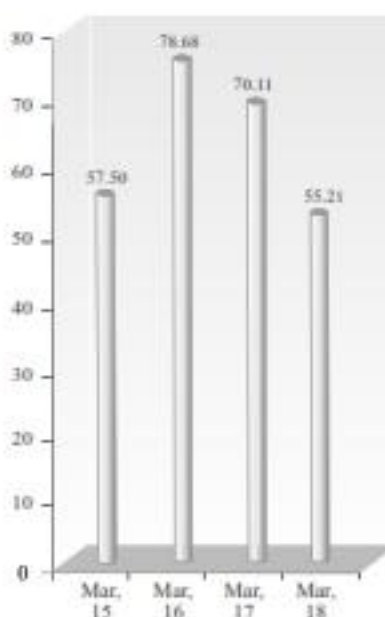
He is not interested as a director or partner in any other group entity.

## OPERATIONAL HIGHLIGHTS

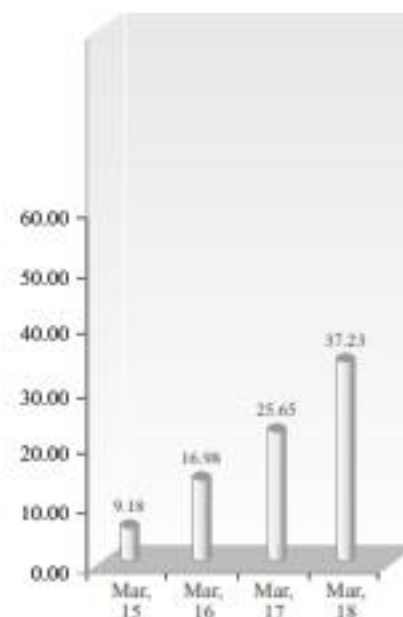
**Income from Operations**  
₹ in lacs



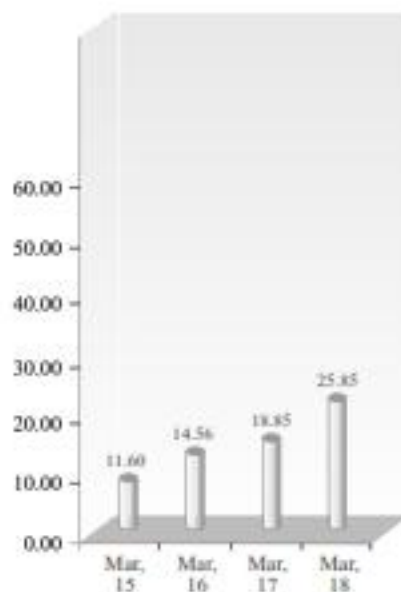
**Capital Adequacy Ratio**  
%



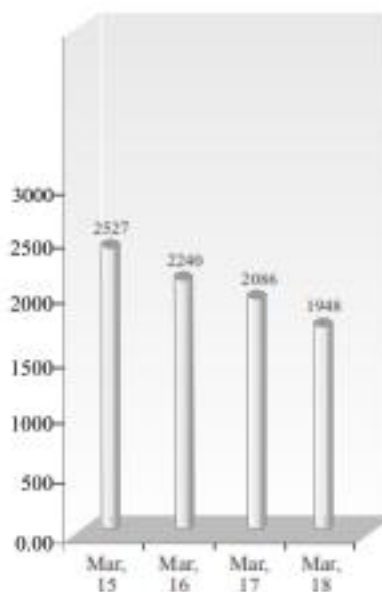
**Incremental Loan Sanctioned**  
₹ in Crores



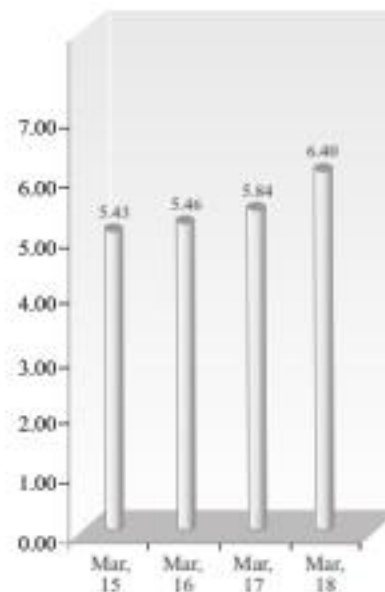
**Incremental Disbursement of Loans**  
₹ in Crores



**Loan Accounts**  
Numbers

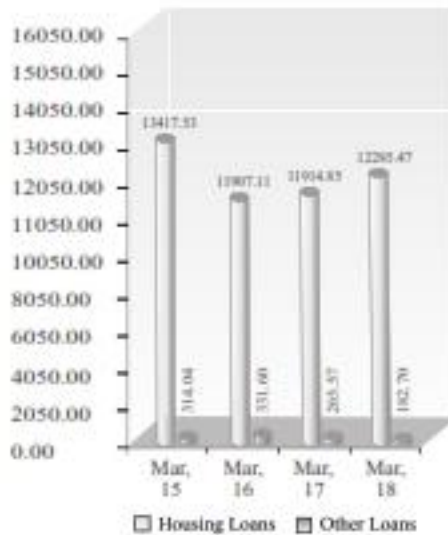


**Average Ticket Value**  
₹ in lacs



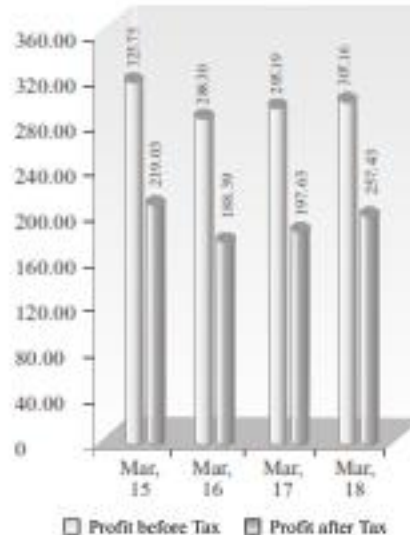
**Loan Outstanding -  
Housing Loan & Other Loan**

₹ in lacs



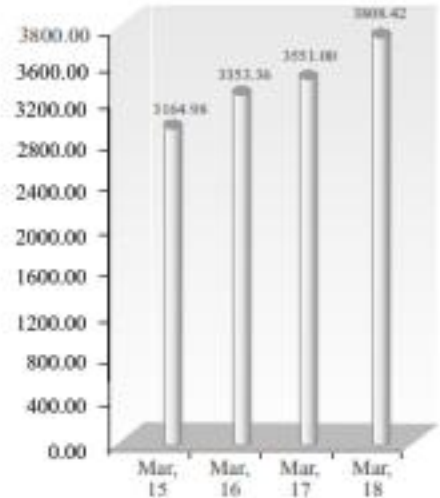
**Profit Before Tax &  
Profit After Tax**

₹ in lacs



**Net Owned Fund (NOF)**

₹ in lacs



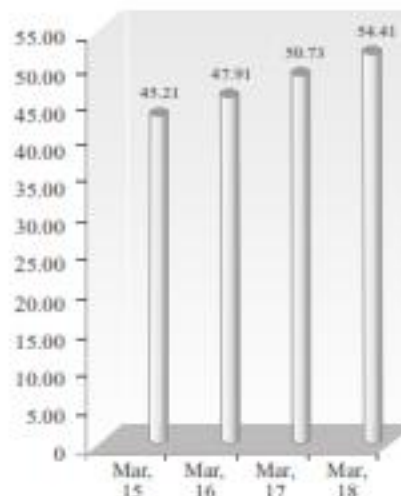
**Regionwise Loan Outstanding**

₹ in Crores



**Book Value of Shares**

₹



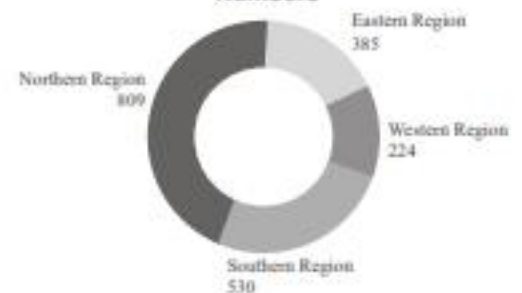
**Regionwise Cumulative Disbursement**

₹ in Crores



**Regionwise Loan Accounts**

Numbers





## DIRECTORS' REPORT

**Dear Members,**

The Board of Directors of your Company takes pleasure in presenting the Twenty-Seventh Annual Report along with the Audited Financial Statements for the financial year ended March 31, 2018.

### FINANCIAL RESULTS

The Financial Performance of the Company for the financial year ended March 31, 2018, is summarised below:

(₹)

Particulars	2017-18	2016-17
Gross Income	136,387,963	135,933,675
Less:		
Interest	50,568,552	52,653,216
Overheads	54,494,355	53,288,722
Depreciation	609,459	473,041
Profit Before Tax (PBT)	30,715,597	29,518,696
Provision for Taxation		
– Current Tax	8,153,354	8,975,977
– Deferred Tax	(3,197,488)	788,008
– Income Tax related to earlier years	17,227	(8,661)
Profit After Tax (PAT)	25,742,504	19,763,372
Add: Profit carried from earlier years	136,625,544	122,943,244
Profit available for appropriations	162,368,048	142,706,616
Appropriations		
Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961 read with Section 29C of the National Housing Bank Act, 1987	6,756,108	6,081,072
Balance carried to Balance Sheet	155,611,940	136,625,544
<b>Total</b>	<b>162,368,048</b>	<b>142,706,616</b>

### PERFORMANCE

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

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

- The Profit and Loss Account shows a Profit Before Tax (PBT) of ₹ 307.16 lakhs for the year ended March 31, 2018, after making provisions for NPAs and general provision on Standard Loan Assets and taking into account all expenses, including depreciation

as against the PBT of ₹ 295.19 lakhs for the previous year ended March 31, 2017. The provision for income tax (net of deferred tax) is ₹ 49.73 lakhs and the Profit After Tax (PAT) for the year is ₹ 257.43 lakhs as against ₹ 197.63 lakhs in the previous year, representing a increase in Net Profit of 30.26 per cent (approx). Taking into account the balance of ₹ 1366.25 lakhs brought forward from the previous year, the distributable profit as at March 31, 2018 is ₹ 1623.68 lakhs.

- The Gross Income for the year under review was ₹ 1363.88 lakhs as against the previous financial year's income of ₹ 1359.34 lakhs.

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

- Shareholder's Equity (Net Owned Fund) as at March 31, 2018 was ₹ 3808.42 lakhs as against ₹ 3551.00 lakhs in the previous year, representing an increase of 7.25 per cent.
- The total Assets under Management of the Company as on March 31, 2018 was ₹ 12468.17 lakhs as against ₹ 12180.42 lakhs in the previous year.

#### **Transfer to Special Reserve**

During the year under review, your company transferred ₹ 67.56 lakhs to the Statutory Reserve under Section 36(1)(viii) of the Income Tax Act, 1961 read with Section 29C of the NHB Act, 1987.

Deferred Tax Liability on the Special Reserve for the year under review has been created in accordance with the Circular No.: NHB(ND)/DRS/Policy Circular No. 65/2014-15 dated August 22, 2014 issued by the National Housing Bank (NHB).

#### **Earnings per Share (EPS)**

The Earnings per share (EPS) as at March 31, 2018 was ₹ 3.68 as against ₹ 2.82 as at March 31, 2017.

#### **Share Capital**

The paid up equity share capital as on March 31, 2018 was ₹ 7 Crores, divided into 7,000,000 equity share of face value of ₹ 10 each.

#### **a. Issue of equity shares with differential rights/ buy back**

The Company neither issued equity shares with differential rights during the financial year 2017-18 nor bought back any of its shares during the year under review.

#### **b. Issue of sweat equity shares**

The Company did not issue any sweat equity shares during the financial year 2017-18.

#### **c. Issue of employee stock options**

The Company did not issue any stock options during the financial year 2017-18.

#### **d. Provision by company for purchase of its own shares by employees or by trustees for the benefit of employees**

The Company does not have a scheme for purchase of its own shares by employees or by any Trustee for the benefit of employees.

#### **Subordinated Debt**

Your Company did not raise any fresh money through subordinate debt during the year under review. As on March 31, 2018, your Company's outstanding subordinated debt was ₹ 25 crore. The debt is subordinated to present and future senior indebtedness of your Company. Interest due thereon has been paid within the due date of payment.

#### **Issue of (Unlisted) Secured Non-Convertible Debenture (NCD)**

Your company did not raise fresh money through (Unlisted) Secured Non Convertible Debentures (NCD) during the year under review. As on March 31, 2018, your Company's outstanding secured long time borrowing was ₹ 30 Cr. The Interest due thereon has been paid within the due date of payment.

#### **Material Changes & Commitments occurring after the end of Financial Year**

No material changes and/or commitments affecting the financial position of the Company occurred between the end of the financial year to which the attached financial statements relate to and upto the date of this report.

#### **Capital Adequacy**

As per the Housing Finance Companies (NHB) Directions, 2010, every Housing Finance Company (HFC) shall maintain a minimum Capital Adequacy Ratio (CAR) of 12 per cent. The Capital Adequacy Ratio of SHCL as on March 31, 2018 was 55.21 per cent. The following table sets out our capital adequacy ratios as at March 31, 2016, 2017 and 2018.

Particulars	As at March 31		
	2018	2017	2016
Capital Adequacy Ratio (%)	55.21	70.11	78.68

#### **Investment in Subsidiaries, Associates, and Joint Ventures**

Your Company does not have any subsidiary nor has it made any investment in associates or joint ventures. Consequently, the disclosure requirement as stipulated in terms of sub-section (3) of Section 129 of the Companies Act, 2013, read with rule (5) of the Companies (Accounts) Rules, 2014, is not applicable.

#### **Lending Performance**

During the year under review, the Company disbursed loans aggregating to ₹ 2584.66 lakhs as against ₹ 1884.61 lakhs in the previous year March 31, 2017, thereby



registering an increase of 37.15%. The overall outstanding loan portfolio as at March 31, 2018 stood at ₹ 12468.17 lakhs as against ₹ 12180.42 lakhs in the previous year March 31, 2017.

**The Cumulative Log-in, Sanction and Disbursement as at March 31, 2018 and 2017 are as under:**

Particulars	No. of Accounts		Amount (₹ in lacs)	
	2017-18	2016-17	2017-18	2016-17
Cumulative Log-in	6355	6263	65160.71	61372.22
Cumulative Sanction	4163	4081	46432.03	42709.43
Cumulative Disbursement	3958	3877	41448.02	38863.36

**Fresh Loans**

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

(₹ In Lacs)

Particulars	31.03.18	31.03.17	31.03.16	31.03.15	31.03.14
Sanction	3722.60	2565.20	1697.68	918.50	869.13
Disbursement	2584.66	1884.61	1455.85	1159.97	3893.57

The Company continues to serve from four regions, East (Kolkata), North (Lucknow), South (Hyderabad) and West (Mumbai) and eleven branches located at Kolkata, Siliguri, Ranchi, Durgapur, Lucknow, Gorakhpur, Mumbai, Pune, Hyderabad, Vijayawada and Visakhapatnam.

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

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

The amount of Gross Non-Performing Assets (GNPA) on the Housing Loan portfolio as on March 31, 2018 was ₹ 708.61 lakhs against ₹ 716.84 lakhs as at

March 31, 2017. The Executive Management is taking necessary steps to contain the same within limit.

**Dividend**

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

**Deposits**

Your Company has been granted certificate of registration by National Housing Bank, New Delhi as a non-deposit taking Housing Finance Company. In accordance with the said stipulations the Company under the current management has neither accepted in the past nor has any future plans to accept any public deposits, by whatever mean called. There are no unclaimed deposits as on March 31, 2018.

**Particulars of Loans Guarantees or Investments**

Since the company is a Housing Finance Company, the disclosure regarding particulars of loans given, guarantees given and security provided is exempt under the provision of Section 186(11) of the Companies Act, 2013.

As regards investments, there are no investments made by the Company for the year ended March 31, 2018 except short term investment in Fixed Deposit with Nationalised Bank.

**National Housing Bank (NHB) Guidelines**

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

**Other Regulatory Compliance**

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

In order to prevent frauds in loan cases involving multiple lending from different banks / housing finance companies, the Government of India has set up the Central Registry of Securitization Asset Reconstruction and Security Interest of India (CERSAI) under Section 20 of the SARFAESI Act 2002 to have a central database of all mortgages created by lending institutions. Your Company is registered with





CERSAI and the data in respect thereto is being submitted, from time to time.

#### **Directors and Key Managerial Personnel**

Shri Seemanto Roy ceased to be a director of the company with effect from November 13, 2017. The board places on record its appreciation for the contribution made by Shri Seemanto Roy during his tenure on the board of the company since July 18, 2011.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and Articles of Association, Shri Joy Broto Roy, (DIN: 00432043) (Non-Executive & Non-Independent) Director of your Company retires by rotation and is eligible for reappointment at the ensuing Annual General Meeting.

None of the Non-Independent Directors of the company are related to each other. Brief resumes of the Directors, proposed to be re-appointed, nature of their expertise in specific functional areas and names of other companies in which they hold Directorship along with their Membership / Chairmanship of Committees of the Board as stipulated under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirement) Regulation 2015 are provided in the annexure to the Notice of the Twenty Seventh Annual General Meeting being sent to the members along with the Annual Report.

Based on the confirmations received, none of the Directors are disqualified for being appointed / reappointed as Directors in terms of Section 164 of the Companies Act, 2013.

During the year under review, no stock options were issued to the Directors of the Company.

All Independent Directors have given declarations that they meet the criteria of independence, as laid down under Section 149(6) of the Companies Act, 2013 and the provisions of Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Shri D J Bagchi, CEO & Company Secretary was re-appointed as "Manager" under Section 196, 197 and 198 as a Key Managerial Personnel under Section 203 of the Companies Act, 2013. The appointment of Shri D J Bagchi expired on July 30, 2018. The Board of Directors of your Company, on the recommendation of the Nomination & Remuneration Committee, thought it

prudent to re-appoint Shri D J Bagchi, as Chief Executive Officer and Manager under Section 196, 197, 198, and as a Key Managerial Personnel under Section 203 of the Companies Act, 2013 and rules made thereunder for a further period of three years w.e.f. July 31, 2018 subject to the approval of the members. Necessary resolution for the said re-appointment is being proposed in the notice of the ensuing Annual General Meeting for the approval of the members.

Shri Vivek Kapoor continues to serve your company as Chief Financial Officer (CFO) and a Key Managerial Personnel under Section 203 of the Companies Act, 2013.

#### **Board Meetings**

The Board during the relevant financial year had met five times on May 29, 2017, August 14, 2017, September 26, 2017, November 13, 2017 and February 14, 2018 respectively.

#### **Secretarial Standards issued by Institute of Company Secretaries of India (ICSI)**

Pursuant to the provisions of the Companies Act, 2013, the Company has complied with the Secretarial Standard on the Meetings of the Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI) and approved by the Central Government under Section 118(10) of the Companies Act, 2013.

#### **Auditors**

In terms of Section 139 of the Companies Act, 2013 M/s Chaturvedi & Partners, Chartered Accountants, (FRN: 307068E) has been appointed as Statutory Auditors of the Company in 26th Annual General Meeting of the Company up to the conclusion of 29th Annual General Meeting of the Company subject to annual ratification. But as per Section 40 of the Companies (Amendment) Act, 2017 (notified vide notification dated 7th May 2018) the provision of ratification of the appointment of Auditors has been omitted; therefore in this Annual General Meeting the appointment of M/s Chaturvedi & Partners will be confirmed for the rest of their tenure without any ratification in upcoming Annual General Meeting during their tenure and Board of Directors of the Company will be authorised to fix their remuneration from time to time.



## Notes to Accounts and Auditors Report

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

## Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed Shri P V Subramanian, Practicing Company Secretary (CP: 2077) as the Secretarial Auditor of the Company for the financial year 2017-2018. The Secretarial Audit Report for the financial year ended March 31, 2018, is annexed as "Annexure - 2" to this report.

## Directors Responsibility Statement

Your Directors would like to inform that the audited accounts for the year ended March 31, 2018 are in conformity with the requirements of the Companies Act, 2013 and they believe that the financial statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and results of operations.

These Financial Statements are audited by M/s. Chaturvedi & Partner, Chartered Accountants the Statutory Auditors of the Company and pursuant to the provisions of Section 134(5) of the Companies Act, 2013, it is hereby confirmed that;

- in the preparation of the annual accounts for the year ended March 31, 2018, the applicable Accounting Standards had been followed along with proper explanation relating to material departures,
- the directors had selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2018 and of the profit of the Company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- the directors had prepared the annual financial statements on a going concern basis;
- the directors had laid down Internal Financial Controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## Disclosure under Sub-Section (3) of Section 134 of Companies Act, 2013, Read with Rule 8(3) of the Companies (Accounts) Rules, 2014

Your Company is not engaged in any manufacturing activity and thus its operations are not energy intensive and the particulars relating to conservation of energy and technology absorption as per Section 134 (3) of the Companies Act, 2013, read with Rule 8 (3) of the Companies (Accounts) Rules, 2014, are not applicable. There has been no foreign exchange earnings and outgo during the year under review.

## Employee Remuneration

The ratio of the remuneration of each Director to the median employees remuneration and other particulars or details of employees pursuant to Section 197(12) of the Companies Act, 2013 along with the names of top 10 employees in terms of remuneration drawn read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended are attached to this Report as "Annexure – 1".

## Maintenance of Cost Records

Disclosure required for maintenance of Cost Record appears in the Auditors' Report.

## Prevention of Sexual harassment at Work Place

The Company has Zero tolerance towards any action on the part of any executive / staff which may fall under the ambit of 'Sexual Harassment' at workplace, and is fully committed to uphold and maintain the dignity of every woman executive / staff working in the company. No complaint was filed during the year in this regard.

## Corporate Governance & Management Discussion and Analysis

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section titled Report on Corporate Governance and Management Discussion and Analysis forms part of this Annual Report. The Report on Corporate



Governance also includes certain disclosures that are required, as per Companies Act, 2013.

