


ANNUAL REPORT 2018 - 2019

A wooden house model with a chimney, standing on a light surface. In front of the house are three stacks of coins, increasing in height from left to right. The text "YOUR DREAM HOME. MAKE IT REAL." is printed on the front of the house.

YOUR
DREAM HOME.
MAKE IT
REAL.

SAHARA HOUSINGFINA CORPORATION LIMITED



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
Smt. 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
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,
Email: info.saharahousingfina@gmail.com
info.saharahousingfina@sahara.in

C O N T E N T S

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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 37 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 81 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 39 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.

❖ SMT. ANSHU ROY (DIN-05257404)

Ms. Anshu Roy (44 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 56 years, is a Fellow member of the Institute of Company Secretaries of India (ICSI) and a LLB, having more than 29 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)

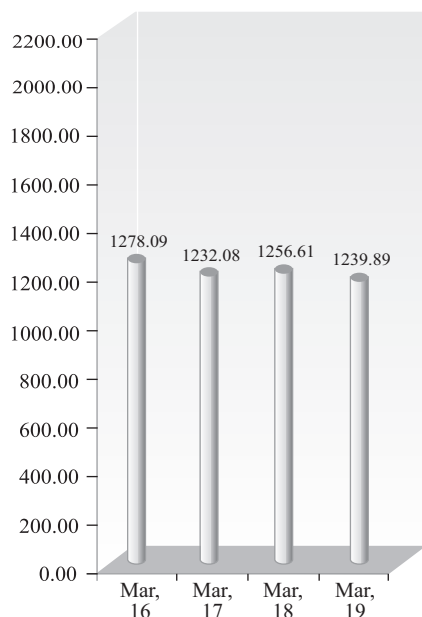
Shri Vivek Kapoor, age 50 years, holds Bachelor's degree in Commerce from Calcutta University and has experience of over 27 years in managing accounts, finance, and administration. In his capacity as Corporate Manager - Finance & Corporate Affairs of the Company he has managed the Finance and Accounts 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

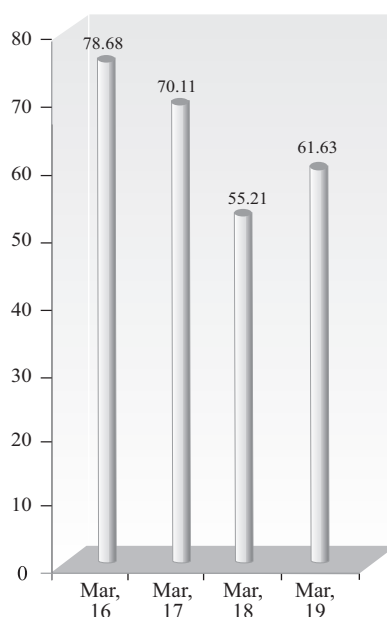
Income from Operations

₹ in lakhs



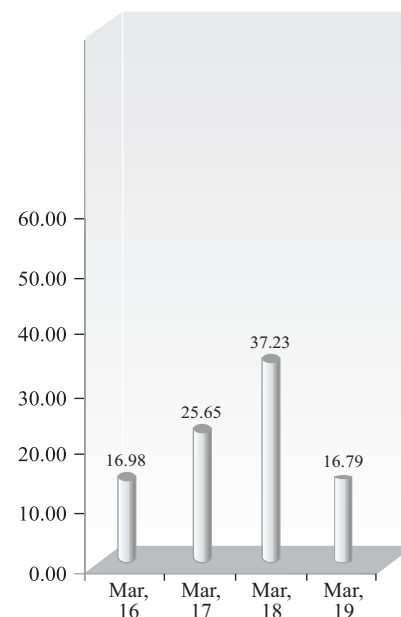
Capital Adequacy Ratio

%



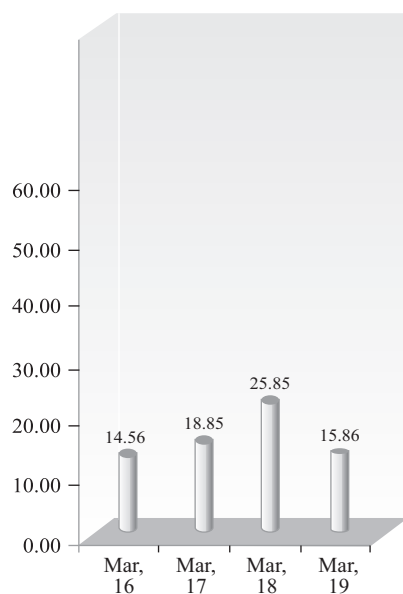
Incremental Loan Sanctioned

₹ in Crores



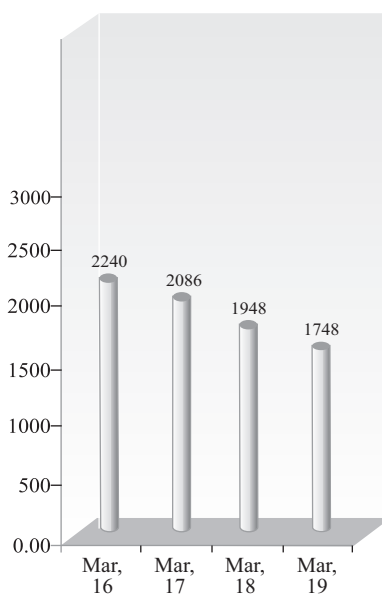
Incremental Disbursement of Loans

₹ in Crores



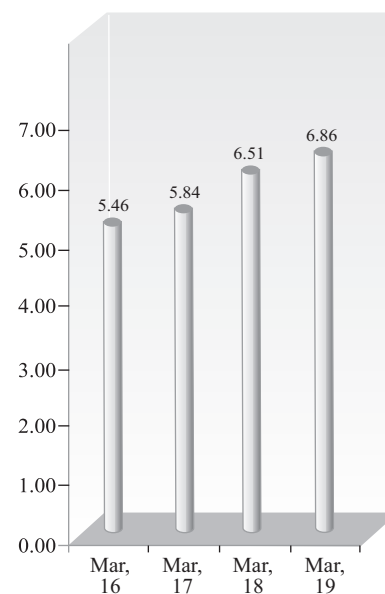
Loan Accounts

Numbers



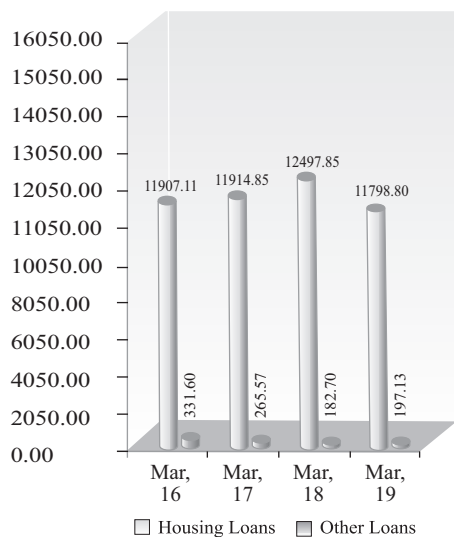
Average Ticket Value

₹ in lakhs



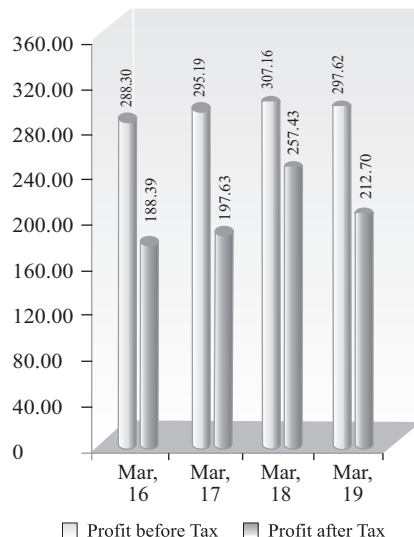
Loan Outstanding - Housing Loan & Other Loan

₹ in lakhs



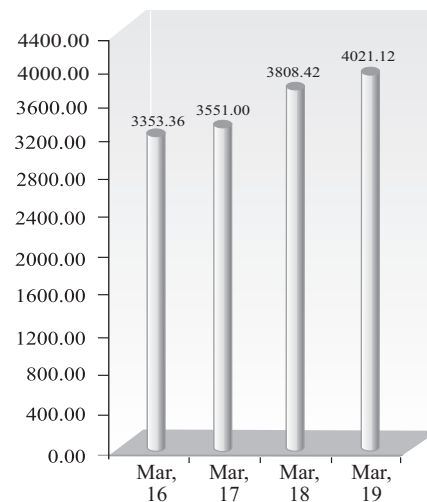
Profit Before Tax & Profit After Tax

₹ in lakhs



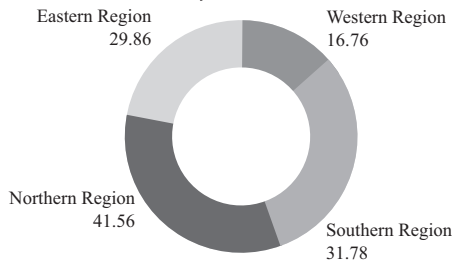
Net Owned Fund (NOF)

₹ in lakhs



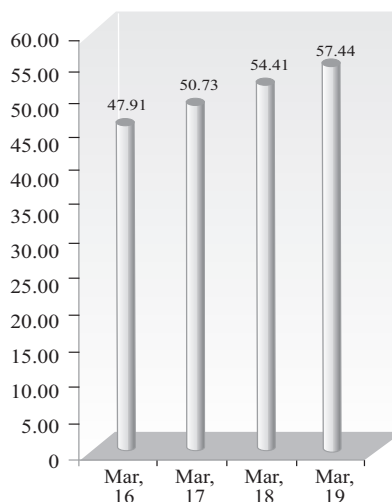
Regionwise Loan Outstanding

₹ in Crores



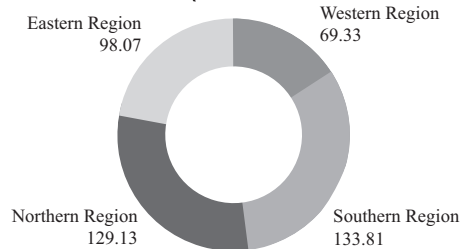
Book Value of Shares

₹



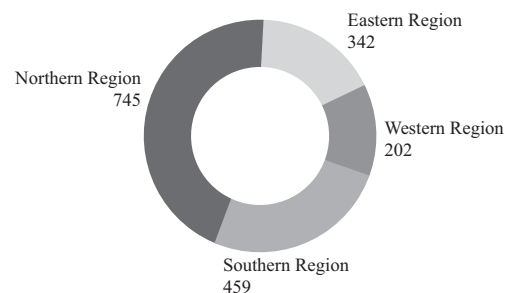
Regionwise Cumulative Disbursement

₹ in Crores



Regionwise Loan Accounts

Numbers



DIRECTORS' REPORT

Dear Members,

The Board of Directors of your Company takes pleasure in presenting the Twenty-Eighth Annual Report along with the Audited Financial Statements for the financial year ended March 31, 2019.

FINANCIAL RESULTS

The Financial Performance of the Company for the financial year ended March 31, 2019, is summarised below:

(₹)

Particulars	2018-19	2017-18
Gross Income	133,130,831	136,387,963
Less:		
– Interest	50,504,033	50,568,552
– Overheads	51,750,418	54,494,355
– Depreciation	1,114,269	609,459
Profit Before Tax (PBT)	29,762,111	30,715,595
Provision for Taxation		
– Current Tax	6,647,321	8,153,354
– Deferred Tax	1,828,357	(3,197,488)
– Income Tax related to earlier years	16,739	17,227
Profit After Tax (PAT)	21,269,694	25,742,504
Add: Profit carried from earlier years	155,611,940	136,625,544
Profit available for appropriations	176,881,634	162,368,048
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	5,462,677	6,756,108
Balance carried to Balance Sheet	171,418,957	155,611,940
Total	176,881,634	162,368,048

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 ₹ 297.62 lakhs for the year ended March 31, 2019, 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 ₹ 307.16 lakhs for the previous year ended March 31, 2018. The provision for income tax (net of deferred tax) is ₹ 84.92 lakhs and the Profit After Tax (PAT) for the year is ₹ 212.70 lakhs as against ₹ 257.43 lakhs in the previous year, representing a decrease in Net Profit of 17.38 per cent (approx). Taking into account the balance of ₹ 1556.12 lakhs brought forward from the previous year, the distributable profit as at March 31, 2019 is ₹ 1714.19 lakhs.

- The Gross Income for the year under review was ₹ 1331.31 lakhs as against the previous financial year's income of ₹ 1363.88 lakhs.

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

- Shareholder's Equity (Net Owned Fund) as at March 31, 2019 was ₹ 4021.12 lakhs as against ₹ 3808.42 lakhs in the previous year, representing an increase of 5.58 per cent.
- The total Assets under Management of the Company as on March 31, 2019 was ₹ 11995.93 lakhs as against ₹ 12680.55 lakhs in the previous year.

Transfer to Special Reserve

During the year under review, your company transferred ₹ 54.63 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, 2019 was ₹ 3.04 as against ₹ 3.68 as at March 31, 2018.

Share Capital

The paid up equity share capital as on March 31, 2019 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 2018-19 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 2018-19.

c. Issue of employee stock options

The Company did not issue any stock options during the financial year 2018-19.

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, 2019, 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, 2019, 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 your company as on March 31, 2019 was 61.63 per cent. The following table sets out our capital adequacy ratios as at March 31, 2017, 2018 and 2019.

Particulars	As at March 31		
	2019	2018	2017
Capital Adequacy Ratio (%)	61.63	55.21	70.11

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 ₹ 1585.89 lakhs as against ₹ 2584.66 lakhs in the previous year March 31, 2018,

thereby registering a decrease of 38.64%. The overall outstanding loan portfolio as at March 31, 2019 stood at ₹ 11995.93 lakhs as against ₹ 12680.55 lakhs in the previous year March 31, 2018.

The Cumulative Log-in, Sanction and Disbursement as at March 31, 2019 and 2018 are as under:

Particulars	No. of Accounts		Amount (₹ in Lakhs)	
	2018-19	2017-18	2018-19	2017-18
Cumulative Log-in	6421	6355	67153.07	65160.71
Cumulative Sanction	4224	4163	48110.70	46432.03
Cumulative Disbursement	4042	3958	43033.91	41448.02

Fresh Loans

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

(₹ In Lakhs)

Particulars	31.03.19	31.03.18	31.03.17	31.03.16	31.03.15
Sanction	1678.67	3722.60	2565.20	1697.68	918.50
Disbursement	1585.89	2584.66	1884.61	1455.85	1159.97

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, 2019 was ₹ 829.08 lakhs against ₹ 708.61 lakhs as at

March 31, 2018. 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 means called. There are no unclaimed deposits as on March 31, 2019.

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, 2019 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

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.

Shri Brijendra Sahay, Independent Director retires on September 30, 2019 and offers himself for re-appointment for another 5 years term 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 Eighth 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 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, Chief Executive Officer, Company Secretary and Manager under Section 196, 197, 198 and as a Key Managerial Personnel under Section 203 of the Companies Act, 2013 and rules made there under continues to serve your company

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, 2018, August 07, 2018, September 27, 2018, November 12, 2018 and February 08, 2019 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. The requirements to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 07, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the ensuing AGM.

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 2018-2019. The Secretarial Audit Report for the financial year ended March 31, 2019, is annexed as "Annexure - 2" to this report. The observations made by the Secretarial Auditor in his report that are self explanatory, and therefore, do not call for any further comments by the Board.

Directors Responsibility Statement

Your Directors would like to inform that the audited accounts for the year ended March 31, 2019 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;

- a. in the preparation of the annual accounts for the year ended March 31, 2019, the applicable Accounting Standards had been followed along with proper explanation relating to material departures,
- b. 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, 2019 and of the profit of the Company for that period;
- c. 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;
- d. the directors had prepared the annual financial statements on a going concern basis;
- e. 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

- f. 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 women 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 the 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 2018-19 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 Transactions as per requirement of Accounting Standard 18 are disclosed at Note No. 50 of the Notes forming part of the Accounts in the Annual Report annexed herewith.

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.

Codes, Standards and Policies

Know Your Customer & Anti-Money Laundering Measures

Your Company has a Board approved Know Your Customer & Anti Money Laundering Measure Policy (KYC & AML Policy) in place, 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.

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

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 2019-20.