The certificate by Ms. Mona Agarwal, Company Secretary in Practice [Membership No.: 33191, CoP. No.: 12629] confirming compliance with the conditions of Corporate Governance as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Annual Report. The said certificate for financial year 2017-18 does not contain any qualification, reservation or adverse remark.

#### **Internal Control**

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

#### **Significant / Material Orders Passed by the Regulator or Court or Tribunals**

There were no significant / material orders passed by any Regulator or Court or Tribunal which would impact the going concern status of the Company and its future operations.

#### **Change in the Nature of Business**

There are no changes in the Nature of Business.

#### **Nomination (Including Boards Diversity) Remuneration & Evaluation Policy**

The Board has on the recommendation of the Nomination & Remuneration Committee framed a Nomination (including Boards Diversity), Remuneration & Evaluation Policy, which, inter-alia, lays down the criteria for identifying the persons who are qualified to be appointed as Directors and/or Key Managerial Personnel of the Company, along with the criteria for determination of remuneration of Directors and KMPs including their evolutions and includes other matters, as prescribed under the provisions of the section 178 of Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, your Company has amended the subject policy to align the same with the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The details of the same are provided in Corporate Governance Report forming part of this Annual Report.

#### **Related Party Transaction Policy & Transactions**

Related Party Transaction Policy is intended to ensure requisite approval, reporting and disclosure of transactions between the Company and its related parties. The said policy also defines the materiality of related party transactions and lays down the procedures of dealing with related party transactions.

There were no materially significant related party transactions i.e. transactions of material nature, with its promoters, directors or senior management or their relatives etc. that may have potential conflict with the interest of company at large.

During the year, the Company has not entered into any material contract, arrangement or transaction with related parties, as defined in the SEBI Listing Regulations and Related Party Transaction Policy of the Company. None of the Directors have any pecuniary relationships or transactions vis-à-vis the Company.

The Related Party Policy is available on the website of the Company at the URL <http://www.saharahousingfina.com/annualreport/related-party-transaction-policy.pdf>

#### **Annual Evaluation of Board Performance and Performance of its Committees and Individual Directors**

Provisions of the Companies Act, 2013 mandates formal annual evaluation of the Board of Directors and its committees. The provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, also require that the Board shall monitor and review the Board Evaluation Framework.

The annual performance evaluations of the Board as a whole, all Directors as well as the evaluation of the Board Committees including Audit Committee, Nomination & Remuneration Committee, Risk Management Committee, and Stakeholders Relationship Committee of the Company, were carried out. The details of evaluation



process as carried out and the evaluation criteria and framework have been explained in the Corporate Governance Report, forming part of this Annual Report.

### **Insurance of Company's Property**

Your Company has insured its various properties and facilities against the risk of fire, theft, etc., so that financials are not impacted in the unfortunate event of such incidents. However, your Company does not offer at present Directors and Officers Liability Insurance Policy.

### **Risk Management Policy & Asset Liability Management Committee (ALCO)**

The company has in place Asset Liability Committee (ALCO) which monitors and on an ongoing basis, liquidity, interest rate and funding risks to which the Company is susceptible. Liquidity risk is caused by an asset-liability mismatch resulting from a difference in the maturity profile of the assets and liabilities. Unexpected increases in the cost of funding an asset portfolio, at the appropriate maturity, and the risk of being unable to liquidate a position in a timely manner at a reasonable price, are some of the triggers of this risk.

The liquidity risk among housing finance companies stems from the fact that the assets generated by housing finance companies have an average tenure of 10 - 12 years, while the liabilities have seven to ten years. The Company actively monitors its liquidity position to ensure that it can meet all requirements of its borrowers, while also meeting the requirements of its lenders, and also strengthen its ability to consider investment opportunities as they arise. The Asset Liability Management Committee ("ALCO"), comprising Senior Management Team who lays down policies and quantitative limits which the Audit Committee and the Board are periodically apprised in this regard.

### **Corporate Social Responsibility Policy**

Pursuant to the provisions of section 135 and schedule VII of the Companies Act, 2013, at present the CSR provisions are not applicable to the Company.

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

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

(NHB) guidelines.

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

The said policy is available on website of the Company at the URL <http://www.saharahousingfina.com/kycp.html>.

### **Fair Practice Code**

Your Company has in place a Fair Practice Code (FPC), which includes guidelines on appropriate staff conduct when dealing with the customers and on the organisations policies vis-à-vis client protection. The FPC is being revised and updated to align the same with the improved practices in relation to the dealings of the Company with its customers, and as per the various circulars issued by the National Housing Bank.

The said policy is available on website of the Company at the URL <http://www.saharahousingfina.com/fpc.html>.

### **Whistle Blower Policy (Vigil Mechanism)**

Pursuant to the provisions of Section 177(9)&(10) of the Companies Act, 2013 read with Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has in place a Whistle Blower Policy, which provides for a vigil mechanism that encourages and supports its Directors and employees to report instances of illegal activities, unethical behaviour, actual or suspected, fraud or violation of the Company's Code of Conduct or Ethics Policy. It also provides for adequate safeguards against victimisation of persons who use this mechanism and direct access to the Chairman of the Audit Committee in exceptional cases.

The said policy is available on website of the Company at the URL <http://www.saharahousingfina.com/wbp.html>.

### **Code of Conduct for Board of Directors and the Senior Management Personnel**

Your Company has in place Code of Conduct for the Board of Directors and the Senior Management Personnel





to set forth the guiding principles on which the Company and its Board and Senior Management Personnel shall operate and conduct themselves with stakeholders, government and regulatory agencies, media and anyone else with whom it is connected in a professional and respectful manner.

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

The said policy is available on website of the Company at the URL [http://www.saharahousingfina.com/Code\\_of\\_Conduct\\_Directors\\_Sr%20Mngmnt\\_Pe'l\\_REVISED\\_2015.pdf](http://www.saharahousingfina.com/Code_of_Conduct_Directors_Sr%20Mngmnt_Pe'l_REVISED_2015.pdf).

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

Your Company has formulated and adopted a Code for Prevention of Insider Trading Practices in accordance with the model code of conduct as prescribed under the SEBI (Prohibition of Insider Trading) Regulations, 2015. The code lays down guidelines, which includes procedures to be followed and disclosures to be made while dealing in the shares of the Company. The code is applicable to the promoters, directors, senior designated employees and the said persons are restricted from dealing in the securities of the Company during the restricted trading periods notified by the Company.

#### **Policy in Disclosure of Material Events and Information**

Your Company has formulated and adopted the policy on disclosure of material events and information, in accordance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, to determine the events and information which are material in nature and are required to be disclosed to the stock exchanges.

The said policy is available on website of the Company at the URL [http://www.saharahousingfina.com/annualreport/Materiality\\_Policy.pdf](http://www.saharahousingfina.com/annualreport/Materiality_Policy.pdf)

#### **Policy on Preservation of Documents and Records**

Your Company has formulated and adopted the policy on documents and records in accordance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The policy ensures that the company complies with the applicable documents retention laws, preservations of various statutory documents and also lays down minimum retention period

for the documents and records in respect of which no retention period has been specified by any laws / rule / regulations.

#### **Other Policies as Per NHB Rules/Guidelines**

Your Company has formulated and adopted the policies on Partial / Part-Prepayments, Foreclosure / Pre-closure of loan prior to actual / agreed date of closure, Code of Conduct for Direct Selling Agents, Guidelines for Recovery Agents, Policy on Refunds of Fees (AF/PF), 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.

#### **Listing of Shares of the Company**

The Equity Shares of your Company continue to remain listed (Group-B) on the BSE Ltd. The Company has paid the listing fees as payable to the BSE Ltd. for the financial year 2018-19.

#### **Technology Updation**

Your company remains committed to upgrade its existing system software and information technology so as to improve operational efficiencies and optimize cost. However, the financial implications being constraint, the company is steadily progressing to achieve the envisaged goal. During the year under review the dependency on custom driven reporting increased with the partial implementation and commissioning of the in-house developed software module and as a result it is expected that the system and procedures including MIS and reports shall be strengthened with its complete commissioning. In consonance with earlier years, the emphasis continues to improve procedures so as to provide adequate checks and alerts against probable frauds that may arise due to misrepresentation by applicants and even to ensure fair practice in dealing with borrowers.

#### **Depository System**

The Company has entered into an agreement with CDSL / NSDL for transaction of shares in dematerialized form. As on March 31, 2018, only 3.05 per cent of the Company's paid up Share Capital consisting of 2,13,359 shares were held in physical form. As per the Securities and Exchange Board of India's (SEBI) instructions, the Company's shares have to be transacted in dematerialised form and therefore, members are requested to convert their holdings to dematerialised form.



## Human Resources and Training

Your Company continues its focus to improve human resource competence and capabilities in the Company to deliver the desired / better results. The Company aims to align HR practices with business goals, motivate people for higher performance and build a competitive working environment. Your company strives to ensure overall employee development and retention thus making them a core participant to the Company's success. Rewarding and recognizing 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 continues to sponsor its employees at various levels to attend various seminars, workshops and programmes conducted under the aegis of various organizations and institutions including training programmes conducted by National Housing Bank, ICAI, ICSI & others and firmly believes it to be an investment in building leadership qualities amongst selected promising employees.

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

## Insurance Coverage to Borrowers

Your Company in tie-up with National Insurance Company Limited offers comprehensive insurance cover product called "National Insurance Sahara Home Loan Suraksha Bima" offering protection to the borrowers (optional) of the Company against the following risks / perils / natural calamities;

- A. Personal Accident Insurance: Death due to accident/ accidental loss of two limbs, two eyes or one limb and one eye; Permanent total disablement from injuries other than named above.
- B. Property Insurance: Fire / Storm / Earthquake / Riot, Strike and Malicious damage / Lightning / Explosion / Implosion / Aircraft damage, Impact damage / Subsidence and Landslide including Rock Slide / Bursting or Overflowing of Water Tanks & Pipes, Missile testing operations / Leakage from Automatic Sprinkler Installations, Bush Fire / other natural calamities.

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

## Go Green Initiatives

Like previous year, the go green initiative to send annual report in electronic format to the shareholders who have registered their e-mail ID with their Depository Participant, shall be continued. The shareholders who have not yet registered their e-mail ID are requested to do so to enable the Company to effectively comply with this initiative.

## Extract of Annual Return

Pursuant to Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return as at March 31, 2018, in the prescribed form MGT 9, forms part of this report and is annexed as "Annexure - 3".

## Acknowledgements

Your Directors wish to place on record their gratitude for the continued support of various authorities including the National Housing Bank, SEBI, BSE Limited, NSDL, CDSL and Credit Rating Agency (Infomermics Valuation & Rating Private Limited) and also for support and faith reposed in the Company by the Borrowers, all Bankers, Debenture holders, Trustees (Catalyst Trusteeship Limited) and others.

The Board also places on record its deep appreciation for the significant contributions made by its employees at all levels and for the dedication and commitment of the employees as a result of their hard work, co-operation and support, the Company has been able to maintain its consistent growth.

The Board would also like to express its sincere appreciation to the Company's RTA, Service Providers and Counsellors for their continued co-operation.

For and on behalf of the Board of Directors

	<b>(Brijendra Sahay)</b>	<b>(Anshu Roy)</b>
	Director	Director
Kolkata	(DIN 00017600)	(DIN 05257404)
August 07, 2018		

# Annexure – 1

## TO THE DIRECTORS' REPORT

Sl. No.	Requirements	Disclosure
I	The ratio of the remuneration of each director to the median remuneration of the employees for the financial year 2017-18.	The Directors are not paid any remuneration apart from the 'Sitting Fees'. Hence, no disclosure is applicable.
II	The percentage increase in remuneration of each Director, Chief Executive Officer & Company Secretary and Chief Financial Officer in the financial year.	There was no increase in the remuneration of CEO/CFO in the financial year 2017-18. The Directors are not paid any remuneration apart from the 'Sitting Fees'.
III	The percentage increase in the median remuneration of employees in the financial year.	There was no increase in the median remuneration of employees in the financial year 2017-18.
IV	The number of permanent employees on the rolls of the Company.	There were 44 permanent employees on the rolls of the Company, as on March 31, 2018.
V	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Not Applicable as there was no increase in remuneration in the financial year 2017-18. (Save and except inflation adjustment)
VI	Affirmation that the remuneration is as per the remuneration policy of the Company.	It is hereby affirmed that the remuneration is as per the Remuneration Policy of the Company.

### Particulars of Top Ten Employees for the year ended on March 31, 2018

Particulars of employees pursuant to section 134(3)(q) of the companies Act, 2013 Read with rule 5(2) & 5(3) of the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name	Age (Yrs)	No. of Share Held	Designation	Remuneration (₹)	Qualification	Experience (years)	Date of Commencement of Employment	Previous Employment
Shri D.J. Bagchi	55	-	Chief Executive Officer & Company Secretary	4,252,329	I.C.S.I. & LLB	28	16.02.2004	Dewan Housing Finance Corporation Ltd.
Shri Vivek Kapoor	50	-	Chief Financial Officer	1,521,237	Graduate	26	12.08.2003	Garpati Projects Limited
Shri Anup Kirtan	49	-	Deputy Chief Manager	1,487,580	I.C.W.A.	18	07.07.2003	Lovelock & Lewes Services (P) Ltd.
Shri Sarvesh Kumar	48	-	Assistant Chief Manager	1,224,318	Post Graduate	24	16.01.2004	SBI Home Finance
Shri K.D. Bhattacharya	45	-	Assistant Chief Manager	1,178,669	MBA	21	01.07.2003	Bengal Ambuja Housing Development Ltd.
Shri R.N. Singh	55	-	Senior Manager	950,769	B.Tech (Civil)	25	16.10.2006	Dewan Housing Finance Corporation Ltd.
Shri Sumit Basu	55	-	Deputy Senior Manager	855,229	Graduate	31	25.08.2004	Serbo Engineering Ltd.
Shri Sutanu Palit	57	-	Assistant Senior Manager	758,326	Graduate	27	02.06.2005	Serbo Engineering Ltd.
Shri Amab Chaudhury	48	-	Assistant Senior Manager	761,513	Graduate & P.G.D.C.A.	19	05.11.2004	Bengal Ambuja Metro Development Ltd.
Shri Ranjan Saha	54	-	Manager	644,141	Graduate	25	10.05.2006	Serbo Engineering Ltd.

- Notes : 1. Nature of Employment and duties: Permanent and in accordance with terms and conditions as per Companies rules.  
2. Remuneration received includes salary, allowances, retirement benefits and monetary value of other perquisites computed on the basis of the Income Tax Act and Rules.  
3. No employee is a relative of any Director or Key Managerial Personnel of the Company, Ruls 5(2)(iii) of the captioned Rules is not applicable to any employee.



**Annexure – 2**

**TO THE DIRECTORS' REPORT**

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018.**

To,  
The Members,  
**Sahara Housingfina Corporation Limited.**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sahara Housingfina Corporation Limited** (hereinafter called "**the Company**"). Secretarial Audit was conducted in a manner that provided me a reasonable basis of evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that, in my opinion, the Company, during the audit period covering the financial year ended on March 31, 2018, has generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:-

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by **Sahara Housingfina Corporation Limited** ('the Company') for the financial year ended on March 31, 2018 according to the provisions of:
  - (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; and
  - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
    - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; and
    - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (vi) The following laws specifically applicable to the Company vis-a-vis the nature of its business:-
    - (a) The National Housing Bank Act, 1987; &
    - (b) The Housing Finance Companies (NHB) Directions, 2010.
2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were **not applicable** to the Company during the financial year under report:-
  - (a) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.



3. I have also examined compliance with the applicable clauses of the following:-
  - (i) Secretarial Standards with respect to board and general meetings issued by the Institute of Company Secretaries of India; &
  - (ii) The Listing Agreement entered into by the Company with BSE Ltd.
4. During the period under review the Company has generally complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above.
5. I further report that:
  - (i) The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act;
  - (ii) Adequate notices were given to all directors to schedule the Board Meetings and Committee Meetings. Agenda and notes on agenda were sent at least seven days in advance and further information and clarifications on the agenda items were provided for meaningful participation at the meetings; and
  - (iii) All decisions at the Board Meetings and Committee Meetings, as represented by the management, were taken unanimously.
6. I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines, including general laws, labour laws, competition law and environment laws.
7. I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines, such as laws related to taxation, local laws applicable to the areas of operation of business and other laws generally applicable to the Company.
8. I further report that, to the best of my understanding, the Company had not undertaken any event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.
9. This report is to be read with my letter of even date which is annexed as **Appendix-I** and forms an integral part of this report.

Place : Kolkata  
Date : August 7, 2018

**P V SUBRAMANIAN**  
Company Secretary in Whole-time Practice  
ACS No.: 4585  
CoP. No.: 2077

**Appendix-I**

**(To the Secretarial Audit Report to the Members of Sahara Housing Finance Corporation Limited for the financial year ended March 31, 2018)**

To,  
The Members,  
**Sahara Housing Finance Corporation Limited.**

My Secretarial Audit Report for the financial year ended March 31, 2018 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts reflected on secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Account of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy of effectiveness with which the management has conducted the affairs of the Company.

Place : Kolkata  
Date : August 7, 2018

**P V SUBRAMANIAN**  
Company Secretary in Whole-time Practice  
ACS No.: 4585  
CoP. No.: 2077





**Annexure – 3**  
**TO THE DIRECTORS' REPORT**

**FORM NO. MGT 9**

**EXTRACT OF ANNUAL RETURN**

**As on Financial Year ended on March 31, 2018**

**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.**

**I. REGISTRATION & OTHER DETAILS:**

- |   |  |
|---|--|
| 1. CIN  | L18100WB1991PLC099782  |
| 2. Registration Date  | August 19, 1991  |
| 3. Name of the Company  | Sahara Housingfina Corporation Limited   |
| 4. Category/Sub-category of the Company                                     | Public Company, Limited by shares<br>(Registered with National Housing Bank as a Non-deposit taking Housing Finance Company)   |
| 5. Address of the Registered office & contact details                       | 46, Dr. Sundari Mohan Avenue<br>Kolkata- 700 014<br>Ph: +91 33 2289 0148/2289 6708<br>Email: info.saharahousingfina@gmail.com;<br>Website: www.saharahousingfina.com             |
| 6. Whether listed company   | Yes  |
| 7. Name, Address & contact details of Registrar & Transfer Agent, (if any). | Link Intime India Private Limited<br>59 C, Chowringhee Road,<br>3rd Floor, Kolkata- 700 020<br>Ph: +91 33 2289 0540<br>Fax: +91 33 2289-0539<br>E-mail: kolkata@linkintime.co.in |

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY** (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Carrying out activities of Housing Finance Companies (Housing Loan and Non-Housing Loan)	65922	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES – Not Applicable**

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**  
Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on March 31, 2017]				No. of Shares held at the end of the year [As on March 31, 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	4994587	-	4994587	71.35	4994587	-	4994587	71.35	00.00
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1):-</b>	4994587	-	4994587	71.35	4994587	-	4994587	71.35	00.00
<b>(2) Foreign</b>									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2) :</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	4994587	-	4994587	71.35	4994587	-	4994587	71.35	00.00
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-



<b>2. Non-Institutions</b>									
a) Bodies Corporate	796752	1300	798052	11.40	777253	1300	778553	11.12	(0.28)
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	677392	212573	689965	12.71	673322	212059	685361	12.65	(0.06)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	224794	-	224794	3.21	249319	-	249319	3.56	0.35
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians (REPAT)	12080	-	12080	0.17	5585	-	5585	0.08	(0.09)
Non Resident Indians (NON REPAT)	2140	-	2140	0.03	2140	-	2140	0.03	0.00
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Hindu Undivided Family	61156	-	61156	0.87	69063	-	69063	0.99	0.11
Clearing Members	17226	-	17226	0.25	15372	-	15372	0.22	(0.03)
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	1791540	213873	2005413	28.65	1792054	213359	2005413	28.65	00.00
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	1791525	213888	2005413	28.65	1792054	213359	2005413	28.65	00.00
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	6786127	213873	7000000	100	6786641	213873	7000000	100	

## II. Shareholding of Promoter-

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year 2017			Shareholding at the end of the year 2018			% Change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Sahara Prime City Limited	2940000	42.00	-	2940000	42.00	-	00.00
2	Sahara India Corp Investment Limited	1638587	23.41	-	1638587	23.41	-	00.00
3	Sahara India Finance and Investment Limited	416000	5.94	-	416000	5.94	-	00.00

## III. Change in Promoters' Shareholding (please specify, if there is no change)

There was no change in absolute terms in number of shareholding of Promoters/Promoter Group.

**IV. Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year 2017		Transactions during the year		Cumulative Shareholding at the end of the year 2018	
		No. of Shares	% of total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares	% of total Shares of the Company
1	Gandevi Commerce Private Limited	723044	10.33	–	–	723044	10.33
2	Vishnushankar B Mishra	76508	1.09	– 7-Apr-17 14-Apr-17 21-Apr-17 28-Apr-17 5-May-17 12-May-17 19-May-17 26-May-17 9-Jun-17 16-Jun-17 23-Jun-17 7-Jul-17 28-Jul-17 4-Aug-17	– 550 100 774 250 234 682 919 275 3245 1551 920 250 780 (600)	76508 77058 77158 77932 78182 78416 79098 80017 80292 83537 85088 86008 86258 87038 86438	1.09 1.10 1.10 1.11 1.12 1.12 1.13 1.14 1.15 1.19 1.21 1.23 1.23 1.24 1.23
3	Madhu Bala Mittal	31221	0.45	– 31-Mar-18	– 1000	31221 32221	0.45 0.46
4	Sharmila Parasa	25952	0.37	–	–	25952	0.37
5	Hirak Leasing and Investments Pvt. Ltd.	25000	0.36	–	–	25000	0.36
6	Meeta Kantilal Vardhan	19264	0.28	–	–	19264	0.28
7	Atul Haribhai Chauhan	17415	0.25	– 26-Jan-18 2-Feb-18 16-Feb-18 2-Mar-18 16-Mar-18 23-Mar-18 31-Mar-18	– (500) (100) (10) (400) (15) (90) (25)	17415 16915 16815 16805 16405 16390 16300 16325	0.25 0.24 0.24 0.24 0.23 0.23 0.23 0.23
8	Radhey Shyam Mittal	15706	0.22	–	–	15706	0.22
9	Jatinder Kumar Mittal	2061	0.03	6189 (23 Dec 2016) 5980 (06 Jan 2017)	– –	8250 14230	0.12 0.20

**V. Shareholding of Directors and Key Managerial Personnel:**

None of the Directors or Key Managerial Personnel hold nor has any time in the past held any shares in the Company. Hence no disclosure is applicable.