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 a constraint, the company is steadily progressing to achieve the envisaged goal. During the year under review your company commenced upgradation / procurement of hardware and software technology and as a result of which, the dependency on custom driven reporting increased. 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, 2019, only 3.01 per cent of the Company's paid up Share Capital consisting of 210,328 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, 2019, 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 (Infomercials 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

	(Brijendra Sahay)	(Anshu Roy)
	<i>Director</i>	<i>Director</i>
Kolkata	(DIN 00017600)	(DIN 05257404)
August 14, 2019		

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 2018-19.	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 2018-19. 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 2018-19.
IV	The number of permanent employees on the rolls of the Company.	There were 42 permanent employees on the rolls of the Company, as on March 31, 2019.
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 2018-19. (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, 2019

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	56	-	Chief Executive Officer & Company Secretary	4,502,910	F.C.S. & LLB	29	16.02.2004	Dewan Housing Finance Corporation Ltd.
Shri Vivek Kapoor	50	-	Chief Financial Officer	1,642,025	Graduate	27	12.08.2003	Ganpati Projects Limited
Shri Anup Kirtan	50	-	Deputy Chief Manager	1,535,190	I.C.W.A.	19	07.07.2003	Lovelock & Lewes Services (P) Ltd.
Shri Sarvesh Kumar	49	-	Assistant Chief Manager	1,253,665	Post Graduate	25	16.01.2004	SBI Home Finance
Shri K.D. Bhattacharya	46	-	Assistant Chief Manager	1,110,808	MBA	22	01.07.2003	Bengal Ambuja Housing Development Ltd.
Shri R.N. Singh	56	-	Senior Manager	897,503	B.Tech (Civil)	26	16.10.2006	Dewan Housing Finance Corporation Ltd.
Shri Sumit Basu	56	-	Deputy Senior Manager	884,943	Graduate	32	25.08.2004	Senbo Engineering Ltd.
Shri Sutanu Palit	58	-	Assistant Senior Manager	898,254	Graduate	28	02.06.2005	Senbo Engineering Ltd.
Shri Arnab Chaudhury	49	-	Assistant Senior Manager	770,302	Graduate & P.G.D.C.A.	20	05.11.2004	Bengal Ambuja Metro Development Ltd.
Shri Ranjan Saha	55	-	Manager	769,199	Graduate	26	10.05.2006	Senbo 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, 2019.

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, 2019, 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, 2019 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, 2018; 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;
 - (d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 and
 - (e) The Securities and Exchange Board of India (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations, 2013

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 except to the extent as mentioned below;

Whereas, BSE Ltd, vide, its letter LIST/COMP/Reg.27(2)& Reg.17 to 21/Sep-18/511533/960/2018-19 dated October 31, 2018, had observed that the Chairperson of the company had chaired the meeting of the Nomination and Remuneration Committee in deviation of Regulation 19(2) of SEBI (LODR), Regulations 2015 and had imposed a fine of Rs 2,17,120/- (inclusive of GST Rs 33,120/-) which the company had paid. The company had, however clarified to the exchange that the Board of Directors of the Company did not have any designated Chairman at any point of time and therefore appealed to the exchange for reconsideration of its order.
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. No change had taken place in the composition of the Board of Directors during the period under review;
 - (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.

P V SUBRAMANIAN

Company Secretary in Whole-time Practice

ACS No.: 4585

CoP. No.: 2077

Place : Kolkata

Date : August 14, 2019

Appendix-I

(To the Secretarial Audit Report to the Members of Sahara Housingfina Corporation Limited for the financial year ended March 31, 2019)

To,
The Members,
Sahara Housingfina Corporation Limited.

My Secretarial Audit Report for the financial year ended March 31, 2019 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 14, 2019

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, 2019

**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
(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
Kolkata- 700 014
Ph: +91 33 2289 0148/2289 6708
Email: info.saharahousingfina@gmail.com;
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
59 C, Chowringhee Road,
3rd Floor, Kolkata- 700 020
Ph: +91 33 2289 0540
Fax: +91 33 2289-0539
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, 2018]				No. of Shares held at the end of the year [As on March 31, 2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
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	-	-	-	-	-	-	-	-	-
Sub-total (A)(1):-	4994587	-	4994587	71.35	4994587	-	4994587	71.35	00.00
(2) Foreign									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI									
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2) :	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)= (A)(1)+(A)(2)	4994587	-	4994587	71.35	4994587	-	4994587	71.35	00.00
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-

2. Non-Institutions									
a) Bodies Corporate	777253	1300	778553	11.12	769465	3700	773165	11.04	(0.08)
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	673322	212059	885381	12.65	681682	206628	888310	12.69	0.04
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	249319	–	249319	3.56	258775	–	258775	3.70	0.13
c) Others (specify)	–	–	–	–	–	–	–	–	–
Non Resident Indians (REPAT)	5585	–	5585	0.08	5550	–	5550	0.08	(0.00)
Non Resident Indians (NON REPAT)	2140	–	2140	0.03	2065	–	2065	0.03	(0.00)
NBFCs registered with RBI	–	–	–	0.00	121	–	121	0.00	0.00
Overseas Corporate Bodies	–	–	–	–	–	–	–	–	–
Foreign Nationals	–	–	–	–	–	–	–	–	–
Hindu Undivided Family	69063	–	69063	0.99	71986	–	71986	1.03	0.04
Clearing Members	15372	–	15372	0.22	5441	–	5441	0.07	(0.14)
Trusts	–	–	–	–	–	–	–	–	–
Foreign Bodies - D R	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	1792054	213359	2005413	28.65	1795085	210328	2005413	28.65	00.00
Total Public Shareholding (B)=(B)(1)+ (B)(2)	1792054	213359	2005413	28.65	1795085	210328	2005413	28.65	00.00
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	6786641	213359	7000000	100	6789672	210328	7000000	100	

II. Shareholding of Promoter-

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year 2018			Shareholding at the end of the year 2019			% 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 2018		Transactions during the year		Cumulative Shareholding at the end of the year 2019	
		No. of Shares	% of total Shares of	Date of Transaction the Company	No. of Shares	No. of Shares	% of total Shares of the the Company
1	Gandevi Commerce Private Ltd	723044	10.33			723044	10.33
	At the end of the year					723044	10.33
2	Vishnushankar B Mishra	86438	1.23			86438	1.23
	At the end of the year					86438	1.23
3	Madhu Bala Mittal	32221	0.46			32221	0.46
	At the end of the year					32221	0.46
4	Hirak Leasing and Investments Pvt Ltd	25000	0.36			25000	0.36
	At the end of the year					25000	0.36
5	Sharmila Parasa	25966	0.37			25966	0.37
	Transfer			29 Mar 2019	(1496)	24470	0.35
	At the end of the year					24470	0.35
6	Chhagan Lal	12185	0.17			12185	0.17
	Transfer			18 May 2018	4299	16484	0.23
	Transfer			30 Jun 2018	200	16684	0.24
	Transfer			06 Jul 2018	100	16784	0.24
	Transfer			20 Jul 2018	150	16934	0.24
	Transfer			03 Aug 2018	50	16984	0.24
	Transfer			07 Sep 2018	724	17708	0.25
	Transfer			14 Dec 2018	3906	21614	0.31
	Transfer			15 Feb 2019	4	21618	0.31
	At the end of the year					21618	0.31
7	Meeta Kantilal Vardhan	19264	0.27			19264	0.27
	At the end of the year					19264	0.27
8	Sunita Kantilal Vardhan	17654	0.25			17654	0.25
	Transfer			24 Aug 2018	937	18591	0.27
	At the end of the year					18591	0.27
9	Radhey Shyam Mittal	15706	0.22			15706	0.22
	Transfer			29 Mar 2019	1500	17206	0.25
	At the end of the year					17206	0.25
10	Atul Haribhai Chauhan	16325	0.23			16325	0.23
	Transfer			01 Jun 2018	10	16335	0.23
	Transfer			08 Jun 2018	7	16342	0.23
	Transfer			22 Jun 2018	10	16352	0.23
	Transfer			30 Jun 2018	5	16357	0.23
	At the end of the year					16357	0.23
11	Jatinder Kumar Mittal	14230	0.20			14230	0.20
	At the end of the year					14230	0.20

- Note: 1. Paid up Share Capital of the Company (Face Value Rs. 10.00) at the end of the year is 7000000 Shares.
2. The details of holding has been clubbed based on PAN.
3. % of total Shares of the Company is based on the paid up Capital of the Company at the end of the Year.

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 Lakhs)

	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	-	366,531,684	-	366,531,684
Total (i+ii+iii)	50,030,171	366,531,684	-	416,561,855
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	-	33,898	-	33,898
Net Change	-	33,898	-	33,898
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	-	366,497,786	-	366,497,786
Total (i+ii+iii)	50,030,171	366,497,786	-	416,527,957

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/WT/ Manager
		D.J.Bagchi Manager
1	Gross Salary	(₹)
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,333,471
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	169,439
	(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)	4,502,910
	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 27th Annual General Meeting held on September 27, 2018.

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 DIRECTOR

Sl. No.	Name of Non-Independent, Non-Executive Director	Fees for attending Board/ Committee Meetings Total Amount (in ₹)	Total Amount (in ₹)
1	Shri Joy Broto Roy	90000	90000

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/WTD

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	4,333,471	1,563,481
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	169,439	78,544
	(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	4,502,910	1,642,025

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

■ Navigating Challenges in Global Economies

The global economic activity has decreased from 3.8% in 2017 to 3.6% in 2018 and now it is projected to moderate further to 3.3% in 2019 [Source: *International Monetary Fund (IMF)*].

The Key factors that hold back the global economic momentum include escalating US-China trade tensions, macroeconomic stress in some developing economies such as Argentina and Turkey, disruption in the auto sector in Germany following the introduction of new emission norms, stringent credit policies in China, and financial tightening and normalisation of monetary policies in some of the larger advanced economies. The growth was favourably driven by large emerging Asian economies and these economies are projected to witness robust progress through 2020.

A projected 3.3% growth for 2019 for the global economy reflects multiple concerns like geopolitical uncertainties, unwinding of fiscal stimulus in the US, and weakening of financial market sentiments [Source: *International Monetary Fund (IMF)*]. The advanced economies will see modest growth rate, while emerging economies of Asia such as China and India are expected to grow sustainably. Going forward, the global economic growth will depend on enhanced collaborations among nations, resolution of trade conflicts and restoration of business confidence.

India's steady growth with long-term optimism

The overall economic outlook for India is positive. The country is now undergoing a phase of consolidation with strong transitional undercurrents at its various cross-sections. FY 2018-19 saw the economy grow at 6.8% and improve its ranking considerably in the World Bank's Ease of Doing Business index [Source: *Central Statistics Office (CSO)*]. India now stands at 77 among 190 countries.

Although the liquidity crunch and moderation in farm and manufacturing output in the economy dampened the short-term momentum but India continued to demonstrate remarkable resilience by addressing global headwinds directly and building enablers for long-term growth. The accommodative monetary policy undertaken by the Reserve Bank of India (RBI) enhanced the focus to drive consumption, rural infrastructure and strong regulatory oversight which further strengthen the overall housing as well as financial services sector. The formalisation and digitalisation of the economy and stable government at the Centre are also big positives.

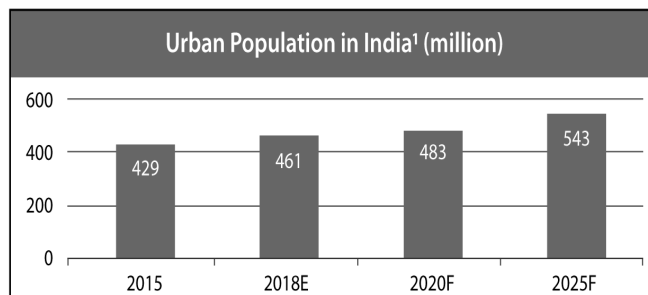
■ Real Estate Industry Outlook

Executive Summary

Real Estate Sector in India is expected to reach US\$1 trillion by 2030. By 2025, it will contribute 13 per cent of the country's GDP.

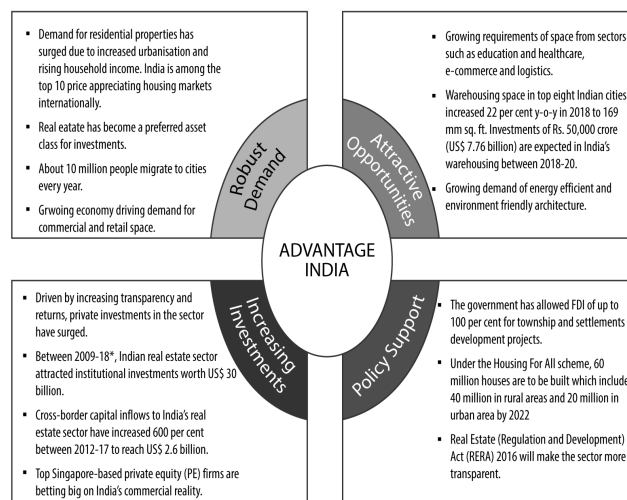
Real Estate stock in India is expected to reach 3.7million square feet in 2019, with addition of 200 million square feet during the year.

Rapid urbanization bodes well for the sector. The number of Indians living in urban areas is expected to reach 543 million by 2025. More than 70 percent of India's GDP will be contributed by the urban areas by 2020.



Construction is the fourth largest sector in terms of FDI inflows. FDI in the sector stood at US\$38.92 billion from April 2000 to December 2018. 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



Note: *up to Oct 2018

Source: KPMG, Report on Real Estate Sector in India - Corporate Catalyst India Pvt Ltd, USCBC, JLL India, Cushman & Wakefield, Knight Frank Active Capital, EY

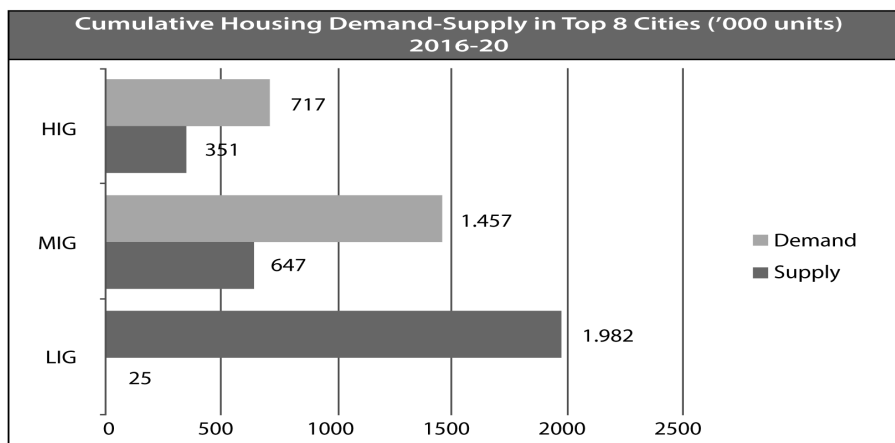
Market Overview and Trends

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 more than 6.85 million houses have been sanctioned upto December 2018.

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.

Demand for Residential space expected to grow sharply

Scenario	<ul style="list-style-type: none"> A localised, fragmented market presents opportunities for consolidation with only few large, pan-India players such as DLF. More foreign players might enter the market as FDI norms have eased. Furthermore, norms on land acquisitions is expected to be relaxed.
Key Drivers	<ul style="list-style-type: none"> Rapid urbanisation Growth in population Rise in the number of nuclear families Easy availability of finance Repatriation of NRIs and HNIs Rise in disposable income
Notable Trends	<ul style="list-style-type: none"> Housing sales are expected to increase by 16 per cent year-on-year by 2018 end. NCR is expected to generate maximum demand in MIG and HIG category followed by Bengaluru. Developers now focussing on affordable and mid-range categories to meet the huge demand.



Notes: LIG - Low Income Group, MIG - Middle Income Group, HIG - High Income Group
Source: : Cushman and Wakefield, Anarock Property Consultants