**V. INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	50,028,576	-	-	50,028,576
ii) Interest due but not paid	1,595	-	-	1,595
iii) Interest accrued but not due	-	436,531,684	-	440,356,684
<b>Total (i+ii+iii)</b>	<b>50,030,171</b>	<b>436,531,684</b>	<b>-</b>	<b>490,386,855</b>
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	3,825,000	70,000,000	-	73,825,000
<b>Net Change</b>	<b>3,825,000</b>	<b>70,000,000</b>	<b>-</b>	<b>73,825,000</b>
Indebtedness at the end of the financial year				
i) Principal Amount	50,028,576	-	-	50,028,576
ii) Interest due but not paid	1,595	-	-	1,595
iii) Interest accrued but not due	-	366,531,684	-	366,531,684
<b>Total (i+ii+iii)</b>	<b>50,030,171</b>	<b>366,531,684</b>	<b>-</b>	<b>416,561,855</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager
		D.J.Bagchi Manager
1	Gross salary	(₹)
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,179,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	73,329
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission - as % of profit - others, specify...	-
5	Others, please specify	-
	Total (A)	4,252,329
	Ceiling as per the Act	*

- In terms of the provisions of Section 197 of the Companies Act, 2013, ("Act") the remuneration payable to the Managing Director/WTD/Manager shall not exceed 5% of the net profits of the Company calculated as per the Act. As per sub-section (3) of Section 197, notwithstanding anything contained in sub-sections (1) and (2), but subject to the provisions of Schedule V, if, in any financial year, a company has no profits or its profits are inadequate, the company shall not pay to its directors, including any managing or whole-time director or manager, by way of remuneration any sum exclusive of any fees payable to directors under sub-section (5) except in accordance with the provisions of Schedule V and if it is not able to comply with such provisions, with the previous approval of the Central Government.
- The remuneration paid to Shri D J Bagchi is well within the limits prescribed under the erstwhile Companies Act, 2013 read with the Sections 196, 197, 198, 203 and other applicable provisions, if any, read with Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014, and the same is also authorized vide special resolution of the members of the Company passed at the 24th Annual General Meeting held on September 28, 2015.

## B. REMUNERATION TO OTHER DIRECTORS

### B1. REMUNERATION TO INDEPENDENT DIRECTORS

Sl. No.	Name of Independent Director	Fees for attending Board/ Committee Meetings Total Amount (in ₹)	Total Amount (in ₹)
1	Shri Brijendra Sahay	90000	90000
2	Smt Anshu Roy	90000	90000

### B2. REMUNERATION TO OTHER NON-INDEPENDENT, NON-EXECUTIVE DIRECTORS

Sl. No.	Name of Non-Independent, Non-Executive Director	Fees for attending Board/ Committee Meetings Total Amount (in ₹)	Total Amount (in ₹)
1	Shri Seemanto Roy *	40000	40000
2	Shri Joy Broto Roy	80000	80000

\* ceased as a director w.e.f. November 13, 2017

NOTE: The Directors of the Company are paid only the sitting fees of Rs.10,000 each for attending the Board/Committee meetings. The directors do not receive any other remuneration from the Company.



**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WT**

Sl. No.	Particulars of Remuneration	Shri D. J. Bagchi * (CEO & CS)	Shri Vivek Kapoor (CFO)
1	Gross salary	(₹)	(₹)
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,179,000	1,509,237
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	73,329	12,000
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	–	–
2	Stock Option	–	–
3	Sweat Equity	–	–
4	Commission - as % of profit - others, specify...	–	–
5	Others, please specify	–	–
	<b>Total</b>	<b>4,252,329</b>	<b>1,521,237</b>

Shri D J Bagchi is appointed as Manager and he also serves as CEO, and Company Secretary.

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			NONE		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NONE		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NONE		
Punishment					
Compounding					

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### ■ World Bank Forecasts 7.3% Growth for India in this Financial Year

The World Bank forecast a growth rate of 7.3 per cent for India this year and 7.5 per cent for 2019 and 2020, and noted that the country's economy has recovered from the effects of demonetisation and the Goods and Services Tax.

"Growth is expected to accelerate from 6.7 in 2017 to 7.3 per cent in 2018 and to subsequently stabilise supported by a sustained recovery in private investment and private consumption," the World Bank said in its twice-a-year South Asia Economic Focus.

In its report the World Bank said, India should strive to accelerate investments and exports to take advantage of the recovery in global growth.

"Every month, the work force increases by 1.3 million people and India must create 8.1 million jobs a year to maintain its employment rate, which has been declining based on employment data analysed from 2005 to 2015, largely due to women leaving the job market," the bank said.

In the India section of the report, the bank acknowledged that disruptions from demonetisation and events surrounding the implementation of GST led to a setback in economic activity and a potentially larger negative effect on the poor and vulnerable.

Looking ahead, return to business as usual and subsequent rebalancing of growth drivers towards investment could support acceleration of GDP growth to 7.4 per cent by FY 2019, it said.

As in the past, sustained growth is expected to translate to continued poverty reduction, albeit with heightened uncertainty because of the effects on the informal economy, it said.

Noting that the one-time policy events - disruptions from demonetisation and uncertainty surrounding GST - slowed India's economic momentum in FY2016, the IMF said real GDP growth slowed to 7.1 per cent in FY2016, from 8 per cent in FY15/16, and further to 5.7 per cent in Q1 FY2017.

On the one hand, public and private consumption gained pace: first after implementation of the 7th central pay commission recommendations, and secondly due to the revival in rural demand after normal monsoon and agricultural impetus.

On the other hand, overall demand slowed as public

investments started to wane.

Excluding agriculture, output growth experienced a slowdown decelerating to 6.9 per cent in FY2016, from 9.4 per cent in the previous year, it said.

According to the World Bank, the most substantial medium-term risks are associated with private investment recovery, which continues to face several domestic impediments such as corporate debt overhang, regulatory and policy challenges, along with the risk of an imminent increase in US interest rates.

If the internal bottlenecks are not alleviated, subdued private investment would put downside pressures on India's potential growth, it said.

Downside risks to the global economy - and accordingly to export growth and capital flows - are also substantial given the possibility of monetary policy normalisation in the US and risks of protectionism, the World Bank said.

(Source: <https://auto.economictimes.indiatimes.com/news/industry/world-bank-forecasts-7-3-growth-for-india-this-year/63792864>)

### ■ GST Impact on the Indian Real Estate Sector

The long-awaited revolutionary tax has finally been introduced. GST seeks to transform India with its "One Nation, One Market, One Tax" principle. The real estate sector is one of the most pivotal sectors of the Indian economy. It is the largest employer in the economy after agriculture, contributing an average of 5-6 percent to the GDP - a contribution that is set to grow at a compounded annual growth rate (CAGR) of 30 percent over the next 10 years. By one account, the sector will be worth a staggering \$180 billion in revenues by 2020. In the past, the real estate industry was embroiled in disputes due to ambiguity in provisions as well as multiple taxations. GST is expected to simplify taxation compliance and have a positive impact on the industry as a whole.

#### ● Impact on Real Estate Buyers & Investors

Under the earlier law, buyers were liable to pay taxes depending on the construction status of the property, i.e., whether the property was under construction or complete. When purchasing a property under construction, a buyer was subjected to the payment of VAT, service tax, stamp duty, and registration charges. Properties purchased after completion were exempt from VAT and service tax, and only stamp duty and registration charges were payable. Moreover, the state where the property was located was also a relevant consideration because VAT, stamp duty,



and registration charges — all being state levies — varied from state to state.

The biggest takeaway is that GST is a simple tax that applies to the overall purchase price. All properties under construction will be charged at 12 percent of the property value. This excludes stamp duty and registration charges. For completed properties, the earlier provisions will continue and buyers will pay no indirect tax on sale of ready-to-move-in properties.

#### ● Impact on Developers

Previously, developers were liable to pay customs duty, central excise duty, VAT, entry taxes, etc. on construction material costs. They also had to pay a 15 percent tax on services like labour, architect fees, approval charges, legal charges, etc. Eventually, this tax burden was transferred to the buyer.

Under the new regime, however, the changes in construction costs are not as difficult. For instance, cement will now be taxed at the rate of 28 percent under GST. This is higher than the current average tax rate of approximately 23-24 percent, but a lot of additional taxes charged over the average rate will now be subsumed under GST. Iron rods and pillars used in the construction of buildings are now charged at the rate of 18 percent, which is less than the previous average rate of 19.5 percent.

Furthermore, the reduced cost of logistics will result in a reduction of expenses as well. The input tax credits will also help in increasing profit margins. A developer will be entitled to take input credits on the sale of property under construction against the taxes that are paid by the buyer. All this is expected to bring down the project cost to the developers, and the developers will have to pass on the benefit of the price reduction to the buyer.

Prior to GST, a huge percentage of real estate project expenditure went unrecorded in the books. GST will cut down this percentage due to cloud storage of invoicing. The real estate sector will also benefit with the new tax law having a positive effect on all ancillary industries since this sector has a stimulating demand for more than 250 ancillary industries.

#### ● Input Service Distributor (ISD) concept

Under GST, an ISD concept has been proposed for transferring the tax credit of input services between two or more locations. Any supplier of goods or services can be considered an ISD. An ISD can transfer credit for all types of GST, including CSGT, SGST, or IGST. Further, an ISD can be any supplier of goods or services. Considering the possibility of multiple state registrations,

an ISD could be used as a tool to ensure optimal utilization of head office related credit, resulting in actual cost reduction.

#### ● Compliance Requirements

Compliance requirements have increased in the GST era, however, the businesses have geared up to that. All assesses (including composite dealer) are now filing the annual returns and are following the relevant financial year. The assesses are required to file annual returns for each registered branch and warehouse. There is a mandatory audit requirement by Chartered Accountant or Cost Accountant where the registered entity's aggregate turnover during financial year crosses Rs 1 Crore. In cases where an audit is mandatory, the annual returns need to be accompanied by a copy of the audited annual account and reconciliation statement that reconciles annual returns audited accounts.

#### ● Impact on Residential Real Estate

If we look at the residential property sector, sales are not just impacted by tax rates but also by sentiment, and also on account of the trust deficit which the Real Estate Regulation & Development Act – or RERA – now seeks to address. That said, the costs had gone higher under GST and the lower prevailing current home loan rates have assuaged the impact to some extent.

Buyers and investors as well as developers are understandably worried that the final ticket size of homes has increased with implementation of GST compared to the earlier service tax rates. Developers are still awaiting further clarity on this, but they know that it is in the interest of their business to keep ticket sizes range-bound. Evolving market dynamics have already brought about a change in the manner in which developers work. Staying customer-centric and delivery-focused to create a differentiated identity will be the most logical and likely method for them to adopt.

(Source: <https://www1.avalara.com/in/en/blog/2017/09/impact-gst-indian-real-estate-sector.html>)

#### ■ Signs are Ominous for Housing Finance Companies - Home Truths

When loan repayment ratios started to trip at an alarming pace, Udaipur-based SRG Housing Finance —lender in the hinterlands of south Rajasthan and Gujarat—devised a new collection strategy. They sought help from the sarpanch (village headmen), asking them to goad defaulting borrowers to “at least make part payments.”

It did the trick, apparently, as the housing finance company (HFC) managed to recover significant sums. “Peer pressure



really works in areas where we operate," says a Senior Management person of a reputed mid-size HFC, which has an outstanding loan book of Rs 125 Cr and 1.2% gross non-performing assets (GNPA). "We're very cautious these days. We try to gather as much information as we can before assigning a loan."

A loan was never a problem in India; getting the money back is. Average GNPA of HFCs are hovering at 1.2% levels — a sharp spike from a healthier 0.5–0.65% maintained till last year. By end of the September quarter, close to Rs 10,500 Cr. of loans disbursed by HFCs have turned doubtful, as per data from CARE Ratings. Are HFCs sitting on a powder keg? No one wants to hazard a guess just yet but the signs are ominous. Bigger players remain relatively insulated, thanks to their heft and borrowing cost management. Many have sufficient capital and strong sponsors (banks or corporate houses).

Smaller players are vulnerable and could be in dire straits if their non-performing assets (NPAs) turn credit losses. They maintain a narrow capital base and have very little financial support. It's no wonder several are forced to adopt unconventional means, petitioning the sarpanch or naming defaulters at an open gram sabha. A clean-up looks inevitable. There were just about 70 HFCs in mid-2016; a year later, this number had risen to 82. At present, there are 92 HFCs operating and 14 more waiting for approvals from National Housing Bank.

"There are 40 small players in the market with average capital of Rs 10-12 Cr.," says a Senior Management person of India's largest HFCs with loan assets in excess of Rs 1 Lac Cr. "As a result of high funding (borrowing from banks) cost, they are forced to chase borrowers with poor credit profiles and lend at 12-12.5% interest rate. Some are in serious trouble because of reckless lending."

The stress is seen more in the affordable housing segment, especially low-ticket size borrowers. "HFCs have not been able to predict borrowers' cash flows," admits a Senior Management person of CARE Ratings. His colleague, chips in, "Several HFCs have expanded to untested markets without even properly assessing property values. A few have also given loans at high loan-to-value (LTV), which leaves lenders with slim collateral cover."

## Truths

India's housing loan portfolio as of September 30 stands at Rs 15.1 Lac Cr. of this, HFC's, manage over Rs 6 Lac Cr. As established HFCs grew, lending to retail borrowers for several years, they craved a share of the big boys' (read banks) business pie. They created products to suit

big-ticket borrowers' needs - loans against property (LAP), corporate and developer loans, lease rent discounting buckets.

LAP eventually became the most effective weapon to bulk up assets. Most mid and large-sized HFCs lent cautiously at the beginning, but when more players jumped in, HFCs shifted from the restrictive tenets of prudent banking. The LAP book was 38% of total non-housing loans for the housing finance sector last fiscal. "LAP is a good product if valuation of collateral is right and loan is given on the basis of borrower's cash flows. If collateral is not valued properly, LAP could be a very risky product," says Senior Management person of India's largest housing mortgage firm. "There have been instances of LAPs given on overstated valuation certificates. Also, lenders are not in control of end-use of a LAP. No property is purchased with LAP funds in many cases."

Several even lent money at high LTVs of up to 80%. So, for property worth Rs 1 Cr. (kept as collateral), some lenders loaned as much as Rs 80 Lac. Little did these lenders know that real estate prices would crash 15-30% in some micro-markets. "Delinquencies (in LAP buckets) have increased in north India...Lenders have taken excessive risk in these pockets," says by one employee of CARE. "Delinquencies in non-housing loan books are higher than in housing loan books."

An imminent danger to HFCs that have disbursed LAPs (at high LTVs) is a deeper correction in real estate prices. This is probably why some players who were big on LAPs till a couple of years ago, have shrunk their books considerably. As per a senior management person of a reputed HFC "Lenders who disburse LAPs after assessing repayment capacity of borrowers are safe. The ones that do asset-backed lending are in trouble".


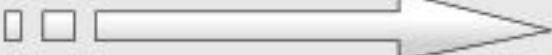

The senior management person also opined to have seen a dip in GNPA levels from last fiscal. But the same cannot be said of others in the Big 5 players in Housing Finance market.

They have all seen an upswing in doubtful asset tabs. The Big 5 hold 90% of the industry lending book. Even HDFC logged a spurt in GNPA.

A few HFCs have fallen prey to unscrupulous builders, who introduce 'dummy borrowers' (for a fat commission) as prospective customers. The builder gets bulk low interest funds (at retail rates) from the lender. The builder then tries to find a genuine buyer to sell down the apartment at matching or higher prices. Only if he succeeds, does he repay the HFC.



**Composition of Housing Finance Company Loan Book – FY 2017**

Non-Housing Loan Portfolio		Housing Loan Portfolio
12.7%		87.3%
30.3%		69.7%
30.2%		69.8%

### Points of Stress

The top five smaller players, which have outstanding loans worth about Rs 15,500 Cr., have seen GNPA's rising from 0.49% in 2014, to 1.24% in March 2017 and 2.15% in the first half of fiscal 2018.

"Our customers were badly affected by demonetisation... Many lost their livelihood at the time. So they could not pay us," explains a senior management person of a leading housing finance company, which manages assets worth Rs 1,700 Crore. He says that the loans to the underserved segments of society, especially those in tier II-III cities. Close to 75% of his customers are self-employed, non-professionals such as drivers, maids, rickshaw pullers and other such work profiles.

"The current NPA stress is mainly on account of demonetisation; disruptions such as GST have also reduced the repayment capabilities of our borrowers," he adds. He had reported GNPA of 4.93% at end of the fiscal's first half, up from 2.5% in the previous fiscal.

"We've become more cautious now, restricting our lending a bit," he confesses.

He continues to say that "Our borrowers had no mala fide intent when they defaulted on EMI payments. They just did not have enough to pay us after their daily needs. These people need some hand-holding and nursing to come out of their financial stress."

Moderately capitalised mid-sized HFCs too are not in a position of strength. Their plan to bulk up assets by doling out generous LAP and builder loans has, prima facie, backfired. The top five mid-sized HFCs, with an aggregate loan book of Rs 71,997 crore, have reported a spike in GNPA's from 0.63% in March 2017 to 0.83% in the first half of this fiscal.

"GNPA in HFCs are at elevated levels but it is not a matter of grave concern as yet" says a senior management

person of a mid size HFC, whose company's loan book is in excess of Rs 14,300 Cr. and logs GNPA of 0.67%, up from 0.31% last fiscal. "The smaller HFCs are facing an NPA problem... stemming from poor lending practices. We too lend to small-ticket borrowers, but we maintain a good balance between salaried and non-salaried."

### Affordable Housing Trap

There is a shortage of about 19 million housing units in urban and 15 million in rural India. Affordable housing numbers are astounding, so much so that they present themselves as an opportunity for moneyed entities to throw their nets in. It's the hot seller too, for most. As per a recent RBI report, the industry (including banks) disbursed housing loans amounting to Rs. 42,990 crore in the '(up to) Rs 10 lakh borrower' category last fiscal.

The central bank has also highlighted concerns on rising NPAs in lower ticket loan categories. Among all slabs, loan up to Rs 2 Lac has seen the highest NPA level, states an RBI report dated January 2018. NPA position in this bracket has surged from 6% in 2015-16 to 8.6% last fiscal. Senior Management person of a mid size Housing Finance Company mentions a slew of external factors "Demonetisation has impacted low income earners severely. RERA implementation has stalled several affordable housing projects. People have not got their homes till now and many have stopped paying EMIs."

A mid size HFC's GNPA jumped from 0.58% at FY17-end to 2.84% in the first half of this fiscal. ET also sought views from other senior person from the company and he felt that companies NPLs were higher but not alarming, as their loans are backed by solid assets. "Delay in setting up a dedicated collection team also impacted our asset quality," they believe. Tamil Nadu and Delhi-NCR have higher delinquencies NPA stress in Delhi-NCR is attributed to project delay while Tamil Nadu is reeling under political instability and the overhang of demonetisation, industry sources opine.



For newer HFCs desirous of making a mark in affordable housing, the focal group is clearly low-income rural earners with limited documents to prove eligibility (salary slips). Over 52% of borrowers from small HFCs are self-employed non professionals. Mid and large-sized HFCs have 33-37% of their borrowers from the non-salaried category.

"Lending to lower income groups can be a very profitable business, provided you have risk mitigates in place," says senior management person of a mid size HFC, a recent entrant. "You have to assess cash flows of prospective borrowers by sitting with them while they're doing their business." Many are first-time borrowers — a 'minus-1 customer' in credit scoring parlance. For them, HFCs simply follow hunch and hope.

"Borrowers from rural India only borrow what they need... It's never want based borrowing," says senior management person of a reputed Housing Finance company, which reported a GNPA of 13.26% at draw of September quarter.

"These borrowers would never default on a housing loan, unless they are pushed to extreme financial stress. And this stress maybe on account of a bad crop year or a drought or flood... They may delay payments, which may spike up NPAs in lender books; but it's too early to deem these as credit losses," he says, who runs a loan book of Rs 6,500 Crore.

DISBURSEMENT OF HOUSING LOANS			
Year	More than Rs 25 L (Rs in Cr.)	10 L to Rs 25 L (Rs in Cr.)	Up to Rs 10 L (Rs in Cr.)
2014-15	1,16,765	86,343	30,920
2015-16	1,52,160	1,02,903	34,822
2016-17	1,68,866	1,09,398	42,990

Source:

[http://economictimes.indiatimes.com/articleshow/63589551.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](http://economictimes.indiatimes.com/articleshow/63589551.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

### Opportunities for Housing Finance Industry

An overall positivity, propelled by a combination of factors, is expected to push growth in the housing finance industry over the long term. The increase support of the government support to the developers as well as buyers augurs well for the industry. The implementation of Real Estate Regulation Act (RERA) and GST though caused a temporary slowdown in the market and these are not expected to obstruct growth in the long term, with RERA

in fact likely to boost transparency to infuse more dynamism into the sector.

The other favourable factors for the business are the waning impact of demonetisation, low interest rates and rising income levels, coupled with Government and RBI initiatives to support growth.

The Government initiatives expected to steer industry growth are the Credit-Linked Subsidy Scheme (CLSS) in terms of interest rate subsidy, under the Pradhan Mantri Awas Yojana (PMAY), and grant of infrastructure status to affordable housing. The Government is also continuously strengthening its focus on its mission Housing for All by 2022", with the Union Budget allocating a sizeable amount for the same.