Government Policies are helping the Real Estate Sector prosper

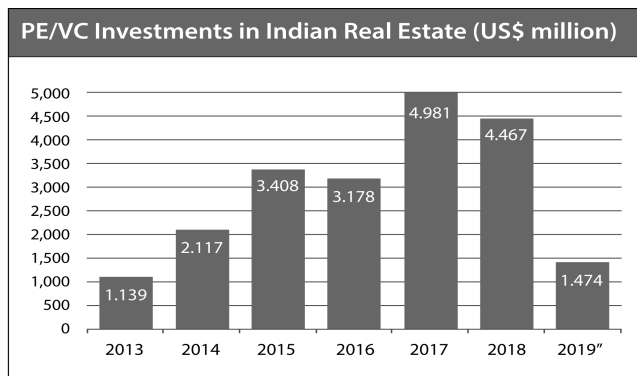
Ease in housing finances	<ul style="list-style-type: none"> In order to boost affordable real estate, housing loans up to Rs 3.5 million (US\$ 54,306) in metro cities were included in priority sector lending by the RBI in June 2018. Loans under priority sector lending are relatively cheaper. Home loans in India increased 17.1 per cent year-on-year in Oct-Dec 2018 quarter.
Housing for economically weaker sections	<ul style="list-style-type: none"> The total number of houses built under the Pradhan Mantri Awas Yojana (PMAY) reached 15.3 million between 2014-18. In Union Budget 2019-20, the Government of India has extended benefits under Section 80 - IBA of the Income Tax Act till March 31, 2020 to promote affordable housing in India. In February 2018, the National Urban Housing Fund (NUHF) was approved with an outlay of Rs 60,000 crore (US\$ 9.27 billion).
FDI	<ul style="list-style-type: none"> The government has allowed 100 per cent FDI for townships and settlements development projects Provision for reduction in minimum capitalisation for FDI investment from US\$ 10 million to US\$ 5 million which would help in boosting urbanisation. In January 2018, Government of India allowed 100 per cent FDI in single-brand retail trading and construction development without any government approvals.
REITs	<ul style="list-style-type: none"> Real Estate Investment Trusts (REITs) in non-residential segment and Infrastructure Investment Trusts. REIT will open channels for both commercial and infrastructure sector. In March 2019, Embassy Office Parks India's first REIT, went public.
Land Acquisition Bill	<ul style="list-style-type: none"> In December 2014, the government passed an ordinance amending the Land Acquisition Bill This ordinance would help speeding up the process for industrial corridors, social infra, rural infra, housing for the poor and defence capabilities

Source: Government of India, News Sources

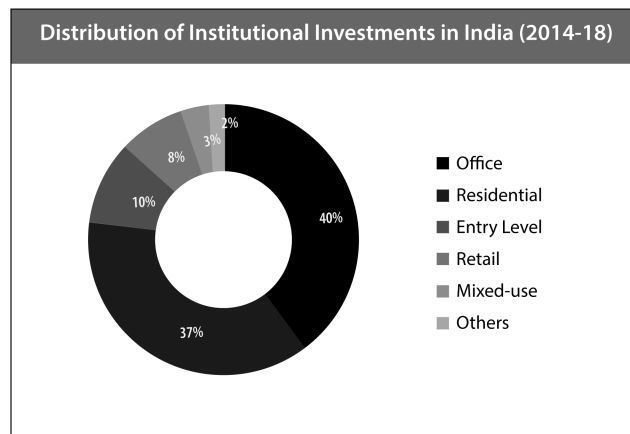
PE Investments on the Rise

- RBI proposed to allow banks to invest in real estate investment trusts and infrastructure investment trusts, attracting more institutional investors to such assets. Indian Banks, which are allowed to invest about 20 percent of the net-owned funds in equity-linked mutual funds, venture capital funds and stocks, could invest in the set trusts within this limit.

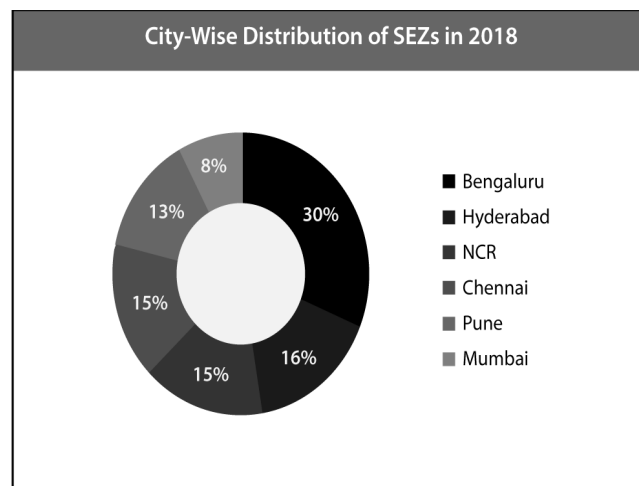
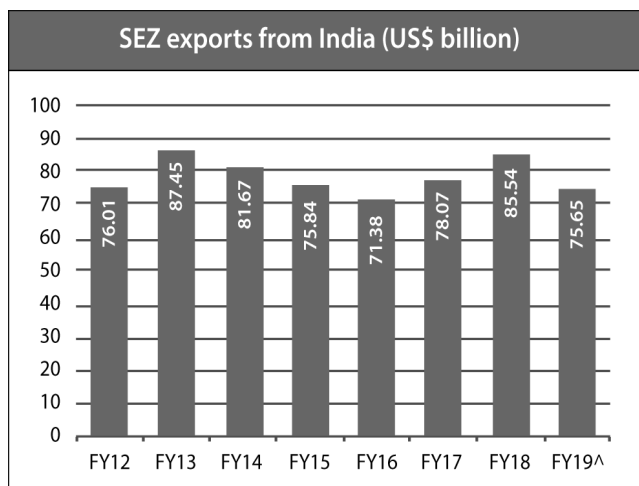
- Between 2009-18*, Indian Real Estate Sector attracted institutional investments worth US\$ 30 billion.
- Private Equity and Venture Capital investments in the sector reached US\$ 4.47 billion in 2018.
- In 2018, Indo space raised US\$ 1.2 billion to build logistics parks, the largest investment during the year.



Note: *up to Oct 2018, **up to March 2019, PE - Private Equity, VC - Venture Capital
Source: EY, JLL India



SEZ's emerging as an extension of Real Estate Business



Source : ^up to December 2018

Source : Ministry of Commerce and Industry, SEZ website

■ Real Estate Slump Continues

The real estate market on a pan-India basis clocked sales of 37.3 million sq ft in March 2019, taking the total sales in FY19 to 443 million sq ft, up by 7% y-o-y. The residential real estate market across the country saw a 43% year-on-year decline in launches in March. However, sales during the month saw a 10% y-o-y increase.

The launches saw a staggering decline in March amid the uncertainty over GST (goods and services tax) rates as well as the liquidity crisis. This led to an overall fall of 6% y-o-y to 286 million sq feet in financial year 2019. The real estate market on a pan-India basis clocked sales of 37.3 million sq ft in March 2019, taking the total sales in FY19 to 443 million sq ft, up by 7% y-o-y.

According to a report by Kotak Institutional Equities, declining launches and improving sales momentum have continued to aid the unsold inventory as the all-India inventory decreased 11% y-o-y to 1,230 million sq ft in March 2019. The outstanding inventory is expected to be liquidated in 33 months (based on an average of trailing 12 months), an improvement from 40 months in March 2018. Prices across the country increased 6% y-o-y to ₹ 5,260 per sq ft as against ₹ 4,950 per sq ft in March 2018. Source: <https://www.financialexpress.com/industry/residential-real-estate-market-sees-43-fall-in-launches-in-march-report/1604697/>

■ Housing Finance Industry Outlook

The year under review, the Reserve Bank of India (RBI) have maintained a very cautious stance in its endeavours to keep inflation under 4% and have increased the repo rate twice by 25 basis points each during the first half of the Financial Year 2018-19. Though it has succeeded in containing inflation which declined to a low of 2.2% in December 2018, however, neither GDP nor credit has registered the desired growth.

The RBI cut the repo rate by 25 basis points in February 2019. Monetary policy transmission continued to remain slow. In the midway during the year, RBI revised housing loan limits for priority sector eligibility for banks which further intensified competition at the market place with marginal cost based pricing for home loans by the banks. RBI also cautioned that the levels of NPAs for small ticket size loans were rising and it might need to consider policy action such as tightening of loan to value ratios or increase risk weights.

The money markets were caught in the aftermath of the liquidity crisis following defaults by a large NBFC which led to heightened risk aversion and higher borrowing costs for NBFCs and HFCs. For few weeks, the liquidity completely dried up with a fear of contagion impact on other players of NBFCs and HFCs. However, the RBI undertook various measures such as continued open market operations, easing norms for sale of loans, rupee/dollar buy/sell swap options and encouraging banks to increase their lending to NBFCs.

Outcome of Union Budget, Financial Year 2019-20

Union Budget 2019-20 has evoked mixed reactions from the real estate sector, with the push for affordable housing and infrastructure, along with the promotion of rental housing, being lauded. However, builders and developers are miffed that the Budget failed to address long-standing expectations regarding industry status for the sector, single-window clearance and reforms in the Goods and Services Tax (GST).

ANAROCK's Chairman said, "As far as real estate is concerned, the Budget had a few hits and several misses." said that from the real estate perspective, the Budget did not meet many expectations, as it failed to address the sector's most pressing concerns. He added that the sector might not see consumers and investors return to the market in sufficient numbers, barring in affordable housing. "The all-important 'industry status' remained elusive, taxes were not sufficiently moderated and land reforms were not mentioned at all."