According to KPMG Report estimates, there would be a total requirement of 48 Million units of urban housing to fulfil urban housing requirements by 2022. A boost to the affordable housing sector will definitely drive the affordable housing finance industry.

The housing demand is also expected to get a push from the increasing rural incomes, from which players with a significant presence in rural / semi urban areas, in particular, are likely to benefit and urbanisation is also accepted to accelerate, leading to a rise in the number of nuclear families & formation of more households, which in turn will drive the demand for housing units.

The Government's decision to establish a dedicated affordable housing fund in the National Housing Bank (NHB) through various funding measures is another positive development.

RBI is also contributing to the positivity in the industry with a series of measures, as announced in its June 2017 Monetary Policy. These include reduction in standard assets provisioning, conditional relaxation of risk-weights and loan-to-value (LTV) ratios.

The impact of demonetisation, RERA and GST, has left developers with huge backlog of unsold inventory. At the end of 2017, the top seven metros, Mumbai, Delhi-NCR, Chennai, Hyderabad, Pune, Bengaluru and Kolkata had an unsold inventory of 34,700 ready-to-move-in homes, while the total number across the key cities in India stood at 440,000 residential units. Developers are seeking assistance from specialised housing finance companies and NBFCs as they are better positioned to give them the much needed support for revival. Compared to banks, NBFCs and HFCs are a boon for developers since they have greater flexibility, coupled with their ability to work closely with developers through forward and backward linkages, structured financing, which gives NBFCs and



HFCs an edge on this count. Cognisant of the vulnerabilities of this huge unsold inventory leading to a spike in NPAs, NBFCs and HFCs are also coming to the rescue of realtors and developers with innovative solutions and schemes to sell their housing units.

What gives HFCs an edge over banks, despite the attractive interests offered by the latter, is the specialised focus that HFCs have on Home Loans. HFCs have been consistently growing their market share on account of robust growth in outstanding loans over the past few years. Though banks can now be seen focusing more aggressively on Home Loans, their aggressive pricing is a cause of concern. HFCs are becoming more competitive on 'cost of funds' through access to nonbank sources and with these factors driving their growth, HFCs are expected to retain their market share, with their strong origination skills and relatively superior customer service

#### ■ Real Estate Industry Outlook

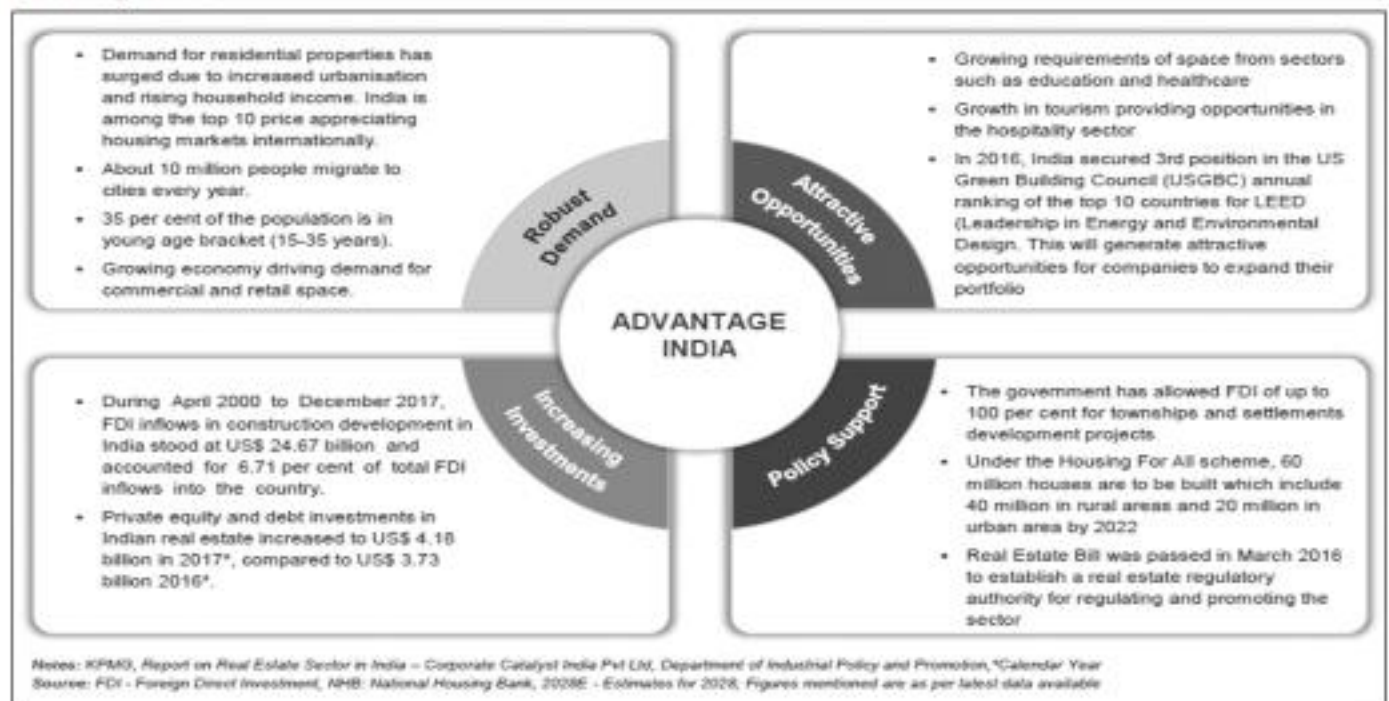
- Real estate sector in India is expected to reach a market size of US\$ 180 billion by 2020.
- Rapid urbanisation bodes well for the sector
- The number of Indians living in urban areas will increase from 434 million in 2015 to about 600 million by 2031.
- More than 70 per cent of India's GDP will be contributed by the urban areas by 2020.

giving them a competitive edge against banks, although banks have the advantage of sharper focus on retail assets and better customer data and franchise.

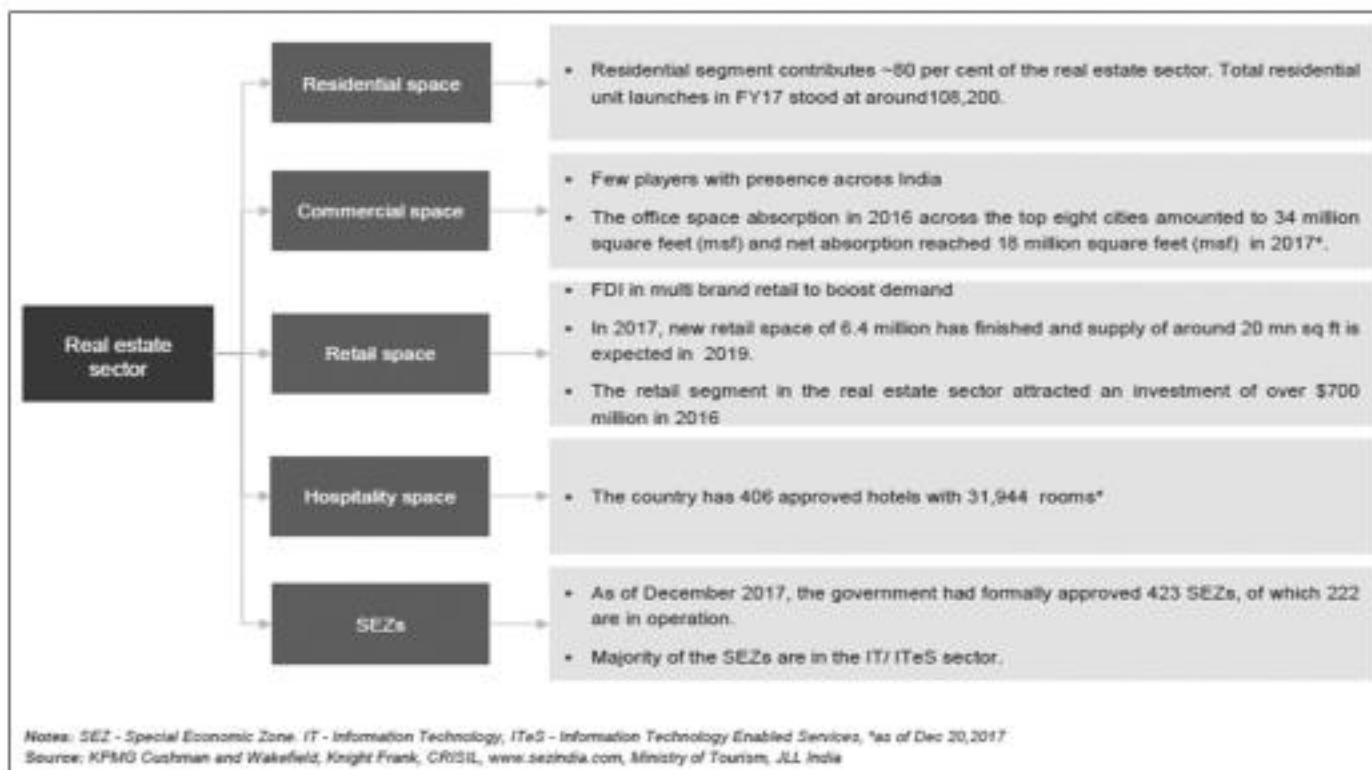


- Housing sector is expected to contribute around 11 per cent to India's GDP by 2020
- 4th largest sector in terms of FDI inflows. FDI in the sector stood at US\$ 24.67 billion from April 2000 to December 2017.
- FDI in the sector is estimated to grow to US\$ 25 billion by FY22.
- Government of India's Housing for All initiative is expected to bring US\$ 1.3 trillion investments in the housing sector by 2025.

#### Advantage India



## Segments in the Indian Real Estate Sector



### Indian Real Estate is a Large, Growing Market...

- Real estate sector in India is expected to reach a market size of US\$ 180 billion by 2020 from US\$ 126 billion in 2015.
- Increasing share of real estate in the GDP would be supported by increasing industrial activity, improving income level and urbanisation
- Mumbai and Bengaluru have been rated as the top real investment destinations in Asia
- The government also launched 10 key policies for real estate sector in 2016, namely:
- Real Estate Regulatory Act
  - Benami Transactions Act
  - Boost to affordable housing construction
  - Interest subsidy to home buyers
  - Change in arbitration norms
  - Service tax exemption
  - Dividend Distribution Tax (DDT) exemption
  - Goods and Services Tax
  - Demonetisation
  - PR for foreign investors

### Urban-Rural Housing Shortage

- The urban Housing Shortage in India is estimated at around 10 million units\* which is being addressed

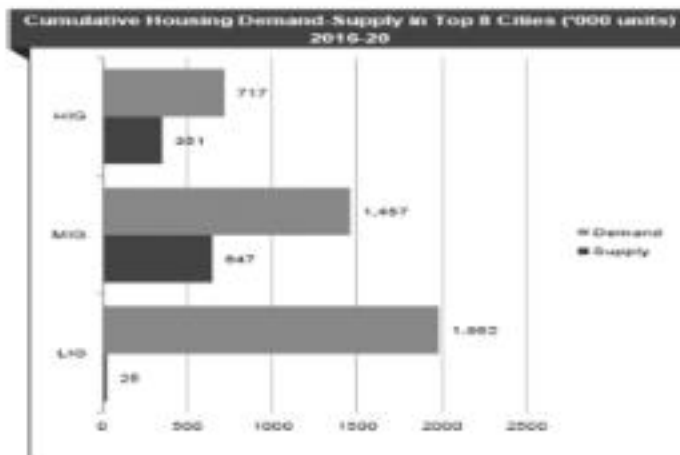
through Pradhan Mantri Awas Yojana (PMAY), Urban, under which 1,427,486 houses have been sanctioned in 2017-18. In March 2018, construction of additional 3,21,567 affordable houses was sanctioned under the scheme.

- Total rural housing shortage in India stood at 14.8 million as of 2015 and is estimated to have grown to 48.8 million during XII plan period.
- Significant increase in real estate activity in cities like Indore, Raipur, Ahmedabad, Jaipur and other 2-tier cities; this has opened new avenues of growth for the sector
- Relaxation in the FDI norms for real estate sector has been done to boost the real estate sector
- Government's plan to build 100 smart cities would reduce the migration of people to metro and other developed cities
- In 2017, M&A deals worth US\$ 3.26 billion have been made in India's real estate sector.
- In March 2017, the State Bank of India (SBI) and the Confederation of Real Estate Developers' Association of India (CREDAI) signed MoU for three years to work towards the development of Real Estate Sector.



### Demand for Residential Space expected to Grow Sharply

<b>Scenario</b>	<ul style="list-style-type: none"> <li>• A localised, fragmented market presents opportunities for consolidation with only few large, pan-India players such as DLF and Unitech.</li> <li>• More foreign players might enter the market as FDI norms have eased</li> <li>• Furthermore, norms on land acquisitions is expected to be relaxed</li> </ul>
<b>Key Drivers</b>	<ul style="list-style-type: none"> <li>• Rapid urbanisation</li> <li>• Growth in population</li> <li>• Rise in the number of nuclear families</li> <li>• Easy availability of finance</li> <li>• Repatriation of NRIs and HNIs</li> <li>• Rise in disposable income</li> </ul>
<b>Notable Trends</b>	<ul style="list-style-type: none"> <li>• NCR is expected to generate maximum demand in MIG and HIG category followed by Bengaluru</li> <li>• Developers now focusing on affordable and mid-range categories to meet the huge demand</li> <li>• During the period January-June 2016, residential sector commanded the largest share of PE investments with a total value of US\$ 1.29 billion (44 per cent)</li> <li>• India jumped 13 spots in Knight Frank's Global House Price Index to reach 9th position in Q2 2017.</li> </ul>



**Notes:** LIG – Low Income Group, MIG - Middle Income Group, HIG - High Income Group

**Source:** : Cushman and Wakefield

Mumbai, Delhi-NCR, Chennai, Hyderabad, Pune, Bengaluru and Kolkata

### Strategies adopted by Companies

<b>Diversified Portfolio</b>	<ul style="list-style-type: none"> <li>• Having a diverse portfolio of residential, commercial and township developments.</li> <li>• Companies have projects in various strategic geographic locations in order to diversify risks.</li> <li>• Focus on the growth of lease business.</li> <li>• Housing finance companies and private equity companies have started focusing on affordable housing.</li> </ul>
<b>Backward Integration</b>	<ul style="list-style-type: none"> <li>• An architectural, structural and interior studio and a metal and glazing factory.</li> <li>• Interiors and wood working factory and a concrete block making plant.</li> </ul>

<b>Merger and Acquisitions</b>	<ul style="list-style-type: none"> <li>• In 2016, Quickr India Pvt. Ltd acquired rental start-up – Grab house, at an estimated value of US\$ 10 million.</li> <li>• In January 2017, Proptiger.com and housing.com in India merged to become India's largest online real estate service company.</li> <li>• In November 2017, Singapore's sovereign wealth fund GIC's acquisition of a 33.34 per cent stake in DLF Cyber City Developers for Rs 9,000 crore(US\$ 1.4 billion) was approved by the Competition Commission of India.</li> </ul>
<b>Risk Management in Land Sourcing</b>	<ul style="list-style-type: none"> <li>• Joint Venture with land owners instead of amassing land banks. For e.g.: Oberoi Realty, Mumbai based realty firm adopted this strategy while entering the NCR region.</li> <li>• Revenue, area and profit sharing agreement with the land owner.</li> </ul>
<b>Superior Execution</b>	<ul style="list-style-type: none"> <li>• Outsourced support functions.</li> <li>• Focus on delivery capability.</li> <li>• Development of world class infrastructure.</li> <li>• Rationalizing Costs.</li> </ul>

Source: Aranca Research, Livemint, Economic Times

#### Government Policies are helping the Real Estate Sector Prosper

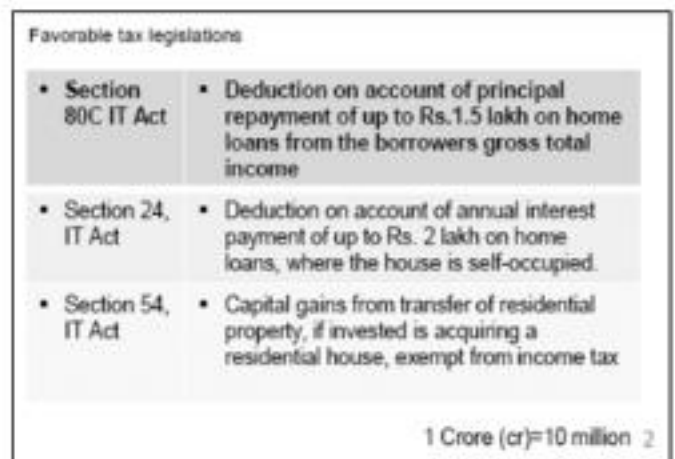
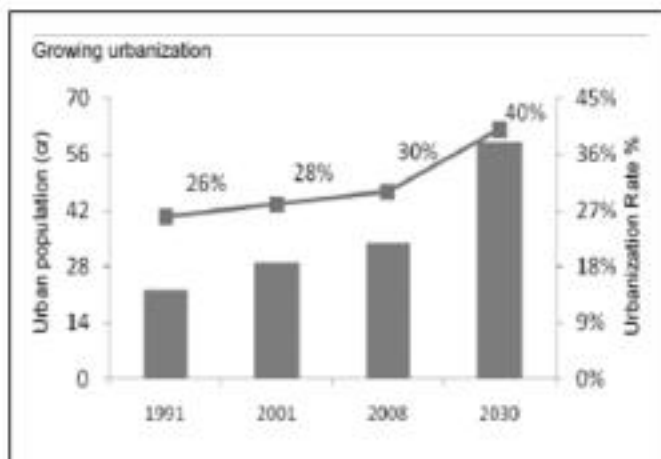
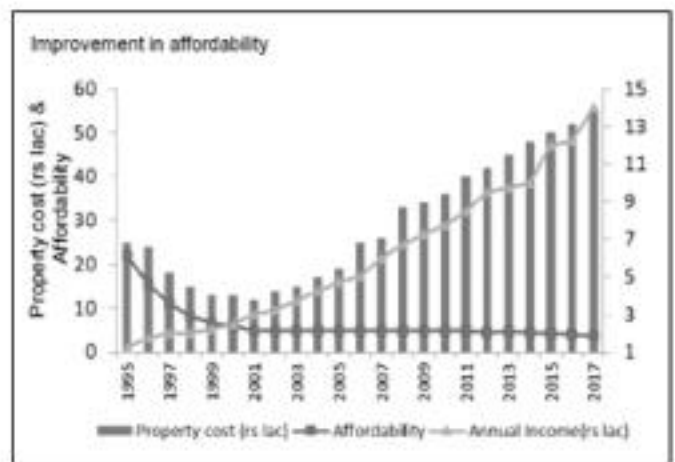
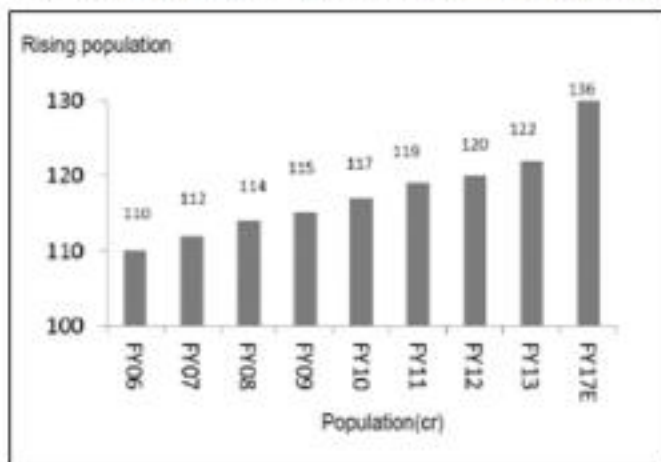
<b>Ease in Housing Finances</b>	<ul style="list-style-type: none"> <li>• A deduction for additional interest of US\$ 746.8 per annum for loans upto US\$ 0.05 million was sanctioned during 2016-17, in case of first time home buyers, where the cost of house is less than US\$ 0.07 million.</li> <li>• Increase in exemption limit from US\$ 3317 to US\$ 4147 will help in household savings.</li> </ul>
<b>Housing for Economically Weaker Sections</b>	<ul style="list-style-type: none"> <li>• During June 2016 to March 2019, 100 per cent deduction for profits would be approved for undertaking housing project of flats upto 30 sq. metres in 4 metro cities and 60 sq. metres in other cities.</li> <li>• As per section 80GG, increase the limit of deduction of rent paid from US\$ 358 to US\$ 896 per annum, was allowed for the people living on rent.</li> <li>• Under Union Budget 2018-19, Pradhan Mantri Awas Yojana (PMAY) (Gramin) was allocated Rs 33,000 crore (US\$ 5.10 billion) while the urban programme of the scheme was allocated Rs 31,500 crore (US\$ 4.87 billion). The scheme is expected to push affordable housing and construction in the country and give a boost to the real estate sector.</li> <li>• In February 2018, the National Urban Housing Fund (NUHF) was approved with an outlay of Rs 60,000 crore (US\$ 9.27 billion).</li> </ul>
<b>FDI</b>	<ul style="list-style-type: none"> <li>• The government has allowed 100 per cent FDI for townships and settlements development projects.</li> <li>• Provision for reduction in minimum capitalisation for FDI investment from US\$ 10 million to US\$ 5 million which would help in boosting urbanization.</li> <li>• In January 2018, Government of India allowed 100 per cent FDI in single-brand retail trading and construction development without any government approvals.</li> </ul>
<b>FDIREITs</b>	<ul style="list-style-type: none"> <li>• Real Estate Investment Trusts (REITs) in non-residential segment and Infrastructure Investment Trusts. REIT will open channels for both commercial and infrastructure sector.</li> </ul>
<b>Land Acquisition Bill</b>	<ul style="list-style-type: none"> <li>• In December 2014, the government passed an ordinance amending the Land Acquisition Bill.</li> <li>• This ordinance would help speeding up the process for industrial corridors, social infra, rural infra, housing for the poor and defense capabilities.</li> </ul>

Source: Union Budget 2018-19, Government of India

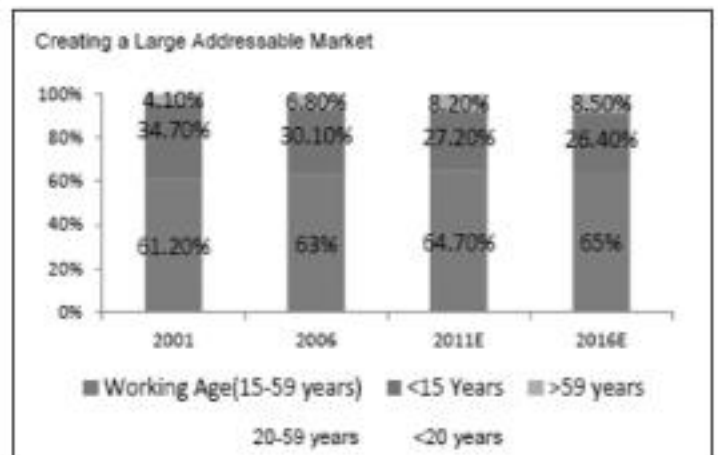
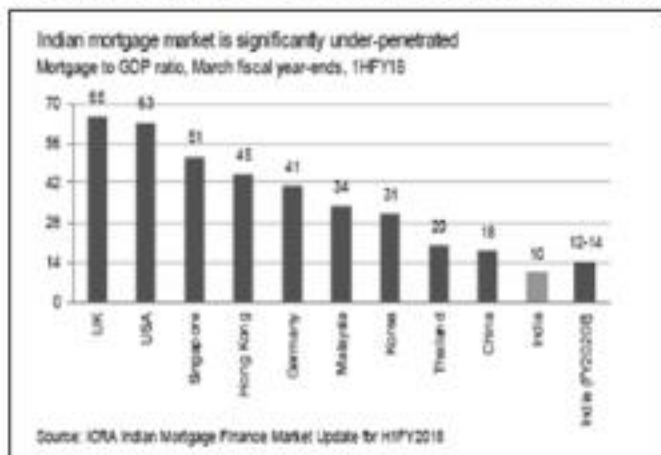
Source: The content has been taken from "India Brand Equity Foundation (IBEF) presentation".