Affordable Housing push lauded, but glitches remain

Finance Minister raised the tax deduction limit to Rs 3.5 lakh on the interest paid on home loans sanctioned during this financial year for the purchase of the first home worth up to Rs 45 lakh. Stating that the interest paid on housing loans was currently allowed as a deduction to the extent of Rs 2 lakh, the Finance Minister said, "In order to provide a further impetus, I propose to allow an additional deduction of up to Rs 1.5 lakh for interest paid on loans borrowed up to March 31, 2020, for purchase of an affordable house valued up to Rs 45 lakh."

Finance Minister also announced that under the Pradhan Mantri Awas Yojana-Gramin (PMAY-G), 19.5 million homes would be provided to eligible beneficiaries till 2021-22. These houses would have amenities such as electricity, LPG connections and toilets.

Housing.com, Makaan.com and PropTiger.com Group CEO said that the standout announcement in Budget 2019 was the additional deduction of Rs 1.5 lakh for those seeking home loans for affordable housing projects. "This boost on the demand side was clearly needed, considering that many home buyers have turned fence-sitters, awaiting such tax sops or a correction in prices. On the supply side, over 8.1 million houses have been sanctioned, out of which construction has been completed for 2.6 million houses under the PMAY Urban scheme. This, too, shall continue to boost the market for affordable homes," he added. Welcoming the move, Wealth Clinic CMD Amit Raheja said, "Additional deduction of Rs 1.5 lakh on interest on loans will boost the buyers' sentiment."

Some industry players, however, have criticised the Rs 45-lakh cap on the value of affordable houses eligible for the tax sop. ABA Corp Director and CREDAI Western UP President said that while the sector appreciates that the Budget has emphasised on affordable housing and PMAY, at the same time, the government has missed the bus when it comes to millions and millions of first-time middle-class buyers who were looking forward to this Budget before their first real estate purchase. "Even a small 1-2 BHK apartment in Tier-1 Metro cities such as Delhi, Mumbai and Bengaluru will cost Rs 50 lakh and upwards. These urban buyers, who were looking for ease of living in cities, have been completely ignored in the process," he added.

ANAROCK's Chairman said that the Rs 45-lakh budget bracket for properties that get an additional Rs 1.5 lakh income tax deduction is also ineffectual for urban homebuyers in the main cities. "The prevailing high property prices within the municipal limits of the major cities prevent builders from launching affordable housing projects there, while lack of basic infrastructure facilities in the peripheral areas – where housing within Rs 45 lakh could be developed – discourage buyers," he explained.

Bhutani Infra CEO said that Budget 2019-20 continued the government's consistent approach towards affordable housing. "However, with the Budget only catering to low-cost housing, the middle-class housing segment has been completely ignored," he added.

Infra, Rental Housing push and HFC Regulation hit the spot

ABA Corp Director and CREDAI Western UP President said that initiatives such as improving roads, suburban railways and metro connectivity, creating a robust water management system, working on the 'Ease of Living' and investing Rs 100 trillion in infrastructure over the next five years would create more liveable cities and encourage people to invest in projects even in peripheral areas, and not overcrowd the central and secondary business districts.

ANAROCK's Chairman said that a major boost has been given to infrastructure development with regard to all forms of physical connectivity and through the government's planned investment in the sector over the next five years. This would significantly benefit the real estate sector and particularly increase the demand for logistics and warehousing. "However, the actual benefit will depend on its on-ground implementation," he added.

Finance Minister had said that several reform measures would be initiated to promote rental housing. "Current rental laws are archaic, as they do not address the relationship between the lessor and the lessee realistically and fairly. A model tenancy law will also be finalised and circulated to the states," she added.

Regarding land parcels held by public sector units, Finance Minister said that large public infrastructure and affordable housing projects could be developed there.

Gaurs Group MD and CREDAI Affordable Housing Committee Chairman, said that Budget 2019-20 has been heartening, where Confederation of Real Estate Developers Association of India's (CREDAI's) long-standing proposals to reform archaic rental laws and promote public housing on government land have been among the immediate policy agendas outlined by the finance minister.

In the Budget, the government also took away the powers of the National Housing Bank (NHB) to regulate housing finance companies (HFCs) and handed them over to the Reserve Bank of India (RBI). Experts have said that this would ensure that there is greater parity in regulations for HFCs and NBFCs. Further, this enables the RBI to directly give liquidity support to the HFC sector.

The regulation of housing finance companies returned to the RBI from the NHB, the sector hopes that the central bank would bring about much-needed reforms for financing the real estate sector, like giving priority sector status to housing finance and lowering the cost of funding. "HFCs coming under RBI will also help in streamlining the financial situation," said Gulshan Homz Director.

Major Misses on liquidity, GST and regulatory fronts

ABA Corp's Chairman said the legitimate sector concerns, including industry status for the real estate sector and online single-window clearance, have been missed out in this Budget. These steps would have made a huge difference in transparency and turnaround time in delivery of housing to the masses across the country, while contributing towards the goal of 'Housing for All' by 2022," he added. Concurring, Sushma Group Executive Director said, "As a developer, we had certain expectations from the government for this Budget that have not been fulfilled, which includes our demand for industry status, single-window clearance and reinstatement of input tax credit (ITC) in GST."

Industry status for the sector has been a long-standing demand. While the government accorded industry status to the affordable housing segment in 2017, builders and developers feel it should be extended to the entire sector. Experts say that not having industry status has made it difficult for the real estate sector to avail of legitimate finances from banks and other financial institutions.

Single-window clearance for projects is another long-standing demand, which the sector expects the government to address. In a pre-Budget Business Standard copy, ABA Corp's Chairman had said that given the multiple permissions and approvals that developers have to secure

and the lack of single-window clearance at present, it can take anywhere from 18 to 36 months before beginning any project.

Further, in February 2019, the GST Council lowered tax on under-construction properties to five per cent from 18 per cent, and affordable housing projects to one per cent from eight per cent, with effect from April 1. This rate cut, in effect, did away with the ITC or refund given to builders on taxes paid on inputs.

ANAROCK's Chairman said that without ITC benefits, builders suffer a major cut in their profit margins. "Not only are the consequent losses offset by higher prices to buyers, but they also result in a curtailed supply pipeline, which does not bode well for amenable pricing going forward," he explained.

The real estate sector was also hopeful that the government would resolve the liquidity crisis it is facing. In September last year, the crisis became apparent after infrastructure lending major IL&FS defaulted on a few of its commercial papers, which impacted several segments, including the real estate business.

ANAROCK's Chairman said that to revive the ailing real estate sector and ease the liquidity crisis, the government has to revive investor sentiment. "However, Budget 2019-20 failed to announce sufficient key initiatives and measures to bring investors back to the real estate market and thereby help pump some badly-needed liquidity into the system," he added.

Source: <https://economictimes.indiatimes.com/news/economy/policy/budget-2019-rbi-to-oversee-housing-finance-companies/articleshow/70099700.cms>

Interest Rate Trends in Financial Year 2018-19

After peaking in the initial months, retail inflation rate remained benign and below the RBI's target of 4% between July 2018 and March 2019. It rose to 2.6% in February 2019 after four months of continuous decline [Source: Centre for Monitoring Indian Economy (CMIE)]. The depression in food prices, seen since October 2018, seems to have bottomed out. Crude prices, which constitute over 80% of the country's import bill, have dipped below US\$ 60 per barrel [Source: Brent crude oil benchmark].

In its Monetary Policy (bi-monthly) review of Financial Year 2018-19 in February 2019, the RBI cut the repo rate – for the first time in 17 months – by 25 basis points to 6.25%. It also changed its monetary stance from 'calibrated tightening' to 'neutral', to provide flexibility while addressing the challenges for a sustained growth of the Indian Economy. The Financial Year 2018-19 saw country received the lowest number of new investment proposals since 2004-05, according to a CMIE report.

RBI further cut the repo rate by 25 basis points simultaneously in their next two bi-monthly review of the Financial Year 2019-20. The three consecutive rate cuts are attributed to the tight liquidity, muted global growth, trade imbalances and sanctions in foreign markets. Other than the rate cut in the second bi-monthly review, RBI changed its stance, from 'neutral' to 'accommodative', signalling that a rate hike is not likely soon.

RBI in December 2018 suggested that all retail loans, including floating rate loans to micro and small enterprises, extended from April 2019, shall be benchmarked to either the repo rate, or any other external benchmark produced by the Financial Benchmarks India Ltd. (FBIL). As the RBI has not yet issued final guidelines on this, it is not mandatory for banks to switch over to external benchmark.