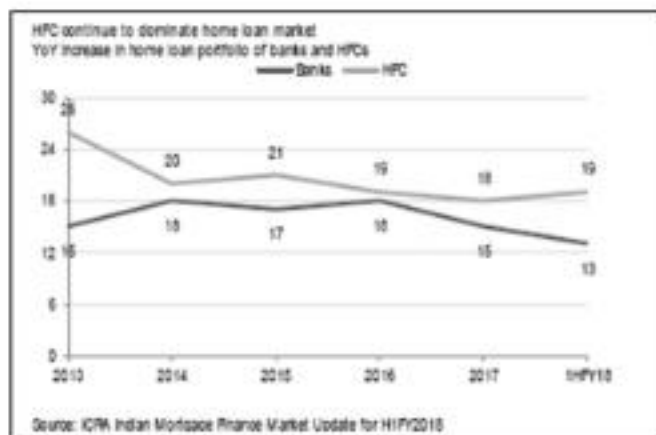
## The Housing Finance Industry – Strong Growth Drivers



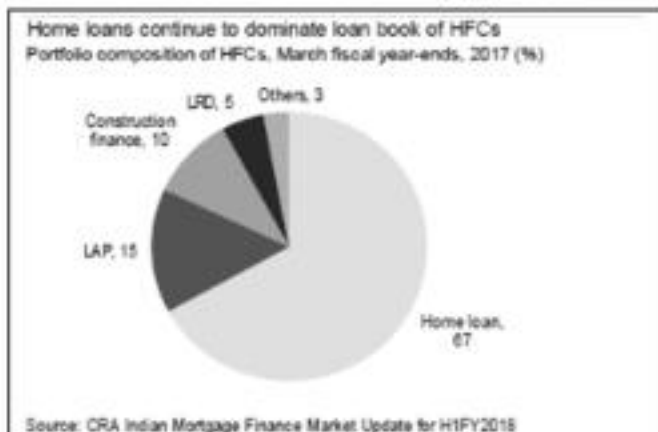
## Mortgages: Large Scope for Improving Penetration



## Mortgages: HFCs play a Key Role



## HFCs: Home Loans dominate Mortgage Book



Source: <http://www.lichousing.com/downloads/Investor%20Update%20March%202018.pdf>

### • Risks and Concerns

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

### • Risk Management

Risks include credit risk, liquidity risk, and interest rate risk, operational risk, and market risk. The credit risks are minimized by having established credit appraisal system in place, prescribing exposure limits, and periodic review of the portfolio. The Company operates in the mid segment and a majority of

borrowers are in the salary group. The Company employs checks, field verification, stringent legal and technical due diligence etc. which have helped to reduce incremental delinquencies. The operational risks are minimized by strengthening the internal control procedures and addressing the deficiencies reported by the internal auditors. Liquidity risk and interest rate risk arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of the maturity profiles, and yield management by way of risk, return, and portfolio management. The company proposes to manage the increased risk through available methods of portfolio churning by the RMBS/loan asset sale / assignment route as well as rate SWAP arrangements when probable with Banks/Institutions.



- **Risk Management Committee**

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

- **Segment Reporting**

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

- **Marketing and Selling Arrangements**

The Company's marketing team has taken steps to serve the customers at their door step which includes appointing Home Loan Counselor's wherever deemed necessary. The Company also caters to walk-in customers among others.

- **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.

#### Product Portfolio

Individual Housing Loans (HL)	This is the primary home loan product available to all Indian nationals / NRIs (selectively), to acquire / construct a house anywhere in India within the jurisdiction of SHCL's Branches.
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.

- **Credit Evaluation**

The Company has in place an effective credit appraisal mechanisms aimed at providing your Company a significant competitive advantage. Through a combination of financial documents based assessment and personal interview, the assessment system is customised to capture the credit worthiness of applicants from different segments – the salaried class, self employed, practicing professionals or those engaged in the informal sector.

- **Spread on Loans**

The weighted average rate of lending during the year was 11.53 per cent p.a. as compared to 11.94 per cent p.a. in the previous year. The average all-inclusive cost of funds was 6.98 per cent p.a. as on March, 31, 2018. The spread on loans over the cost of borrowings for the year was 4.55 per cent p.a. as against 4.96 per cent p.a. in the previous year.

- **New Segments**

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

- **Business Strategy**

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

- **Financial and Operational Performance**

The same has been covered in the section Directors Report forming part of this Annual Report.

- **Human Resources**

The Company has dedicated staff strength of 44 persons as on March 31, 2018. 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 of the market requirement

from time to time. Outstanding performers are rewarded suitably.

Loan asset per employee of the Company as at March 31, 2018 was Rs. 283.37 lacs.

- **Business Outlook**

The financial year 2017-18 was yet another year in which your Company has tried to deepen its presence in the housing finance sector and continued to strengthen its roots in the lending business. In the process, it has tried leveraging its key strengths which includes its diverse sources of funding and most importantly, its holistic approach towards lending has enabled your Company to maintain a high quality assets portfolio, while its customer base increased considerably.

Your Company maintains a positive outlook, driven by its strong leadership qualities of its manpower in the housing finance industry and sharp competitive strengths. As all key business enablers are currently showing favourable signs, your Company is optimistic and expects another year of healthy growth in financial year 2018-19.

Going ahead, your Company looks forward to expand its mission of inclusion with proactive and far-sighted initiatives across its business functions. The company while empowering large segments of the population through a diversified portfolio, it will continue to facilitate stronger, higher, more sustainable growth for itself and at the same time participate in the Nation building in a positive way.

- **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 beyond the purview of its command and control.





## CORPORATE GOVERNANCE REPORT

### 1. CORPORATE GOVERNANCE

In compliance with Regulation 34(3) and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Report on Corporate Governance for the Financial Year 2017-18 is given here under;

Company's philosophy on Code of Corporate Governance

Your company is committed to maintain high standards and continues to practice good Corporate Governance to give a long term value to its stakeholders. The Company is governed by the followings principles;

1. Emphasis is given on transparency, accountability and integrity.
2. Implementation of company's business ethics by high level of supervision.
3. Deliver and maximize the value to the stakeholders.

Sahara Housingfina Corporation Limited (SHCL) endeavors to conform on all regulatory and legal requirements for Corporate Governance. The Company's focus on good Corporate Governance is to build confidence of the stake holders and simultaneously grow the business excellence and its main motto is to expand its business combining economic success with its responsibility towards environment, people and society. The company's manner of executing business is based on law, equality, mutual respect and integrity.

SHCL strives to provide all its stakeholders an access to clear, adequate and factual information relating to the Company. We have been continuously strengthening the governance practices and have followed a dependable, clear, right and ethical conduct, both internally and externally, and we are committed towards maintaining the utmost standards of corporate governance practices and quality of disclosures there under, in the best interest of all its stakeholders and these promotes accountability of its management and the Board of Directors of the Company acknowledges its responsibility towards all the stakeholders for creation and safeguarding their wealth. The company maintains a high level of Code of Conduct which is applicable to the Board, Senior Management and its employees.

The Company is also in compliance with the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016.

### Composition of the Board

The Composition of the Board of Directors of the Company as on March 31, 2018 is in compliance with Section 149 of the Companies Act, 2013 and Regulation 17 of the SEBI Listing Regulations. The Board of Directors of the Company consists of 3 (three) members including a woman Director.

#### Board Composition As On March 31, 2018

Category	No. of Directors	Percentage to total no.of Directors
Executive Directors	Nil	Nil
Non- Executive Non- Independent Directors	1	33.33
Independent Directors	2	66.67

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

### Information Supplied to the Board

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

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

### Directorships and Membership of the Directors in other Companies/Committees

None of the Directors on the Board is a Member of more than ten Committees across public companies in which he / she is a Director and Chairperson of more than five Committees across all listed entities in which he / she is a Director. The details of directorship, chairmanship and membership of the committees of each Director of the Company including that of the Company, are as follows:

Name of the Directors and their DIN	Category	No. of Other Directorship(s) *	No. of Other Committee Memberships/Chairmanships in Public Companies Excluding SHCL	
			Chairmanship	Membership
Shri Joy Broto Roy (00432043)	NED(NI)	07	Nil	—
Shri Brijendra Sahay (00017600)	NED (I)	02	Nil	02
Smt Anshu Roy (05257404)	NED (I)	01	Nil	Nil

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

Note:

- Other Directorships and Committee Memberships of Directors are as on March 31, 2018.
- None of the directors hold any equity shares in the Company.

## BOARD MEETINGS

Sahara Housingfina Corporation Limited holds a minimum four pre-scheduled Board meetings annually, one in each quarter, inter-alia, to review the financial results of the Company and additional Board Meetings are held by the Company to address the specific needs, as and when required.

The Board during the relevant financial year had met five times on May 29, 2017, August 14, 2017, September 26, 2017, November 13, 2017 and February 14, 2018 respectively. The maximum time gap between two Board meetings was not more than one hundred and twenty days.

Attendance at the Board Meetings and at Annual General Meeting (AGM) during the Financial Year 2017-2018:

Name of Director	No. of Board Meeting Attended (Total Meetings Held : 5)	Whether Attended Last AGM
Shri Joy Broto Roy	4	No
Shri Seemanto Roy*	2	No
Shri Brijendra Sahay	5	Yes
Smt. Anshu Roy	5	Yes

\* Ceased to be a Director w.e.f. 13 November 2017

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

None of the Independent Directors of the Company have any pecuniary relationship with the Company.

- Apart from receiving Director's remuneration, they do not have any material pecuniary relationships or transactions with the Company, its promoters, its Directors, its senior

management, its subsidiaries and associates which may affect independence of the Director.

- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
- Have not been an executive of the Company in the immediately preceding three financial years.
- Are not partners or executives or were not partners or executives during the preceding three years of the:
  - Statutory audit firm or the internal audit firm that is associated with the Company.
  - Legal firm(s) and consulting firm(s) that have a material association with the Company.
- Are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect independence of the Director.
- Are not substantial shareholders of the Company i.e. do not own two percent or more of the block of voting shares.

Details of transactions of a material nature, if any, with related parties as specified in Accounting Standard (AS) 18 issued by the Institute of Chartered Accountants of India are disclosed in the Notes to the financial statements for the year 2017-18. There has been no transaction of a material nature with any of the related parties which was in conflict with the interests of the Company. There has been no material pecuniary relationship or transaction between the Company and its Directors during the year.

## 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 2017-18

Name of Directors	Sitting Fees paid for		Total (₹)
	Board Meeting (₹)	Audit Committee (₹)	
Shri Joy Broto Roy	40,000	40,000	80,000
Shri Brijendra Sahay	50,000	40,000	90,000
Smt. Anshu Roy	50,000	40,000	90,000
Shri Seemanto Roy*	20,000	20,000	40,000

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 Stakeholders' Relationship Committee meetings.

\* Ceased to be a Director w.e.f. 13 November 2017

#### COMMITTEE OF THE BOARD

##### AUDIT COMMITTEE:

The Audit Committee of the Board is constituted in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI's Listing Obligations and Disclosure Requirements Regulations, 2015. The meetings of the Committee during the financial year were held on May 29, 2017, August 14, 2017, November 13, 2017 and February 14, 2018.

The Audit Committee Meetings are attended by the Directors, Chief Executive Officer, representatives of the Statutory Auditors and representatives of the Internal Auditors. The departmental Heads are also invited to the meetings, as and when required. The Company Secretary acts as Secretary of the Audit Committee.

#### Composition of the Audit Committee as on March 31, 2018 and Particulars of Meetings attended by the members of the Audit Committee:

Names of the Committee Members	Category	Meeting details during 2017-18			Whether Attended Last AGM (Y/N)
		Held	Attended	%	
Shri Brijendra Sahay	NED (I) (Chairman)	4	4	100	Y
Shri Joy Broto Roy	NED (NI)	4	4	100	N
Smt Anshu Roy	NED (I)	4	4	100	Y
Shri Seemanto Roy*	NED (NI)	4	2	50	N

NED (I): Non-Executive and Independent Director /NED (NI): Non-Executive Director and Non-Independent.

# Ceased as Non Executive Non Independent Director w.e.f. 13th November, 2017 consequently ceased to be a member of the Audit Committee from that date.

#### Terms of Reference

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

- Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommend to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approve the payment to statutory auditors for any other services rendered by the statutory auditors.
- Review, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a. Matters required being included in the Director's Responsibility Statement to be included in the Board's report.
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Qualifications in the draft audit report.
- Review, with the management, the quarterly financial statements before submission to the Board for approval.

- Review, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board.
- Review, with the management, performance of statutory and internal auditors, and monitor auditor's independence and performance and effectiveness of the audit process and adequacy of the internal control systems.
- Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To approve the appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- To consider, suggest, modification and or recommend/ approve, the related party transactions of the Company.
- To scrutinise inter- corporate loans and investments.
- To consider valuation of assets or undertaking of the Company wherever required.
- To evaluate internal financial controls and risk management systems.
- To review and formulate the scope, functioning, periodicity, methodology for conducting the internal audit, in consultation with the Internal Auditor and to discuss with the internal auditors any significant findings and follow-up there on.
- To have the authority to investigate into any matter as included in its terms of reference or referred to it by the Board and for this purpose the Audit Committee to have power to obtain professional advice from external sources and have full access to information contained in the records of the Company.
- To review the Company's Vigil Mechanism as defined under the Whistle Blower Policy of the Company with regard to

the process/procedure prescribed for its employees and directors to raise concerns, in confidence, about possible wrongdoing in financial reporting, accounting, auditing or other related matters.

- Any other function as may be stipulated by the Companies Act, 2013 and Listing Obligation and Disclosure Requirements Regulations, 2015 with SEBI or any other regulatory authorities from time to time.

## **STAKEHOLDERS' RELATIONSHIP COMMITTEE**

The Stakeholders' Relationship Committee of the Board was constituted in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI's Listing Obligations and Disclosure Requirements Regulations, 2015.

The Committee is empowered to oversee redressal of shareholder and investor grievances, and, inter alia, has the authority to approve sub-division / consolidation / issue of duplicate share certificates, transmission of shares and issue & allotment of shares upon exercise of Options, if any, under the Company's Employee Stock Option Schemes.

### **Composition**

As on March 31, 2018, the Stakeholders Relationship Committee comprises of Shri Brijendra Sahay, Independent Director as the Chairman of the Committee and Smt. Anshu Roy.

### **Terms of Reference**

The terms of reference of the Stakeholders Relationship Committee are as follows:-

- To redress the complaints of the shareholders and investors, related to transfer and transmission of securities, non-receipt of annual reports, dividends and other securities related matters.
- To review the requests / complaints received by the Registrar and Share Transfer Agent from the Shareholders relating to transfer, transmission, consolidation, replacement of share certificates, issue of duplicate certificates and dematerialization of securities certificates.
- To review the certificates and reports submitted by the Company to the Stock Exchanges under the Listing and Obligation Agreement 2015 with SEBI.
- To observe the quarterly status of the number of shares in physical as well as dematerialized form.
- To review the periodicity and effectiveness of the share transfer process, statutory certifications, depository related issues and activities of the Registrar and Share Transfer Agent.
- To monitor and resolve / redress the grievances of Security



Holders i.e. Shareholders, Fixed Depositors or Debenture Holders or Commercial Paper Investors or any other Investors of the security/ies issued by the Company.

- To recommend measures for overall improvement in the quality of investors services.
- Any other function as may be stipulated by the Companies Act, 2013 and Listing and Obligation Agreement 2015 with SEBI or any other regulatory authorities from time to time.

#### Meetings and Attendance

During the financial year ended March 31, 2018, the Committee met four (4) times as per details hereunder;

Date of the Meeting	Attendance	
	Shri Brijendra Sahay	Smt Anshu Roy
May 29, 2017	Yes	Yes
August 14, 2017	Yes	Yes
November 13, 2017	Yes	Yes
February 14, 2018	Yes	Yes

The Company Secretary of the Company acts as the Compliance Officer. Name, designation and address of Compliance Officer is as under:

#### Shri Dhrubajyoti Janandas Bagchi

Chief Executive Officer & Company Secretary  
46, Dr. Sundari Mohan Avenue, Kolkata- 700014  
Phone: 033- 2289 0148/ 6708  
Email: info.saharahousingfina@sahara.in /  
info.saharahousingfina@gmail.com

#### DETAILS OF COMPLAINTS/GRIEVANCES DURING 2017-18

The complaints from its shareholders relating to non receipt of share transfer certificates, non receipt of annual report etc. received during the year were redressed to the satisfaction of the concerned shareholders. As at end of financial year ending March 31, 2018, there were no such pending / unresolved complaints.

#### Nomination and Remuneration Committee

The Nomination and Remuneration Committee is constituted in compliance with the requirements of provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI's Listing Obligations and Disclosure Requirements Regulations, 2015.

#### Terms of reference

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

- To recommend the annual remuneration and periodic increments payable to the Executive Director(s) which is required to be further approved by the Board.
- To recommend to the Board the appointment/ reappointment of the Executive / Non-Executive Directors, the induction of Board members into various committees.
- To formulate criteria for evaluation and evaluate the performance of every director including the Independent Directors.
- To devise a policy on Board Diversity of the Company.
- To ensure that the overall remuneration payable to the Directors does not exceed the limits prescribed by the Companies Act and is within the limits approved by the shareholders.
- Any other function as may be stipulated by the Companies Act, 2013 and Listing and Obligation Agreement 2015 with SEBI or any other regulatory authorities from time to time.

#### Composition

The Committee comprised of two (2) Independent Directors, and one (1) Non-Independent, Non-Executive Director as on March 31, 2018. The Chairman of the Committee is an Independent Director.

#### The composition of the Nomination and Remuneration Committee as on March 31, 2018;

Director	Designation
Shri Brijendra Sahay	Chairman (Independent Director)
Shri Joy Broto Roy	Member (Non-Independent Director)
Smt Anshu Roy	Member (Independent Director)
Shri Seemanto Roy <sup>1</sup>	Member (Non-Independent Director)

<sup>1</sup> Ceased to be a Director w.e.f. 13th November, 2017 and consequently ceased to be a member of the Committee from that date.

#### REMUNERATION POLICY

The Company has formulated a Nomination (including Board Diversity), Remuneration and Evaluation policy as per the provisions of Companies Act, 2013 and Listing and Obligation Agreement 2015 with SEBI which, inter-alia, lays down the criteria for identifying the persons who are qualified to be appointed as Directors and such persons who may be appointed as Senior Management Personnel of the Company and also lays down the criteria for determining the remuneration of the Directors, Key Managerial Personnel (KMP) and other employees.



The Nomination, Remuneration and Evaluation Policy of the Company, inter-alia, provides for the attributes for appointment, components of the remuneration and the process of performance evaluation relating to the Directors, Key Managerial Personnel (KMP) and other employees of the Company as explained hereunder;

#### **Date of the Meeting and Attendance**

<b>Date of the Meeting</b>	<b>Shri Brijendra Sahay</b>	<b>Smt. Anshu Roy</b>	<b>Shri Joy Broto Roy</b>
February 14, 2018	Yes	Yes	Yes

#### **Appointment criteria, remuneration terms and evaluation of the Non-Executive Director(s) / Independent Director(s):**

The Nomination, Remuneration and Evaluation policy of the Company aims at promoting diversity on the Board and recommends that the Board shall at all times represents an optimum combination of Executive and Non-Executive Directors as well as Independent Directors with at least one woman Director and not less than fifty percent of the Board comprising of Independent Directors. The selection of candidate(s) for the directorship shall be based on factors like educational and professional background, personal achievements, experience, skills, etc. The appointment of Independent Directors shall be made in accordance with the provisions of Companies Act, 2013 and Listing and Obligation Agreement 2015 with SEBI.