India's Growth Gathers Momentum

India continues to be one of the world's most attractive economies. We hereby spell out some of the key pointers of the India's growth story.

Growth in Income & Strong Private Consumption

With 60% of the population are below the age of 35 with high disposable income, India continues to be a sweet spot of consumption. The consumer spending is likely to grow from US\$1.5 trillion now to nearly US\$6 trillion by 2030. During this period, India will add approx 140 million middle-income and 21 million high-income households, overall nearly doubling the total share of these segments to 51%. [Source: *World Economic Forum*]

Steady & Rapid Urbanisation

It is predicted that by 2030, 40% of Indians will be urban residents. The rural per capita consumption is likely to grow faster than in urban areas with the Government's focus on building rural infrastructure and growth in income levels. Rural towns are already at par with smaller ones in terms of earnings whereas greater penetration is narrowing the digital divide. The Government already plans to digitalise over one lakh villages and focus on artificial intelligence to drive rapid socio-economic transformation in the country [Source: *World Economic Forum*].

Favourable Demographics

As predicted with a median age of 31 in 2030, India will continue to be among the world's youngest nations inhabiting one of the largest working age populations. Moreover, the country will add another 90 million new millennial families who will be born in an economically empowered country, with ubiquitous internet, smart phones, digital media and internet-based consumption platforms [Source: *World Economic Forum*].

Credit to the Service Sector

India's economic growth since liberalisation has largely been on account of expansion in the Services Sector. One third of the nation's workers are employed in the services sector, which contributes two-third of the country's GDP output. It is also the largest recipient of Foreign Direct Investment (FDI). Financial Year 2018-19 saw a growth of 36.5% from US\$ 6.7 billion in 2017 to US\$ 9.15 billion in FDI in the Service Sector. A common national market is expected to reduce costs in the long run on account of the availability of GST input credit, which will result in the reduction in prices of services [Source: *Department of Industrial Policy & Promotion*].

The Outlook

Despite the global headwinds and several downside risks, the silver lining lies in the investment space. According to CSO, India's gross fixed capital formation is likely to grow at 10% in Financial Year 2018-19, the highest in the preceding seven years. Sharp improvement in the ease of doing business has also helped in turn around investment sentiment in the country. Structural reforms such as the Goods and Services Tax (GST) and the Insolvency and Bankruptcy Code (IBC) framework continue to be of crucial importance.

While GST collections failed to meet the initial budget estimates on account of ongoing adjustments in the tax framework, it has certainly widened the tax base. This reality is encouraging as it helps improve the tax buoyancy in Financial Year 2019-20. Interestingly, the combination of structural reforms and some improvement in domestic demand has translated to a rise in capacity utilization in the manufacturing sector. There was an increase to a 22-quarter high of over 80% as on March 2019 [Source: *Federation of Indian Chambers of Commerce & Industry (FICCI)*].

Going forward, the Indian economy is likely to accelerate, driven by multiple factors: accommodative monetary policy undertaken by the Reserve Bank of India to inject additional liquidity in the economy, enhanced focus to drive rural infrastructure and consumption, and stronger regulatory oversight to strengthen the overall housing and financial services sector.

Housing Finance Sector Drive Through The Storm

The Financial Year 2018-19 was a challenging year for the entire financial landscape of India. Liquidity stress in the economy followed by erosion in stakeholder trust, led to an upward movement of borrowing costs for NBFCs and employees across functions. However, better governed companies continued to navigate through the adversity

on the strength of robust relationships with banks and their overall compliance integrity.

Quality of Asset

The retail lending space is an indicator of India's macroeconomic growth journey and it is witnessing a lot of activity. HFCs continue to maintain better asset quality vis-à-vis its banking counterparts. As on March 31, 2019, the overall Gross Non-Performing Assets, or GNPA (stage 3 assets as per revised IND AS June 2018 onwards) of HFCs was 1.5%. It remained near the September 2018 level of 1.3% [Source: ICRA Limited]. As part of its mandate to ensure financial stability in the economy, the RBI on June 7, 2019, issued a revised circular on resolution of stressed assets, stating that lenders must resolve NPAs, over ₹ 2,000 Crores within 180 days.

Liquidity & Funding

With the tight liquidity seen in debt markets since September 2018, HFCs are raising funds from banks as well as down selling their assets to banks. Share of securitisation as a funding source is on the rise, while there is a significant decline in short-term borrowings. Consequently, the cost of funds for HFCs has risen. Most of them are keeping on-balance sheet liquidity buffers for meeting any sudden market disruptions and near-term debt obligations, as well as reducing Asset and Liability Management (ALM) gaps.

Hard times ahead for NBFCs as record debt repayment comes due

Facing a record amount of debt that's about to mature, India's non-bank financing companies are finding their troubles worsening as a crisis of credibility starts to bite.

The shadow lenders, which have been under increased strain after the collapse of IL&FS Group last year, have a record ₹ 1.1 trillion (\$15.8 billion) of local-currency bonds due next quarter, according to data compiled by Bloomberg. Refinancing the obligations poses a challenge as investor concerns flare amid mounting problems such as auditors quitting, repayment problems and allegations of embezzlement.

"The refinancing risk is becoming bigger for those NBFCs with a larger quantum of repayments coming due," said Chief Analytical Officer at Brickwork Ratings in Mumbai. "The only options for them are the sell down of loan portfolios, securitization and zero-to-no growth in new loan disbursements."

A financing crunch may hurt India's economic growth that the non-bank financing companies have helped underpin by providing financing for smaller businesses including restaurant owners, rickshaw drivers and merchants. Such lending, which traditional banks may have avoided, has essentially run on leverage the shadow lenders get money from banks or by issuing bonds, and use that for other types of financing.

India's NBFCs also have more than one trillion rupees of bonds to refinance in both the first and second quarters of 2020, the data show. Maturities will climb to about 3.9 trillion rupees in 2020, an all-time high.

Lenders led by Dewan Housing Finance Ltd. and tycoon Anil Ambani-controlled Reliance Capital Ltd. are seeking to accelerate asset sales including subsidiaries to meet rising debt commitments. The resignation of one of Reliance Capital's auditors, delayed payments by Dewan and allegations against Indiabulls Housing Finance Ltd. are hurting an already rough credit environment.

It will take at least a year for the crisis to settle down, and lending to NBFCs will only return if liquidity issues at some companies are resolved, said by who oversees \$20 billion as Chief Investment Officer at SBI Life Insurance Co., one of India's largest private life insurers.

"The larger NBFCs are going to banks for fundraising and crowding out the smaller ones, which have very limited choices to raise money," Chief Analytical Officer at Brickwork Ratings, Mumbai said. Source: <https://www.livemint.com/>

Profitability & Capitalisation

The National Housing Bank's (NHB) notification on capital adequacy, leverage and deposit norms for HFCs bear positive from a risk perspective. However, well-rated large HFCs are likely to maintain a cushion over and above regulatory limits. Thus, the need to raise external capital could remain high for some HFCs, if the growth momentum needs to be sustained.

The overall profitability indicators for HFCs moderated marginally owing to a squeeze on interest margins, because of the additional liquidity buffer maintained by many entities and the rising cost of debt. Going forward, as most HFCs have increased their lending rates, the overall impact on net interest margins (NIMs) could be lower; while a slowdown in growth is likely to impact the operating expense ratios.

The Road Ahead

Long-Term promise in Housing Credit	Incremental Growth in Non-Housing Loan	Stability in Portfolio Mix
The housing loan portfolio growth for HFCs and NBFCs compressed to 13% year-on-year, for the period ended March 31, 2019, owing to lower disbursements after the liquidity crisis and the portfolio sales made by HFCs through securitisation. The total housing credit outstanding stood at around `19.1 Lakh Crores, as on March 31, 2019 vis-à-vis `16.6 Lakh Crores as on March 31, 2018. However, the long-term prospects for the segment remain good on account of its sizeable market potential [Source: ICRA Limited].	To mitigate the margin risk and conserve or raise liquidity through prepayment, HFCs are cautiously increasing focus on their non-housing books.	The short-term concerns notwithstanding, the Government's increased thrust on mass housing in Tier II and III townships provide an impetus to housing loan growth as well as influence the quality of assets. As a result, housing loan will continue to occupy the lion's share of the total loan book of larger HFC players.

Source: PNB_Annual-Report-FY-2018-19-Management-Discussio-Analysis.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 11.40 per cent p.a. as compared to 11.53 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, 2019. The spread

on loans over the cost of borrowings for the year was 4.42 per cent p.a. as against 4.55 per cent p.a. in the previous year.