Independent directors and non-independent non-executive directors may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members) and commission, if provided in the Article of Association and duly approved by the General Body and within regulatory limits. Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the NRC and approved by the Board. Overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate directors aligned to the requirements of the Company (taking into consideration the challenges faced by the Company and its future growth imperatives). Overall remuneration should be reflective of size of the Company, complexity of the sector/ industry/ company's operations and the company's capacity to pay the remuneration. Overall remuneration practices should be consistent with recognised best practices. Quantum of sitting fees may be subject to review on a periodic basis, as required. The aggregate commission payable to all the non-executive directors and independent directors will be recommended by the Nomination and Remuneration Committee to the Board based on company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board. The Nomination and Remuneration Committee shall recommend to the Board the quantum of commission for each director based upon the outcome of the evaluation process which is driven by various

factors including attendance and time spent in the Board and committee meetings, individual contributions at the meetings and contributions made by directors other than in meetings. In addition to the sitting fees and commission, the Company may pay to any director such fair and reasonable expenditure, as may have been incurred by the director while performing his/her role as a director of the Company. This could include reasonable expenditure incurred by the director for attending Board/ Board committee meetings, general meetings, court convened meetings, meetings with shareholders/ creditors/ management, site visits, induction and training (organised by the company for directors) and in obtaining professional advice from independent advisors in the furtherance of his/ her duties as a director.

#### **Appointment criteria, remuneration terms and evaluation of the Executive Director / Whole Time Director, Senior Management Personnel and other employees;**

The Managing Director / Executive Director / Whole Time Director / Manager shall be appointed as per the applicable provisions of Companies Act, 2013 and rules made there under. The proposed appointee shall be assessed against a range of personal attributes and criteria which includes but not limited to qualifications, skills, industry experience, background, etc.

The remuneration payable to the Managing Director / Executive Director / Whole Time Director / Manager shall carry a balance between fixed and incentive pay based on the performance objectives in relation to the operations of the Company. The Compensation payable to Managing Director / Executive Director / Whole Time Director / Manager shall be competitive and shall be commensurate to the individual's role, responsibility and experience in relation to performance of business of the Company. The total managerial remuneration payable by the Company to Managing Director / Executive Director / Whole Time Director / Manager shall be within the limits prescribed under the Companies Act, 2013.

The Managing Director / Executive Director / Whole Time Director / Manager shall be evaluated / re-appointed on the basis of his present performance (financial/non-financial) and his achievements against various key performance parameters as defined by the Board of Directors of the Company. The performance evaluation of the Managing Director / Executive Director / Whole Time Director / Manager shall be carried out by the Nomination and Remuneration Committee, the Independent Directors in a separate meeting, and by the Board of the Company.

The Company shall appoint KMP i.e. Managing Director / Whole Time Director/Manager, Chief Executive Officer, Chief Financial Officer, Company Secretary of the Company as per the provisions of Section 203 of the Companies Act, 2013. For the appointment of employees, the criteria's such as qualifications, skills, regional and industry experience, background, personal attributes and other qualities required to operate successfully in the respective position and the extent to which the appointee is likely to contribute to the overall effectiveness of the



organisation, work constructively with the existing team and enhance the efficiencies of the Company, shall be considered. The remuneration for the Chief Executive Officer, Chief Financial Officer and Company Secretary at the time of the appointment shall be approved by the Nomination and Remuneration Committee and any subsequent increments shall be approved as per the HR policy of the Company and shall be placed before the Board. The remuneration of the employees shall be determined, considering key factors like;

- i. The remuneration should be reasonable and sufficient to attract, retain and motivate employees and should be in line with the industry practice.
- ii. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- iii. Remuneration shall involve a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The performance of the employees shall be evaluated on annual basis as per Company's and individual employees' performance and contribution to the overall goals / objectives of the Company.

#### **Evaluation Process**

In terms of the applicable provisions of the Companies Act, 2013 & Listing Agreement, the Nomination and Remuneration Committee has laid down the criteria for evaluation/assessment of the Directors (including the Independent Directors) of the Company and the Board as a whole. The Committee also carried out the evaluation of the performance of each Director of the Company.

In accordance with the provisions of Schedule IV of the Companies Act, 2013 and Listing Agreement, a separate meeting of the Independent Directors without the attendance of Non- Independent Directors and the members of the Management was held on February 14, 2018 to, inter-alia, review the performance of the Non-Executive Directors and the Board as a whole. The Independent Directors in the said meeting also assessed the quality, quantity and timelines of flow of information between the Company Management and the Board based on various components viz. relevant and adequate information being provided, circulation of agenda and related notes in advance, regular information/updates, etc. Shri Brijendra Sahay acted as the Lead Independent Director.

Pursuant to the report / feedback on the evaluation as carried out by the Nomination and Remuneration Committee and the Independent Directors in a separate meeting, the Board conducted formal annual evaluation of its own performance, its Committees and the individual directors in its meeting held on February 14, 2018. Based on the said evaluation, the Nomination and Remuneration Committee made recommendations for the appointment/ re-appointment of the Directors.

#### **Criteria for evaluation of Board and its Committees**

The evaluation of the Board and its committees were based on the criteria, inter-alia, covering various assessment parameters like structure and composition, frequency & duration of meetings, its processes and procedures, effectiveness of the Board / committees, its financial reporting process including internal controls, review of compliances under various regulations, adequate discharge of responsibilities entrusted under various regulations and/ or terms of reference of the Committees etc.

#### **Criteria for evaluation of Individual Directors**

The criteria for evaluation of performance of the individual Directors included various parameters viz. attendance & participation during the meetings, their active contribution & independent judgment, cohesiveness, discussions/ deliberations on important matters, understanding of the Company, etc.

#### **Details of remuneration including commission and other payments to the Directors**

##### **Directors - Executive**

Presently, all the Directors on the Board are Non-Executive Directors.

##### **Directors – Non-Executive**

Presently, the non-executive Directors in the Company are only paid sitting fee of Rs 10,000 each for attending the Board and Audit Committee meetings of the Company. The total amounts of sitting fee paid to the Directors have been disclosed elsewhere in the report.

#### **Risk Management Committee**

The Risk Management Committee of the Board was constituted in compliance with the provisions of Regulation 21 of the SEBI's Listing Obligations and Disclosure Requirements Regulations, 2015. The terms of reference of the Risk Management Committee includes the following;

- To review and monitor the Risk Management Policies and Procedures;
- To ensure that the Credit Exposure of the Company to any single/group borrowers does not exceed, the internally set limits and the prescribed exposure ceilings by the Regulator;
- To review the Risk Monitoring System;
- To review and verify adherence to various risk parameters set-up for various operations / Functions;
- To undertake such other function as may be mandated by the Board or stipulated by the Companies Act, 2013, SEBI, Stock Exchanges or any other regulatory authorities from time to time.



#### Date of the Meeting and Attendance

Date of the Meeting	Shri Brijendra Sahay (Chairman)	Smt. Anshu Roy (Member)	Shri D J Bagchi (CEO)	Shri Vivek Kapoor (CFO)
August 12, 2017	Yes	Yes	Yes	Yes

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, 2018. 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.

#### Finance & Management Committee

The composition of the Finance & Management Committee is;

Director	Designation
Shri Brijendra Sahay	Chairman (Independent Director)
Ms. Anshu Roy	Independent Director
Shri D J Bagchi	CEO & Company Secretary
Shri Vivek Kapoor	CFO

#### TERMS OF REFERENCE OF FINANCE & MANAGEMENT COMMITTEE

The terms of reference of the Finance & Management Committee as defined by the Board of Directors of the Company are as follows:-

- The role of the Finance & Management Committee (the Committee) is to support and advise the Board in exercising its authority in relation to the matters set out in these terms of reference. The Committee is accountable to the Board for its performance.
- The Board has defined the Committee's purpose as assisting the Board in its consideration for approval and on-going oversight of matters pertaining to;
  - Capital Structure and Funding;
  - Capital Management planning and initiatives including capital allocation;
  - Due Diligence on acquisitions and divestments including proposals which may have a material impact on the company's capital position; and
  - Matters the Board may refer to the Committee from time to time in connection with the company's capital position.

- The Committee shall review matters within the scope of its authority to ensure that the company's capital decisions are appropriate in the pursuit of the Corporate Purpose.
- The Committee shall prepare the terms and conditions of any borrowals by the Company Secured / Unsecured in the form of loans, debentures or any other financial investment by whatever name called.
- To ensure that all the applicable rules and regulations are followed as stipulated by our esteemed regulator NHB, ROC, SEBI or any other regulatory authorities from time to time.

#### Auditors' Certificate on Corporate Governance

Ms. Mona Agarwal, Company Secretary in Practice [Membership No. : 33191, CoP. No. : 12629] has certified that the Company had complied with the conditions of Corporate Governance as stipulated under SEBI Listing Regulations. The Auditors' Certificate on Corporate Governance is included elsewhere in the Annual Report.

#### DISCLOSURES

##### i. Materially significant related party transactions

There were no materially significant related party transactions i.e. transactions of material nature, with its promoters, directors or senior management or their relatives etc. that may have potential conflict with the interest of Company at large. Transactions with related parties during the financial year were mainly in the ordinary course of business on arm's length basis and as per the requirements of Accounting Standard 18 are disclosed at Note No. 31 of the Notes forming part of the Accounts in the Annual Report annexed herewith.

The Company has in place a Board approved Related Party Transaction Policy which defines the materiality of related party transactions and lays down the procedures of dealing with Related Party Transactions. The Related Party Transaction Policy has been uploaded on the Company's website and is available at URL: <http://www.saharahousingfinance.com/annualreport/related-party-transaction-policy.pdf>

##### ii. Details of non-compliance by the company, penalties, and strictures imposed on the company by stock



exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The Company has complied with all the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets. No penalties or strictures have been imposed on the Company by the Stock Exchange(s), SEBI or other statutory authorities relating to the above during the last three years.

### iii. Whistle Blower Policy

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

The whistle Blower Policy has been uploaded on the Company's website and is available at URL:

<http://www.saharahousingfina.com/wbp.html>

### iv. Details of compliance with mandatory requirements and adoption of non - mandatory requirements

During the financial year 2017-18, the Company has complied with all mandatory requirements as specified in the SEBI Listing Regulations. The Company has adopted the below specified non-mandatory requirements in terms of Regulation 27(1) of SEBI Listing Regulations:

#### 1. The Board

The Chairman of the Board is elected at the respective Board Meetings among the Directors present. The Company has no executive directors on its Board at present.

#### 2. Shareholder's Rights

The quarterly, half-yearly and annual financial results of the Company are published in leading newspapers and are communicated to the Stock Exchanges, as per the provisions of the Listing Agreement and uploaded on the Company's website [www.saharahousingfina.com](http://www.saharahousingfina.com).

#### 3. Audit Qualification

During the year under review, there was no audit qualification in the Auditors' Report on the Company's financial statements. The Company continues to adopt best practices to ensure a regime of financial statements with unmodified audit opinion.

#### 4. Separate posts of Chairman and CEO

The Company has appointed a separate person as Chief Executive Officer of the Company.

#### 5. Reporting of Internal Auditor

The Company has an adequate internal audit system in place whereby The Internal Audit is conducted by the Internal Auditor and reports are submitted on a periodic basis. The audit function maintains its independence and objectivity while carrying out its assignments.

### Other Disclosures

#### 1. Reconciliation of Share Capital Audit

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

#### 2. Familiarisation Programme

Your company follows a well thought-out orientation program for its Director(s) in accordance with the requirements of SEBI's Listing Obligations and Disclosure Requirements Regulations, 2015, to ensure that Director(s) are fully aware of the industry in which the Company operates, the processes, systems and policies adopted and followed by the Company.

The company regularly updates the Directors on the various changes in the business model, new developments & initiatives undertaken by the Company and any new policies and applicable laws and regulations etc from time to time and helps in bringing forth the best practices to the Company and help in making informed decision(s) at the Board Level.

The familiarisation program of the Company is uploaded on the Company's website and is available at URL: <http://www.saharahousingfina.com/annualreport/formalization-programme-for-independent-director.pdf>.

#### 3. Code of Conduct for Prevention of Insider Trading Practices

In compliance with the SEBI regulation on prevention of insider trading, the Company has in place a comprehensive Code of Conduct for its Directors and Senior Management Officers. The Code contains guidelines which advise them on procedures to be followed, disclosures to be made, closure of Trading Window and cautioning them of the consequences of violation of the Code. The Company Secretary has been appointed as the Compliance Officer and is responsible for adherence to the Code. This Code has been uploaded on the Company's website and is available at URL: <http://www.saharahousingfina.com/itc.html>



#### 4. Code of conduct for the Board of Directors & Senior Management Personnel

In compliance with SEBI listing regulations, the Company has a duly approved Code of Conduct for the Board of Directors and Senior Management Personnel of the Company in place. The subject Code identifies and lists out various elements of commitment, duties and responsibilities that serve as a basis for taking ethical decision-making in the conduct of day to day professional work.

The Code requires the Directors and employees to act honestly, fairly and with integrity and in a professional manner. The Board of Directors and members of the senior management personnel have provided their affirmation to the compliance with this code. A declaration regarding compliance by the Board of Directors and the Senior Management Personnel with the said Code of Conduct duly signed by the Chief Executive Officer forms part of this Annual Report. This Code has been uploaded on the Company's website and is available; [http://www.saharahousingfina.com/Code\\_of\\_Conduct\\_Directors\\_Sr%20Mngmnt\\_Persl\\_REVISED\\_2015.pdf](http://www.saharahousingfina.com/Code_of_Conduct_Directors_Sr%20Mngmnt_Persl_REVISED_2015.pdf).

#### 5. CEO/CFO Certification

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have furnished certificate on quarterly/ annual basis and same is reviewed by the Audit Committee and was placed before the Board of Directors of the Company in terms of Regulation 17(8) and Regulation 33(2)(a) of the SEBI Listing Regulations.

#### 6. Secretarial Audit for Financial Year 2017-18

Shri P V Subramanian, ACS, Practicing Company Secretary, Kolkata, was appointed as a Secretarial Auditor to conduct Secretarial Audit of the Company for the financial year ended March 31, 2018, as per the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Secretarial Audit Report addressed to the Board of Directors of the Company forms part of this Annual Report.

#### 7. Auditors Certificate on Corporate Governance

The Ms. Mona Agarwal, Company Secretary in Practice [Membership No.: 33191, CoP. No.: 12629] has certified that the Company has complied with the conditions of Corporate Governance as stipulated under SEBI Listing Regulations, 2015. The said certificate forms part of this Annual Report.

### SHAREHOLDERS' INFORMATION

#### I. Communication to Shareholders

The Company primary source of information to the shareholders, borrowers and to the public at large is through the functional website of the company i.e. [www.saharahousingfina.com](http://www.saharahousingfina.com) and other than that as required under SEBI Listing Regulations, 2015, the quarterly / annual financial results are published in widely circulated national

english newspaper and in a vernacular newspaper. The information available in the website;

- Composition of the Board.
- Composition of various Committees of Board of Directors.
- Terms & Conditions of Appointment of Independent Directors.
- Communication details for grievance redressal.
- Financial Results, Annual Report and other material information.
- Shareholding Pattern.
- Policies followed by the Company.

#### II. Electronic filing of compliances on BSE

As stipulated under SEBI Listing Regulations, 2015 certain corporate information such as the quarterly, half-yearly and annual results, annual report and the shareholding pattern of the Company are also filed on Corporate Filing and Dissemination System website, [www.corpfiling.co.in](http://www.corpfiling.co.in) and BSE Listing Centre at [listing.bseindia.com](http://listing.bseindia.com) developed by BSE Limited.

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

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

#### IV. Shares held in Electronic Form

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

#### V. Shares held in Physical Form

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

#### VI. Service of documents through electronic mode

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



## VII. DETAILS OF PREVIOUS THREE GENERAL BODY MEETINGS

Year	Date & Time	Location	Special resolution(s) passed
26th A.G.M.	26.09.2017 11.00 A.M	Sahara India Sadan 2A, Shakespeare Sarani, Kolkata - 700 071	No Special Resolution
25th A.G.M.	28.09.2016 11.00 A.M	Sahara India Sadan 2A, Shakespeare Sarani, Kolkata - 700 071	No Special Resolution
24th A.G.M.	28.09.2015 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. 196, 197, 198 and 203 of the Companies Act, 2013, for a period of three years.

## VIII. GENERAL SHAREHOLDER INFORMATION

Financial Year	April 01 – March 31
Financial Reporting Calendar: 2018-19 (Tentative)	<ul style="list-style-type: none"> <li>First Quarter Results July/Aug 15, 2018</li> <li>Second Quarter Results Oct/Nov 15, 2018</li> <li>Third Quarter Results Jan/Feb 15, 2019</li> <li>Annual Results May, 2019</li> </ul>
Listing on Stock Exchanges	Bombay Stock Exchange Limited (BSE), Phiroze Jeejeebhoy Towers Dalal Street, Fort, Mumbai- 400 001 [Annual Listing Fees for the year 2018-19 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	<b>Registered &amp; Corporate Office</b> 46 Dr. Sundari Mohan Avenue Kolkata – 700 014
27th Annual General Meeting	September 27 2018; Thursday; Time: 11.00 A.M
Venue	<b>Sahara India Sadan, 2A, Shakespeare Sarani, Kolkata – 700 071</b>
Book Closure Dates	Friday, September 21, 2018 to Thursday, September 27, 2018 (both days inclusive).

#### • 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 (No. of Shares)
2017	April	84.00	70.00	23629
	May	76.80	53.35	23777
	June	60.00	44.05	37107
	July	121.90	52.55	103599
	August	80.05	66.05	15539
	September	94.30	67.50	58604
	October	82.50	68.55	30488
	November	78.50	64.15	59035
	December	85.00	68.00	47617
2018	January	99.80	67.00	63943
	February	86.85	57.25	15475
	March	73.90	55.00	27431

Year High: ₹ 121.90 Year Low: ₹ 52.55 (Source: www.bseindia.com)

#### IX. Monthly High & low of Shares Traded on the BSE during the Financial Year 2017-18



(Source: www.bseindia.com)

#### X. SHAREHOLDING PATTERN AS ON MARCH 31, 2018

No. of Ordinary Shares Held	No. of Shareholders	No. of Shares	Percentage
<b>PROMOTERS:</b>			
<b>Indian Promoters:</b>			
– Sahara Prime City Limited	01	29,40,000	42.00
– Sahara India Corp Investment Limited.	01	16,38,587	23.41
– Sahara India Finance & Investment Limited	01	4,16,000	05.94
<b>Total</b>	<b>03</b>	<b>49,94,587</b>	<b>71.35</b>
<b>OTHERS :</b>			
Private Corporate Bodies	93	7,78,553	11.12
Indian Public	7,358	12,03,763	17.20
NRIs/NRNs	18	7,725	00.11
Clearing Member	29	15,372	00.22
Foreign Institutional Investors	–	–	–
<b>Total</b>	<b>7,498</b>	<b>20,05,413</b>	<b>28.65</b>
<b>Grand Total</b>	<b>7,501</b>	<b>70,00,000</b>	<b>100.00</b>

Note: None of the shares of the promoters are pledged or encumbered with any of the banks or financial institutions.

#### XI. DISTRIBUTION OF SHAREHOLDING (SHARES) AS ON MARCH 31, 2018

HOLDING	SHAREHOLDERS		SHARES	
	NUMBER	%	TOTAL SHARES	%
001 - 500	7143	95.23	448337	6.40
501 - 1000	187	2.49	154583	2.21
1001 - 2000	89	1.19	136162	1.95
2001 - 3000	37	0.49	94344	1.35
3001 - 4000	10	0.13	33692	0.48
4001 - 5000	05	0.07	22932	0.33
5001 - 10000	14	0.19	103770	1.48
10001 And Above	16	0.21	6006180	85.80
<b>TOTAL</b>	<b>7501</b>	<b>100.00</b>	<b>7000000</b>	<b>100.00</b>





## XII. SHARE TRANSFER SYSTEM

In terms of Regulation 40(2) of SEBI Listing Regulations, the Board of Directors have delegated the power to attend all the formalities relating to transfer of securities to the Registrar & Share Transfer Agent (RTA) pursuant to which the RTA reports on transfer of securities to the Board of Directors in each Board Meeting.

All the applications regarding physical transfer, transmission, splitting of share certificates, dematerialization and rematerialization are processed by the Registrar and Share Transfer Agents. The Stakeholders' Relationship Committee is updated quarterly on the details of shares and the same are approved by the Committee periodically.

## XIV. ADDRESS FOR CORRESPONDENCE

Registrar and Share Transfer Agents	Sahara Housingfina Corporation Limited (Secretarial Department)
<p>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: <a href="mailto:kolkata@linkintime.co.in">kolkata@linkintime.co.in</a> Contact Person: Shri Kuntal Mustafi</p>	<p><b>Shri D J Bagchi</b> Company Secretary &amp; Compliance Officer 46 Dr. Sundari Mohan Avenue Kolkata- 700014 Ph: 033- 2289-0148/ 6708 e-mail:<a href="mailto:info.saharahousingfina@gmail.com">info.saharahousingfina@gmail.com</a>/ <a href="mailto:info.saharahousingfina@sahara.in">info.saharahousingfina@sahara.in</a></p>

## OTHER USEFUL INFORMATION FOR STAKEHOLDERS

### i. Subsidiary Companies

As at March 31, 2018, the Company does not have any Subsidiary Company.

### ii. Updation of address, etc. and Nomination Facility

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

The Nomination Form can also be downloaded from the URL: <http://www.saharahousingfina.com/nominationform.pdf>

## XIII. 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, 2018 a total of 67,86,641 shares of the Company, which forms 96.95% of the total shares, stand dematerialized. The processing activities with respect to the requests received for dematerialization are completed within 15 days (maximum) from the date of receipt of the request.

### iii. Electronic filing of compliances on BSE and NSE

In terms of the Listing Agreement, all periodical compliance filings such as Company's financial results, shareholding pattern, corporate announcement and corporate governance report etc are electronically filed with the Bombay Stock Exchange through BSE Listing Centre developed by BSE Limited.

### iv. SEBI Complaints Redress System (SCORES)

SCORES is a web based centralized grievance redressal system of SEBI that enables the investors to lodge, follow up and track the status of redressal of complaints online. The investor complaints are processed in a centralized web based complaints redressal system. The Company is registered with SEBI Complaints Redress System (SCORES) and ensures to file Action Taken Report under SCORES well within the prescribed timeframe.

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

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

**To the Members**

Sahara Housingfinas Corporation Limited

We have examined the compliance of the conditions of Corporate Governance by Sahara Housingfinas Corporation Limited for the year ended March 31, 2018 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Governance. It is neither an audit nor an expression of an opinion on the financial statement of the Company.

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

We state that in respect of investor grievances received during the year ended March 31, 2018 no investor grievance is pending against the Company, as per the records maintained by the Company and presented to the Stakeholders Relationship Committee.

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.

**Ms. Mona Agarwal,**  
Company Secretary in Practice  
Membership No.: 33191  
CoP. No.: 12629

Place : Kolkata  
Date : July 18, 2018

**DECLARATION ON COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT FOR THE  
BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL**

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

I, hereby, confirm and declare that in terms of Regulation 26(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the Board members and Senior Management Personnel of the Company have affirmed compliance with the "Code of Conduct for the Board of Directors and the Senior Management Personnel", for the financial year 2017-18.

D. J. Bagchi  
CEO & Company Secretary

Place : Kolkata  
Date : May 29, 2018





## INDEPENDENT AUDITORS' REPORT

### THE MEMBERS OF SAHARA HOUSINGFINA CORPORATION LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **SAHARA HOUSINGFINA CORPORATION LIMITED ("the Company")**, which comprise the Balance sheet as at March 31, 2018, the Statement of profit and loss and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018 and its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure A**, a statement on the matters specified in the paragraph 3 and 4 of the Order to the extent applicable.
2. As required by section 143 (3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with relevant rules issued thereunder;
- e. on the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**"; and
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company has disclosed the impact of pending litigation on its financial position in its financial statements (referred note no. 36(a) to the financial statements).
  - ii. the Company has made provision under the applicable law or accounting standards, for material foreseeable losses on long term contracts. The Company did not have any other long-term contracts including derivatives contracts.
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For CHATURVEDI & PARTNERS**  
*Chartered Accountants*  
 Firm Registration No. 307068E

**ANUJ MAHANSARIA**  
*Partner*  
 Membership No. 500819

Place : New Delhi  
 Dated : May 29, 2018



## ANNEXURE - A REFERRED IN INDEPENDENT AUDITORS' REPORT OF EVEN DATE

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended March 31, 2018, we report that:

- i. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. These Fixed assets have been physically verified by the management at reasonable interval during the year pursuant to a Program for physical verification. No material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- c. According to the information and explanation given to us and on the basis of examination of records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The Company did not hold any inventory during the year. Accordingly clause ii of paragraph 3 of the Order is not applicable.
- iii. According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly the clause iii (a), (b) and (c) of paragraph 3 of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanation given to us, the Company has not given loans, investment, guarantees and security during the year within the Section 185 and 186 of the Companies Act, 2013. Accordingly, the clause iv of paragraph 3 of the Order is not applicable to the Company.
- v. According to the information and explanations given to us, the Company has not accepted any deposit during the year. Accordingly the clause v of paragraph 3 of the Order is not applicable to the Company.
- vi. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of the business of the company.
- vii. a. According to the information and explanation given to us, the Company is generally regular in depositing undisputed statutory dues including Income Tax, Service Tax, Goods & Service Tax, Cess and other statutory dues, as applicable with the appropriate authorities and no outstanding statutory dues as on the last day of the financial year concerned for more than six months from the date they became payable.
- b. According to the information and explanation given to us, there were no due of the Income Tax, Service Tax, Goods & Service Tax, Cess and other statutory dues as applicable which have not been deposited on

account of any dispute except for income tax of Rs. 3,878,240 for the assessment year 2010-11 as per the Income Tax Act, 1961 against which company had filed appeal before Commissioner of Income tax (Appeal) and deposited Rs. 776,000 as interim payment.

- viii. According to the information and explanations given to us, the Company has not taken loan from bank or government. The Company has not defaulted in repayment to debenture holders and financial institutions during the year.
- ix. According to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans. Accordingly, the clause ix of paragraph 3 of the order is not applicable to the Company.
- x. According to the information and explanation given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations given to us, the Company has paid or provided managerial remuneration in accordance with the requisite approval mandated by the provisions of Section 197 read with Schedule V of the Companies Act 2013.
- xii. The Company is not a Nidhi Company. Accordingly, the clause xii of paragraph 3 of the Order is not applicable to the Company.
- xiii. The Company has complied with the provision of the section 177 and 188 of the Companies Act, 2013 with respect to transactions with the related parties and has disclosed the details as required by the applicable accounting standard in the Financial Statements.
- xiv. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debenture during the year under review. Accordingly, the clause xiv of paragraph 3 of the Order is not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not entered into any non-cash transaction with directors or persons connected with him. Accordingly, the clause xv of paragraph 3 of the Order is not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934.

**For CHATURVEDI & PARTNERS**  
Chartered Accountants  
Firm Registration No. 307068E

**ANUJ MAHANSARIA**  
Partner  
Membership No. 500819

Place : New Delhi  
Dated : May 29, 2018



## **Annexure - B to the Independent Auditors' Report**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of "SAHARA HOUSINGFINA CORPORATION LIMITED" ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For CHATURVEDI & PARTNERS**  
Chartered Accountants  
Firm Registration No. 307068E

**ANUJ MAHANSARIA**  
Partner  
Membership No. 500819

Place : New Delhi  
Dated : May 29, 2018





## Balance Sheet as at March 31, 2018

Particulars	Note No.	As at March 31, 2018 ₹	As at March 31, 2017 ₹
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	3	70,000,000	70,000,000
Reserves and Surplus	4	310,842,187	285,099,683
		<b>380,842,187</b>	<b>355,099,683</b>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	5	966,531,684	1,036,531,684
Deferred Tax Liabilities (Net)	6	17,860,268	21,057,756
Long Term Provisions	7	4,104,772	3,389,489
<b>Total Non-Current Liabilities</b>		<b>988,496,724</b>	<b>1,060,978,929</b>
<b>CURRENT LIABILITIES</b>			
Trade Payables	39		
(a) Total outstanding dues of Micro Enterprise and Small Enterprise		—	—
(b) Total outstanding dues of creditors other than Micro Enterprise and Small Enterprise		1,420,390	1,843,473
Other Current Liabilities	8	4,449,307	14,138,324
Short Term Provisions	9	1,792,790	969,189
<b>Total Current Liabilities</b>		<b>7,662,487</b>	<b>16,950,986</b>
<b>TOTAL</b>		<b>1,377,001,398</b>	<b>1,433,029,598</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Fixed Assets</b>			
Tangible Assets	10	10,233,572	4,983,190
Non-Current Investments	11	196,650	273,600
Loan Assets	12	1,168,100,020	1,141,303,215
Long Term Loans and Advances	13	4,277,721	5,360,358
<b>Total Non-Current Assets</b>		<b>1,182,807,963</b>	<b>1,151,920,363</b>
<b>CURRENT ASSETS</b>			
Loan Assets	14	55,588,005	54,265,630
Trade Receivables	15	1,126,936	987,016
Cash and Bank Balances	16	124,686,314	208,503,109
Short Term Loans and Advances	17	5,116,516	9,126,617
Other Current Assets	18	7,675,664	8,226,863
<b>Total Current Assets</b>		<b>194,193,435</b>	<b>281,109,235</b>
<b>TOTAL</b>		<b>1,377,001,398</b>	<b>1,433,029,598</b>
Significant Accounting Policies and Notes forming part of the Financial Statements	1 to 42		

As per our report of even date attached

### For CHATURVEDI & PARTNERS

Chartered Accountants

Firm Registration No. 307068E

**ANUJ MAHANSARIA**

Partner

Membership No. 500819

Place : Kolkata

Dated : May 29, 2018

### FOR AND ON BEHALF OF THE BOARD

**BRIJENDRA SAHAY** Director (DIN 00017600)

**ANSHU ROY** Director (DIN 05257404)

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

**VIVEK KAPOOR** Chief Financial Officer

## Statement of Profit and Loss for the year ended March 31, 2018

Particulars	Note No.	Year ended March 31, 2018 ₹	Year ended March 31, 2017 ₹
I Revenue from Operations	19	125,660,927	123,208,487
II Other Income	20	10,727,036	12,725,188
III <b>Total Revenue (I+II)</b>		<b>136,387,963</b>	<b>135,933,675</b>
IV <b>EXPENSES</b>			
Finance Costs	21	50,568,552	52,653,216
Employee Benefit Expenses	22	31,274,224	32,513,582
Depreciation and Amortization	10	609,459	473,041
Other Expenses	23	23,220,131	20,775,140
<b>Total Expenses</b>		<b>105,672,366</b>	<b>106,414,979</b>
V <b>PROFIT BEFORE EXCEPTIONAL AND EXTRA ORDINARY ITEMS AND TAX (III-IV)</b>		<b>30,715,597</b>	<b>29,518,696</b>
VI Exceptional Items		—	—
VII <b>PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX (V-VI)</b>		<b>30,715,597</b>	<b>29,518,696</b>
VIII Extraordinary Items		—	—
IX <b>PROFIT BEFORE TAX (VII-VIII)</b>		<b>30,715,597</b>	<b>29,518,696</b>
X <b>TAX EXPENSES:</b>			
- Current Tax		8,153,354	8,975,977
- Deferred Tax		(3,197,488)	788,008
- Income Tax related to earlier years		17,227	(8,661)
		<b>4,973,093</b>	<b>9,755,324</b>
XI <b>PROFIT FOR THE PERIOD (IX-X)</b>		<b>25,742,504</b>	<b>19,763,372</b>
Earning Per Share (₹) - Basic	33	3.68	2.82
Earning Per Share (₹) - Diluted	33	3.68	2.82
Significant Accounting Policies and Notes forming part of the Financial Statements	1 to 42		

As per our report of even date attached

### For CHATURVEDI & PARTNERS

Chartered Accountants

Firm Registration No. 307068E

**ANUJ MAHANSARIA**

Partner

Membership No. 500819

Place : Kolkata

Dated : May 29, 2018

### FOR AND ON BEHALF OF THE BOARD

**BRIJENDRA SAHAY** Director (DIN 00017600)

**ANSHU ROY** Director (DIN 05257404)

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

**VIVEK KAPOOR** Chief Financial Officer



## Cash Flow Statement for the year ended March 31, 2018

	Year ended March 31, 2018	Year ended March 31, 2017
	₹	₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit Before Tax and Extraordinary Items	30,715,597	29,518,696
Adjustments for:		
Depreciation	609,459	473,041
Profit on sale of Fixed Assets	(14,500)	(34,700)
Provision on Loan Assets	4,668,457	3,089,702
Provision for diminution in Investment	76,950	-
Interest Income on Fixed Deposit	(10,701,628)	(12,679,580)
Operating profit before working capital changes	25,354,336	20,367,159
<b>Adjustments for Working Capital Changes</b>		
(Increase)/Decrease in Trade receivables	(139,920)	674,263
(Increase)/Decrease in Advances	1,479,206	(1,343,971)
Increase/(Decrease) in Current Liabilities	(10,112,100)	341,702
Increase/(Decrease) in Provisions	1,182,105	578,345
Cash Generated from operations	17,763,626	20,617,498
Direct Tax paid	(7,239,165)	(8,670,518)
<b>Net Cash from Operation</b>	<b>10,524,461</b>	<b>11,946,980</b>
(Increase)/Decrease in Loan Assets (Net of Repayment)	(32,236,438)	2,733,532
<b>Net Cash from Operating Activities</b>	<b>(21,711,977)</b>	<b>14,680,512</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(4,459,841)	(1,474,610)
Proceeds from sale of fixed assets	14,500	34,700
Income from Interest	12,340,523	13,678,502
Movement in fixed deposit	120,611,184	(18,688,074)
<b>Net Cash from Investing Activities</b>	<b>128,506,366</b>	<b>(6,449,482)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Increase/(Decrease) in Term Loan (Net of Repayment)	-	300,000,000
Increase/(Decrease) in Unsecured Loan (Net of Repayment)	(70,000,000)	(330,865,836)
<b>Net cash from Financing Activities</b>	<b>(70,000,000)</b>	<b>(30,865,836)</b>
<b>D. NET INCREASE IN CASH AND CASH EQUIVALENTS:</b>	<b>36,794,389</b>	<b>(22,634,806)</b>
Cash and Cash equivalents of the beginning of the year	61,441,399	84,076,205
Cash and Cash equivalents of the end of the year	98,235,788	61,441,399
Notes:-		
1 The cash flow statement has been prepared under the indirect method as set out in the Accounting Standard 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.		
2 Figures in brackets indicate cash outflow. Previous year figures have been regrouped and recast wherever necessary to conform to current year classification.		
3 Cash and cash equivalents consist of following :		
Cash in hand	207,346	114,956
Balance with Scheduled Banks :		
In Current Accounts	98,028,442	16,372,281
In Term/Fixed Deposit Accounts	-	44,954,162
	<b>98,235,788</b>	<b>61,441,399</b>

As per our report of even date attached

**For CHATURVEDI & PARTNERS**

Chartered Accountants

Firm Registration No. 307068E

**ANUJ MAHANSARIA**

Partner

Membership No. 500819

Place : Kolkata

Dated : May 29, 2018

**FOR AND ON BEHALF OF THE BOARD**

**BRIJENDRA SAHAY** Director (DIN 00017600)

**ANSHU ROY** Director (DIN 05257404)

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

**VIVEK KAPOOR** Chief Financial Officer

## Notes forming part of financial statements for the year ended March 31, 2018

### 1. CORPORATE INFORMATION

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

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### i. Basis of Preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles (GAAP) in India under the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Companies (Accounting Standards) Rules, 2006, [as amended] and the other relevant provisions of the Companies Act, 2013 and the guidelines issued by the National Housing Bank to the extent possible.

#### ii. Use of Accounting Estimates

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

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

#### iii. Operating Cycle and Current Versus Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it (a) Expected to be realised or intended to be sold or consumed in normal operating cycle; (b) Held primarily for the purpose of trading; or (c) Expected to be realised within twelve months after the reporting period, or (d) The asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when (a) It is expected to be settled in normal operating cycle; or (b) It is held primarily for the purpose of trading; or (c) It is due to be settled within twelve months after the reporting period, or (d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, results in its settlement by the issue of equity instruments do not affect its classification. The Company classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its normal operating cycle.

#### iv. 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 realisation basis in accordance with the National Housing Bank Guidelines. Penal interest is accounted for on realization basis.

"Fee based services", such as, notice charges, collection charges, visit fees, cheque swap charges etc. are accounted for on realisation basis.

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.

Interest income on fixed deposit is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.



## Notes forming part of financial statements for the year ended March 31, 2018

### v. Provisions on Loan Assets

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

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

### vi. Fixed Assets

Fixed asset 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.

### vii. Depreciation/Amortisation

Tangible Assets other than Land are depreciated under the Straight Line Method (SLM) as per the rates and in the manner specified in Schedule II of the Companies Act, 2013.

### viii. Borrowing Cost

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

### ix. 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. Cost such as brokerage, commission etc., pertaining to investment, paid at the time of acquisition, are included in investment cost. Provisions for diminution in the value of investments is made in accordance with the guidelines issued by NHB and the Accounting Standards on "Accounting for Investments" (AS 13).

### x. 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.

### xi. 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.

### xii. Employee Benefits

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

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

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.

## Notes forming part of financial statements for the year ended March 31, 2018

### xiii. Leases:

#### Operating Leases

Lease rentals in respect of assets taken on "Operating Leases" are charged to the Statement of Profit and Loss on straight line basis over the lease term.

#### Finance Leases

Finance leases, which effectively transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease and are accordingly disclosed. The capital element of the leasing commitments is shown as Secured Liabilities. Lease payments are apportioned between the finance charges and reduction of the corresponding liability based on the implicit rate of return.

### xiv. Housing and Other Loans

Housing Loans include outstanding amount of Housing Loans disbursed directly or indirectly to individual, project loans for residential buildings and other borrowers. Other loans include mortgage loan, non residential property loan, plot loan for self construction where construction has not begun in last three years and loan against the lease rental income from properties in accordance with directions of National Housing Bank (NHB).

### xv. 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 recognized but are disclosed in the notes. Contingent assets are not recognised in the financial statements.

Note No.	Particulars	As at March 31, 2018 ₹	As at March 31, 2017 ₹
<b>3</b>	<b>SHARE CAPITAL</b>		
	Authorised		
	30,000,000 (Previous Year 30,000,000) Equity Shares of ₹ 10/- each	300,000,000	300,000,000
	20,000,000 (Previous Year 20,000,000) Preference Shares of ₹ 10/- each	200,000,000	200,000,000
		<b>500,000,000</b>	<b>500,000,000</b>
	Issued, Subscribed and Paid up		
	7,000,000 (Previous Year 7,000,000) Equity Shares of ₹ 10/- each	70,000,000	70,000,000
	<b>Reconciliation of Number of Shares outstanding at the beginning and at the end of the year</b>		
	Number of Equity Shares at the beginning of the year	7,000,000	7,000,000
	Add: Number of Shares Issued	—	—
	Number of Equity Shares at the end of the year	<b>7,000,000</b>	<b>7,000,000</b>



## Notes forming part of financial statements for the year ended March 31, 2018

### Rights, Preferences and Restrictions –

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

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

Name	% age of Holding	As at March 31, 2018	% age of Holding	As at March 31, 2017
<b>Equity :</b>				
Sahara Prime City Limited	42.00	2,940,000	42.00	2,940,000
Sahara India Corp Investment Limited	23.41	1,638,587	23.41	1,638,587
Sahara India Finance and Investment Limited	5.94	416,000	5.94	416,000
Gandevi Commerce Private Limited	10.33	723,044	10.33	723,044
	<b>81.68</b>		<b>81.68</b>	

Note No.	Particulars	As at March 31, 2018 ₹	As at March 31, 2017 ₹
<b>4</b>	<b>RESERVES AND SURPLUS</b>		
	<b>Capital Reserve</b>	152,000	152,000
	Balance at the beginning and end of the year		
	<b>Securities Premium Account</b>	50,000,000	50,000,000
	Balance at the beginning and end of the year		
	<b>General Reserve</b>	501,605	501,605
	Balance at the beginning and end of the year		
	<b>Special Reserve</b>		
	As per Section 29C of the National Housing Bank Act, 1987 (Refer note 29)		
	Balance at the beginning of the year	97,820,534	91,739,462
	Add: Transferred from Reserve and Surplus	6,756,108	6,081,072
	Balance at the end of the year	104,576,642	97,820,534
	<b>Surplus</b>		
	Balance at the beginning of the year	136,625,544	122,943,244
	Add: Transferred from Statement of Profit and Loss	25,742,504	19,763,372
		162,368,048	142,706,616
	<b>Less: Appropriations:</b>		
	Transferred to Special Reserve	6,756,108	6,081,072
	Balance at the end of the year	155,611,940	136,625,544
		<b>310,842,187</b>	<b>285,099,683</b>

## Notes forming part of financial statements for the year ended March 31, 2018

Note No.	Particulars	As at March 31, 2018 ₹	As at March 31, 2017 ₹
<b>5</b>	<b>LONG TERM BORROWINGS</b>		
	<b>Secured</b>		
	7% Non-Convertible Redeemable Debenture	300,000,000	300,000,000
	Term Loan from Body Corporate	50,000,000	50,000,000
	<b>Un-Secured</b>		
	<b>From Related Parties</b>		
	10% Non-Convertible Redeemable Debenture	250,000,000	250,000,000
	Other Loan	366,531,684	436,531,684
		<b>966,531,684</b>	<b>1,036,531,684</b>

- 5.1 Term Loan from a Body Corporate is secured by hypothecation of specific book debt in respect of the identified housing loan assets. The Interest rate is 8.50% P.A. and the entire outstanding loan is repayable in the Financial Year 2024-25
- 5.2 7% Secured Non-Convertible Redeemable Debentures (NCD) are secured by the first ranking charge on the present and future receivables of the issuer for the principle amount and interest thereon. NCD has put and call option of 30%, 30% and 40% of the issue price on March 31, 2025, March 31, 2026 and March 31, 2027 respectively by giving one month prior notice to the call/put option.
- 5.3 10% Non-Convertible Redeemable Debentures are repayable in the Financial Year 2019-20
- 5.4 Unsecured - other loan from related party aggregating to ₹ 366,531,684 (Previous Year ₹ 436,531,684) include interest thereon aggregating to ₹ 366,531,684 (Previous Year ₹ 436,531,684). The interest rate is 9% p.a. The entire outstanding loan (including interest) is repayable in the year 2021-22.

Note No.	Particulars	As at March 31, 2018 ₹	As at March 31, 2017 ₹
<b>6</b>	<b>DEFERRED TAX LIABILITIES (NET)</b>		
	<b>Deferred Tax Liabilities</b>		
	Special Reserve	28,814,002	32,342,403
	Timing difference on fixed asset's depreciation & amortisation	703,559	744,038
		<b>29,517,561</b>	<b>33,086,441</b>
	<b>Deferred Tax Assets</b>		
	Retirement Benefits	1,526,652	1,441,110
	Provision for doubtful debts/loans	10,130,642	10,587,575
		<b>11,657,294</b>	<b>12,028,685</b>
	<b>Net Deferred Tax Liabilities (Net)</b>	<b>17,860,268</b>	<b>21,057,756</b>
<b>7</b>	<b>LONG TERM PROVISIONS</b>		
	<b>Employee Benefits</b>		
	For Gratuity	4,104,772	3,389,489
		<b>4,104,772</b>	<b>3,389,489</b>



## Notes forming part of financial statements for the year ended March 31, 2018

Note No.	Particulars	As at March 31, 2018 ₹	As at March 31, 2017 ₹
<b>8</b>	<b>OTHER CURRENT LIABILITIES</b>		
	Current maturities of long term debt		
	From Banks	28,576	28,576
	Interest accrued but not due on borrowings	—	3,825,000
	Interest accrued and due on borrowings	1,595	1,595
	Advances from Customers	1,987,388	2,328,552
	Statutory dues payable	341,099	5,097,014
	Other payables	2,090,649	2,857,587
		<b>4,449,307</b>	<b>14,138,324</b>
<b>9</b>	<b>SHORT TERM PROVISIONS</b>		
	For Taxation	356,779	—
	<b>Employee Benefits</b>		
	For Gratuity	199,637	146,418
	For Leave Encashment	1,236,374	822,771
		<b>1,792,790</b>	<b>969,189</b>
<b>10</b>	<b>FIXED ASSETS</b>		

Description	Gross Block				Depreciation				Net Block	
	As at April 1, 2017	Additions during the year	Sale/ Adjustment	As at March 31, 2018	Upto April 1, 2017	For the year	Sale/ Adjustment	Upto March 31, 2018	As at March 31, 2018	As at March 31, 2017
<b>Tangible Assets</b>										
Buildings	5,745,548	—	—	5,745,548	1,795,886	89,962	—	1,885,848	3,859,700	3,949,662
Computers	6,538,541	558,383	827,110	6,269,814	6,460,646	160,772	827,110	5,794,308	475,506	77,895
Furniture and Fixtures	2,734,627	3,951,047	38,830	6,648,844	2,453,581	144,259	38,830	2,559,010	4,087,834	281,046
Air Conditioners	320,471	681,401	50,280	951,592	313,131	23,643	50,280	286,494	665,098	7,340
Office Equipment	545,182	526,612	9,000	1,062,794	500,538	71,717	9,000	563,255	499,539	44,644
Electrical fittings	316,969	142,388	—	459,367	303,356	1,958	—	305,314	154,053	13,613
Vehicles	2,297,032	—	—	2,297,032	1,688,042	117,148	—	1,805,190	491,842	608,990
<b>Total</b>	<b>18,498,370</b>	<b>5,859,841</b>	<b>925,220</b>	<b>23,432,991</b>	<b>13,515,180</b>	<b>609,459</b>	<b>925,220</b>	<b>13,199,419</b>	<b>10,233,572</b>	<b>4,983,190</b>
<b>Previous year</b>	<b>19,644,095</b>	<b>74,610</b>	<b>1,220,335</b>	<b>18,498,370</b>	<b>14,262,474</b>	<b>473,041</b>	<b>1,220,335</b>	<b>13,515,180</b>	<b>4,983,190</b>	

Note No.	Particulars	As at March 31, 2018 ₹	As at March 31, 2017 ₹
<b>11</b>	<b>NON-CURRENT INVESTMENTS</b>		
	<b>Quoted, Non-Trade Equity Instrument</b>		
	<b>Aggregate amount of quoted investment</b>		
	11,400 Units (Previous Year 11,400 Units) Indian Overseas Bank Limited (Face Value ₹ 10/- each)	273,600	273,600
	Less : Provision for diminution in value of investment	76,950	—
		<b>196,650</b>	<b>273,600</b>
	Aggregate amount of market value of quoted investment	196,650	303,810
	Aggregate provision for diminution in value of quoted investment	76,950	—

## Notes forming part of financial statements for the year ended March 31, 2018

Note No.	Particulars	As at March 31, 2018 ₹	As at March 31, 2017 ₹
<b>12</b>	<b>NON CURRENT LOAN ASSETS</b>		
	Secured considered good unless otherwise stated (Refer note 24)		
	<b>Housing Loans</b>		
	Standard Assets	1,124,099,117	1,084,747,710
	Less: General Provision	4,897,570	4,678,579
	Sub-Standard Assets	28,571,514	31,480,262
	Less: Provision for Sub-Standard Assets	4,285,727	4,722,039
	Doubtful Assets	20,187,228	21,316,851
	Less: Provision for Doubtful Assets	12,840,787	11,938,796
	<b>Other Loans</b>		
	Standard Assets	17,440,651	25,351,319
	Less: General Provision	174,407	253,513
		<b>1,168,100,020</b>	<b>1,141,303,215</b>
<b>13</b>	<b>LONG TERM LOANS AND ADVANCES</b>		
	Advance for Capital Expenditure	—	1,400,000
	Refundable Deposits	1,669,774	1,553,774
	Advance Income Tax	1,831,947	2,406,584
	Deposit under Protest (Refer note 36(a))	776,000	—
		<b>4,277,721</b>	<b>5,360,358</b>
<b>14</b>	<b>CURRENT LOAN ASSETS</b>		
	Secured considered good unless otherwise stated (Refer note 24)		
	<b>Housing Loans</b>		
	Standard Assets	53,478,157	51,606,044
	Less: General Provision	232,999	222,580
	Sub-Standard Assets	1,374,231	1,492,940
	Less: Provision for Sub-Standard Assets	206,135	223,941
	Doubtful Assets	836,728	840,761
	Less: Provision for Doubtful Assets	483,406	421,603
	<b>Other Loans</b>		
	Standard Assets	829,726	1,206,070
	Less: General Provision	8,297	12,061
		<b>55,588,005</b>	<b>54,265,630</b>



## Notes forming part of financial statements for the year ended March 31, 2018

Note No.	Particulars	As at March 31, 2018 ₹	As at March 31, 2017 ₹
<b>15</b>	<b>TRADE RECEIVABLES</b>		
	Secured considered good unless otherwise stated (Refer note 24)		
	Outstanding for a period exceeding six months from the date they are due	-	-
	Others	1,126,936	987,016
		<b>1,126,936</b>	<b>987,016</b>
<b>16</b>	<b>CASH AND BANK BALANCES</b>		
	a) Cash and Cash Equivalent		
	Cash in hand	207,346	114,956
	Balance with Banks		
	- In current accounts	98,028,442	16,372,281
	- In Fixed deposits maturing less than three months	-	44,954,162
		<b>98,235,788</b>	<b>61,441,399</b>
	b) Other Bank Balances		
	- Fixed deposits with maturity more than three months but less twelve months	26,450,526	147,061,710
		<b>124,686,314</b>	<b>208,503,109</b>
<b>17</b>	<b>SHORT TERM LOANS AND ADVANCES</b>		
	Advances Recoverable in cash or in kind	3,788,481	6,552,207
	Balance with Statutory and Government Authorities	392,520	-
	Interest Receivable	935,515	2,574,410
		<b>5,116,516</b>	<b>9,126,617</b>
<b>18</b>	<b>OTHER CURRENT ASSETS</b>		
	Secured considered good unless otherwise stated (Refer note 24)		
	Installments due from Borrowers - Principal		
	Standard Assets	1,345,887	1,223,048
	Less: General Provision	5,384	4,892
		<b>1,340,503</b>	<b>1,218,156</b>
	Sub-Standard Assets	1,443,050	1,805,220
	Less: Provision for Sub-Standard Assets	216,458	270,783
		<b>1,226,593</b>	<b>1,534,437</b>
	Doubtful Assets	18,448,285	14,747,911
	Less: Provision for Doubtful Assets	13,339,717	9,273,641
		<b>5,108,568</b>	<b>5,474,270</b>
		<b>7,675,664</b>	<b>8,226,863</b>

## Notes forming part of financial statements for the year ended March 31, 2018

Note No.	Particulars	Year ended March 31, 2018 ₹	Year ended March 31, 2017 ₹
<b>19</b>	<b>REVENUE FROM OPERATIONS</b>		
	Interest Income	122,741,062	121,030,936
	Fee Income	2,353,491	1,676,220
	Other Operating Revenue	566,374	501,331
		<b>125,660,927</b>	<b>123,208,487</b>
<b>20</b>	<b>OTHER INCOME</b>		
	Interest on Fixed Deposits	10,701,628	12,679,580
	Profit on sale of fixed assets	14,500	34,700
	Miscellaneous Income	10,908	10,908
		<b>10,727,036</b>	<b>12,725,188</b>
<b>21</b>	<b>FINANCE COSTS</b>		
	Interest on :		
	Term Loans	50,250,000	52,337,977
	Bank and Other Charges	318,552	315,239
		<b>50,568,552</b>	<b>52,653,216</b>
<b>22</b>	<b>EMPLOYEE BENEFIT EXPENSES</b>		
	Salaries and Bonus	29,467,682	30,914,493
	Contribution to Provident and Other Funds	1,537,394	1,323,671
	Staff Welfare	269,148	275,418
		<b>31,274,224</b>	<b>32,513,582</b>
22.1	The disclosures as required by Accounting Standard 15 relating to employees benefits recognized are set out below:		
	<b>Change in Benefit Obligation</b>		
	Liability at the beginning of the year	3,535,907	2,956,095
	Interest Cost	274,033	243,450
	Current Service Cost	341,506	306,547
	Actuarial (gain)/loss on obligations	152,963	92,953
	Benefit Paid	—	(63,138)
	Liability at the end of the year	<b>4,304,409</b>	<b>3,535,907</b>
	<b>Liability recognized in the Balance Sheet</b>		
	Liability at the end of the year	4,304,409	3,535,907
	Fair value of plan assets at the end of the year	—	—
	Difference	4,304,409	3,535,907
	Liability recognized in the Balance Sheet	<b>4,304,409</b>	<b>3,535,907</b>
	<b>Expenses recognized in the Income Statement</b>		
	Current service cost	341,506	306,547
	Interest cost	274,033	243,450
	Expected return on plan assets	—	—
	Net Actuarial (gain)/loss to be recognized	152,963	92,953
	Expense recognized in the Statement of Profit and Loss	<b>768,502</b>	<b>642,950</b>
	<b>Balance Sheet Reconciliation</b>		
	Opening Net Liability	3,535,907	2,956,095
	Expense as above	768,502	642,950
	Employer's Contribution	—	(63,138)
	Liability Recognized in the Balance Sheet	<b>4,304,409</b>	<b>3,535,907</b>
	<b>Assumptions</b>		
	Discount rate	7.75%	7.50%
	Rate of return on plan assets	—	—
22.2	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.		



## Notes forming part of financial statements for the year ended March 31, 2018

Note No.	Particulars	Year ended March 31, 2018 ₹	Year ended March 31, 2017 ₹
<b>23</b>	<b>OTHER EXPENSES</b>		
	Rent	4,692,836	5,931,824
	Travelling and Conveyance		
	– Directors	81,721	72,661
	– Others	1,116,381	1,486,549
	Legal and Professional Fees	3,360,907	3,010,589
	Printing and Stationery	610,319	532,250
	Communication Charges	1,002,732	1,296,593
	General Expenses	2,273,246	1,812,209
	Insurance	182,109	95,144
	Repairs and Maintenance	627,740	257,055
	Rates, Taxes and Licences	139,628	129,554
	Office Maintenance	814,595	362,663
	Vehicles Maintenance	2,156,034	1,982,776
	Advertisement and Publicity	96,006	118,308
	Electricity Charges	1,177,341	424,763
	Auditors' Remuneration (Refer note 34)	143,128	172,500
	Provision on Loan Assets	4,668,457	3,089,702
	Provision on Investment	76,950	–
		<b>23,220,131</b>	<b>20,775,140</b>

24. 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

25. In the opinion of the Board of Directors, the Current Assets and Loans & Advances are approximately of the value stated above, if realized in the ordinary course of the business.

26. The Secured 7% Non-Convertible Redeemable Debenture was assigned rating of BB-(Stable Outlook) by Infomermics Valuation and Rating Private Limited.

## Notes forming part of financial statements for the year ended March 31, 2018

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

#### a. Break up of Loans & Advances (including principal component on instalment due) and Provisions thereon

Particulars	Housing Loans		Non-Housing Loans	
	As at March 31, 2018 (₹)	As at March 31, 2017 (₹)	As at March 31, 2018 (₹)	As at March 31, 2017 (₹)
<b>Standard Assets</b>				
a) Total Outstanding Amount	1,178,923,161	1,137,576,802	18,270,377	26,557,389
b) Provisions made	5,135,953	4,906,051	182,704	265,574
<b>Sub-Standard Assets</b>				
a) Total Outstanding Amount	31,388,795	34,778,422	–	–
b) Provisions made	4,708,319	5,216,763	–	–
<b>Doubtful Assets:Category-I</b>				
a) Total Outstanding Amount	8,717,415	12,077,856	–	–
b) Provisions made	2,179,354	3,019,464	–	–
<b>Doubtful Assets:Category-II</b>				
a) Total Outstanding Amount	10,450,450	10,355,153	–	–
b) Provisions made	4,180,180	4,142,061	–	–
<b>Doubtful Assets:Category-III</b>				
a) Total Outstanding Amount	20,304,376	14,472,514	–	–
b) Provisions made	20,304,376	14,472,514	–	–
<b>Loss Assets</b>				
a) Total Outstanding Amount	–	–	–	–
b) Provisions made	–	–	–	–
<b>Total</b>				
a) Total Outstanding Amount	1,249,784,197	1,209,260,747	18,270,377	26,557,389
b) Provisions made	36,508,182	31,756,853	182,704	265,574

#### b. Movement of NPAs

Particulars	As at March 31, 2018 (₹)	As at March 31, 2017 (₹)
<b>i) Net NPAs to Net Advances (%)</b>	3.17	3.68
<b>ii) Movement of NPAs (Gross)</b>		
a) Opening Balance	71,683,945	62,087,622
b) Addition/(Reduction) during the year	(822,909)	9,596,323
c) Closing Balance	70,861,036	71,683,945
<b>iii) Movement of NPAs (Net)</b>		
a) Opening Balance	44,833,142	38,203,210
b) Addition/(Reduction) during the year	(5,344,335)	6,629,932
c) Closing Balance	39,488,807	44,833,142
<b>iv) Movement of Provisions for NPAs</b>		
a) Opening Balance	26,850,803	23,884,412
b) Provisions made/(Write-off/write-back) during the year	4,521,426	2,966,391
c) Closing Balance	31,372,229	26,850,803



## Notes forming part of financial statements for the year ended March 31, 2018

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

### a. Capital to Risk Assets Ratio (CRAR)

Items	Particulars	As at March 31, 2018	As at March 31, 2017
I	CRAR (%)	55.21%	70.11%
II	CRAR - Tier I Capital (%)	54.44%	54.09%
III	CRAR - Tier II Capital (%)	0.77%	16.02%
IV	Amount of subordinated debt raised as Tier – II Capital	Nil	Nil
V	Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

### b. Exposure to Real Estate Sector

Particulars	As at March 31, 2018 (₹)	As at March 31, 2017 (₹)
<b>Direct Exposure</b>		
(i) Residential Mortgages :- Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented		
a) Housing Loans up to ₹ 15 Lakhs	796,783,448	817,750,834
b) Housing Loans more than ₹ 15 Lakhs	431,763,527	373,733,734
(ii) Commercial Real Estate :- Lending secured by mortgages on commercial real estates (office buildings, retail spaces, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	18,270,377	26,557,389
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures :-		
(a) Residential (PTC - B)	Nil	Nil
(b) Commercial Real Estate	Nil	Nil
<b>Indirect Exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil

## Notes forming part of financial statements for the year ended March 31, 2018

### c. Asset Liability Management

#### Maturity pattern of certain items of assets and liabilities

(₹ in Lakhs)

Particulars	1 day to 30/31 days (1 month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
<b>LIABILITIES</b>											
Borrowings from Banks	0.29	-	-	-	-	-	-	-	-	-	0.29
Market Borrowings	-	-	-	-	-	2,500.00	3,665.32	9,500.00	2,100.00	-	9,665.32
<b>ASSETS</b>											
Advances	44.68	44.98	45.37	139.02	291.14	2257.06	3717.91	2573.77	1813.29	1540.95	12468.17
Investments	-	-	-	-	-	-	-	-	-	-	-

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

For the purpose of compliance with the provision of Section 29C of the National Housing Bank Act, 1987, the company is creating and maintaining Special Reserve in terms of clause (viii) sub-section (i) of Section 36 of the Income Tax Act, 1961, and therein transferring a sum not less than twenty percent of its net profit. During the year under review the company transferred to the said special reserve a sum of ₹ 6,756,108, which is stated in the table "Appropriation of Reserve Fund" provided below:

#### Appropriation of Reserve Fund

Particulars	As at March 31, 2018 (₹)	As at March 31, 2017 (₹)
<b>Balance at the beginning of the year</b>		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	-	-
b) Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	97,820,534	91,739,462
<b>c) Total</b>	<b>97,820,534</b>	<b>91,739,462</b>
<b>Addition/Appropriation/Withdrawal during the year</b>		
Add : a) Amount transferred u/s 29C of the National Housing Bank Act, 1987	-	-
b) Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	6,756,108	6,081,072
Less: a) Amount appropriated from the Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	-	-
b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of the National Housing Bank Act, 1987	-	-
<b>Balance at the end of the year</b>		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	-	-
b) Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	104,576,642	97,820,534
<b>c) Total</b>	<b>104,576,642</b>	<b>97,820,534</b>



## Notes forming part of financial statements for the year ended March 31, 2018

### 30. Exposure to Capital Market

Particulars	As at March 31, 2018 (₹)	As at March 31, 2017 (₹)
Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt (Gross)	273,600	273,600

### 31. Investments

Particulars	As at March 31, 2018 (₹)	As at March 31, 2017 (₹)
<b>Value of Investments</b>		
i) Gross value of Investments		
(a) In India	273,600	273,600
(b) Outside India	—	—
ii) Provisions for Depreciation		
(a) In India	76,950	—
(b) Outside India	—	—
iii) Net value of Investments		
(a) In India	196,650	273,600
(b) Outside India	—	—
<b>Movement of Provisions held towards Depreciation on Investments</b>		
i) Opening balance	—	—
ii) Add: Provisions made during the year	76,950	—
iii) Less: Write-off/Written-back of excess provisions during the year	—	—
iv) Closing balance	76,950	—

### 32. Break up of Provisions and Contingencies shown under the head Expenditure in the Statement of Profit and Loss

Particulars	Year ended March 31, 2018 (₹)	Year ended March 31, 2017 (₹)
Provision on Investment	76,950	—
Provision made towards Income Tax	4,973,093	9,755,324
Provision towards NPA	4,521,426	2,966,391
Provision for Standard Assets	147,031	123,311
Other Provision and Contingencies	—	—

## Notes forming part of financial statements for the year ended March 31, 2018

### 33. Earnings Per Share (EPS)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
a) Profit/(loss) after tax (₹)	25,742,504	19,763,372
b) Weighted average number of equity shares outstanding for calculation of EPS	7,000,000	7,000,000
c) Basic and diluted EPS (₹)	3.68	2.82
d) Nominal value of shares (₹)	10	10

### 34. Payment to Auditors

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
a) Statutory Audit Fee	80,000	92,000
b) Tax Audit Fee	17,628	23,000
c) Limited Review Fee	22,500	25,875
d) Other capacity	23,000	31,625
<b>Total</b>	<b>143,128</b>	<b>172,500</b>

### 35. Customers Complaints

Particulars	As at March 31, 2018	As at March 31, 2017
a) Number of complaints pending at the beginning of the year	–	–
b) Number of complaints received during the year	1	–
c) Number of complaints redressed during the year	1	–
d) Number of complaints pending at the end of the year	–	–

### 36. Contingent Liabilities & Commitments

#### a. Contingent Liabilities not provided for in respect of Income Tax Matters:

The Income Tax Assessments of the company have been completed up to Assessment Year 2015-16. Based on the decision of the Appellate authorities and the interpretation of relevant tax provisions, the Company has been legally advised that the additions made in the assessment order for the Assessment year 2010-11 are likely to be deleted or substantially reduced. Tax value of matters under appeal as at March 31, 2018 is ₹ 3,878,240 (Previous Year ₹ NIL) against which the company had deposited ₹ 776,000 (Previous Year ₹ NIL).

#### b. Other commitments:

Estimated amount of contracts remaining to be executed on capital account (Net of advances) ₹ Nil (Previous Year ₹ 1,400,000), not provided for ₹ Nil (Previous Year ₹ 348,548).

### 37. 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).

### 38. 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



## Notes forming part of financial statements for the year ended March 31, 2018

- b. Key Management Personnel  
 Shri D. J. Bagchi, Chief Executive Officer, Company Secretary/Manager  
 Shri Vivek Kapoor, Chief Financial Officer
- c. Companies under common control  
 – Sahara India Financial Corporation Limited  
 – Sahara India Commercial Corporation Limited

### d. Disclosure of Related Party Transactions between the company and related parties

Particulars	Year ended March 31, 2018 (₹)	Year ended March 31, 2017 (₹)
<b>Rent Paid</b> Sahara India Commercial Corporation Ltd.	248,400	2,193,689
<b>Interest Paid</b> Sahara India Commercial Corporation Ltd. Sahara India Financial Corporation Ltd.	– 25,000,000	7,381,128 25,000,000
<b>Un-secured Loan/Interest Repaid</b> Sahara India Commercial Corporation Ltd.	70,000,000	337,508,851
<b>Outstanding Balances</b> Sahara India Commercial Corporation Ltd. Sahara India Financial Corporation Ltd.	366,531,684 250,000,000	436,531,684 250,000,000
<b>Salary &amp; Perquisites</b> Shri D.J.Bagchi Shri Vivek Kapoor	4,252,329 1,521,237	4,182,823 1,498,686

- e. Related party relationship identified by the Company and relied upon by the Auditors.
39. Trade payables do not include amount payable to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31, 2018.
40. Expenditure in Foreign Currency : ₹ Nil (Previous Year ₹ Nil)
41. 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.
42. 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 & PARTNERS

Chartered Accountants

Firm Registration No. 307068E

**ANUJ MAHANSARIA**

Partner

Membership No. 500819

Place : Kolkata

Dated : May 29, 2018

### FOR AND ON BEHALF OF THE BOARD

**BRIJENDRA SAHAY** Director (DIN 00017600)

**ANSHU ROY** Director (DIN 05257404)

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

**VIVEK KAPOOR** Chief Financial Officer

## Notes

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## Notes

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SAHARA HOUSINGFINA CORPORATION LIMITED

*Building the dream home for every Indian*

**Visuals of the 26th Annual General Meeting held on Tuesday, September 26, 2017**





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**Sahara Housingfinas Corporation Limited**  
**Registered & Corporate Office : 46, Dr. Sundari Mohan Avenue, Kolkata-700 014**  
**[www.saharahousingfinas.com](http://www.saharahousingfinas.com)**