The NIM is under tremendous pressure and consequently the profitability will come under pressure too. The NPA resolution is neither going helped in any way by the legal system which still drags the cases for years.

New Segments

The Company has been continuously analysing the housing needs and credit profile of underserved 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 42 persons as on March 31, 2019. 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, 2019 was ₹ 285.62 lakhs.

Key Ratios

Sl	Particulars	2018-19	2017-18
1	CRAR (%)	61.63	55.21
2	Net Owned Fund (₹ in Lakh)	4021.12	3808.42
3	Operating Profit Margin (%) #	16.63	15.91
4	Net Profit Margin (%)	15.98	18.87
5	Return on Equity (%)	5.29	6.76
6	Leveraging of NOF (Times)	2.40	2.54

Operating Profit= Profit before tax - Other Income

Business Outlook

The financial year 2018-19 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 2019-20.

Broadly, mortgage penetration levels remain stagnant in India. The Centre launched the 'Housing for All' mission under the Pradhan Mantri Awas Yojana (PMAY) scheme in June 2015. The scheme attempts to address the demand-supply constraints that have impacted the sector's growth in the past. This was further extended in 2017, adding middle income group (MIG) I and II categories, helping improve housing affordability for a wider spectrum of borrowers across low and middle-income segments, leading to increased growth potential in the sector.

Disposable income for low and middle income segment borrowers is likely to improve through tax exemptions. Initiatives taken by state governments and local bodies to provide land at reasonable prices should help in ensuring protection of developers' interest and thus supplying low-cost housing. Extension of tax benefits for affordable housing projects is likely to ensure adequate developer interest in the segment. This could have a positive impact on HFCs.

From an operational standpoint, an HFC will have to identify strategies that help drive asset quality. Disbursements are expected to be muted for some entities, as some HFCs aim to conserve liquidity. HFCs are projected to report profitability indicators in the short run, similar to FY 2018-19; however, long-term prospects for the sector remain encouraging, as the challenges in the market ease off. RBI is infusing greater liquidity in the economy as well as lowering interest rates, indirectly supporting the performance and development of NBFCs and HFCs.

Indian Accounting Standards (IND AS)

The Ministry of Corporate Affairs (MCA), based on its notification in the Official Gazette vide Notification G.S.R. 111(E) and G.S.R. 365(E) dated February 16, 2015 and March 30, 2016 respectively, notified the Indian Accounting Standards (IND AS) applicable to certain class of companies. Ind AS has replaced the Indian GAAP prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. These notifications are applicable to HFCs depending upon net worth and the effective date for the company will be from April 1, 2019.

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

Report on Corporate Governance

The Company's philosophy on corporate governance consists of its fundamental guiding principles of fairness, transparency, responsibility and ethical behavior.

These principles are incorporated into the business practices consistently and are followed by the Company with the clear aim of creating values and long term wealth for all its stakeholders.

The Company deals in a fair and impartial manner with its stakeholders namely shareholders, customers, vendors, creditors, business associates and employees.

The Company firmly believes in being transparent in all the areas of its operations and also to all the stakeholders which has been embodied in its culture. This is practiced through open working methods and emphasis is given on continuous communication, timely, complete disclosures and being transparent about its entire gamut of activities.

The Company is aware of its responsibilities in relation to the stakeholders, government, employees and society, at large, the goal is to ingrain in every sphere of workings by following the principle of being responsible.

The Company is effectively and honestly discharging its obligations to the government and the society as a responsible corporate citizen and always stresses on the empowerment of the employees. Acutely aware of the accountability of its Board of Directors which ultimately is essential to the Company acting with utmost integrity, the principle of responsibility is observed with all the seriousness it deserves.

The Company never lose sight of being ethical and is always fair, transparent, honest & truthful about the way it conducts its business and treats its vital place in the corporate world with due importance.

Details of the Board of Directors in terms of their directorships/memberships in committees of public companies are as under;

Sl	Directors	DIN	No. of Directorships	No. of Committees		Category of Directorship
				Chairman	Member	
1.	Shri Joy Broto Roy	00432043	07	0	0	Non-Executive Non-Independent
2.	Shri Brijendra Sahay	00017600	02	0	02	Independent Director
3.	Smt. Anshu Roy	05257404	01	0	01	Independent Director

Note: i. Directorships and Committee Memberships of Directors are as on March 31, 2019.
ii. None of the directors hold any equity shares in the Company.

The Company has adopted Code of Conduct for its employees and Directors which is hosted on the Company's website. The Company complies with all the requirements stipulated under SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 (SEBI (LODR)) and shortened version of Listing Agreement entered into with the Stock Exchanges with regard to Corporate Governance.

Board of Directors

Composition

The Board of Directors comprises of three (3) directors including a Woman Director, all professionals in their own right who bring in a wide range of skills and experience to the Board. All the directors of the Company are non-executive directors. Out of the three non-executive directors, two are Independent Directors. The independent directors have confirmed that they satisfy the criteria prescribed for an independent director as stipulated in Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015 and Section 149(6) of the Companies Act, 2013 and are independent from the management. None of the Directors have any pecuniary relationships or transactions vis-à-vis the Company. None of the directors of the Company is related to each other. All directors are appointed by the members of the Company.

The directors bring to the board a wide range of experience and skills. Brief profiles of the directors, are set out elsewhere in the annual report. The composition of the board is in conformity with SEBI (LODR) Regulations, 2015. As per the SEBI (LODR) Regulations, 2015, no director can be a member in more than 10 committees or act as Chairman of more than 5 committees across all public companies in which he / she is a director. The compositions of the Board of Directors of the Company as on March 31, 2019, including skill sets/ expertise/ competencies/ practical knowledge and list & category of Directorship in other listed companies are provided as 'Annexure A'.

Responsibilities

The Board of Directors represents the interest of the company's shareholders in optimizing long-term value by providing the management with guidance and strategic direction on the shareholders' behalf. The board has a formal schedule of matters reserved for its consideration and decision, which includes reviewing corporate performance, ensuring adequate availability of financial resources, regulatory compliance, safeguard interest of shareholders and reporting to shareholders.

Board Meetings

The meetings of the Board of Directors are generally held at the Registered Office of Sahara Housingfina Corporation Limited. Meetings are generally scheduled well in advance. The board meets at least once a quarter to review the quarterly performance and the financial results of the Company.

The Company Secretary and his team prepare the detailed agenda for the meetings. The board papers are circulated to the directors in advance. The members of the board have access to all information of the Company and are free to recommend inclusion of any matter in the agenda for discussion. Senior management team is also invited to attend the board meetings and provide clarifications as and when required. During the year, the board met 5 times. The meetings were held on May 29, 2018, August 7, 2018, September 27, 2018, November 12, 2018 and February 8, 2019 respectively.

The attendance of each director at the board meetings and at the last annual general meeting is as under:

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

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 2018-19. 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 2018-19

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

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

COMMITTEE OF THE BOARD

AUDIT COMMITTEE:

The Audit Committee is constituted in accordance with the provisions of Regulation 18 of the SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013. The Audit Committee comprises of Shri Brijendra Sahay (Chairman), Shri Joy Broto Roy and Smt. Anshu Roy. All the members of

the committee are financially literate and have accounting and financial management expertise.

Meetings of the Audit Committee are scheduled well in advance. The Audit Committee met four times during the year under review on May 29, 2018, August 7, 2018, November 12, 2018 and February 8, 2019. The committee reviewed the quarterly/annual financial statements before submission to the Board for approval.

The committee reviews the reports of the internal auditors and statutory auditors along with the comments and corrective action taken by the management. The Audit Committee also invites senior executives, as it considers appropriate, to be present at the meetings of the committee.

Particulars of Meetings attended by the members of the Audit Committee;

Directors	No. of Meetings Attended
Shri Joy Broto Roy	4
Shri Brijendra Sahay	4
Smt. Anshu Roy	4

STAKEHOLDERS' RELATIONSHIP COMMITTEE

As on March 31, 2019, the Stakeholders Relationship Committee (SRC) comprised of Shri Brijendra Sahay (Chairman) and Smt. Anshu Roy. The committee looks into redressal of shareholders, investors, depositors and customer complaints. The Stakeholders Relationship Committee met four times during the year May 29, 2018, August 7, 2018, November 12, 2018 and February 8, 2019. The details of attendance at the committee meetings are as under:

Directors	No. of Meetings Attended
Shri Brijendra Sahay	4
Smt. Anshu Roy	4

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

Shri D J Bagchi

Chief Executive Officer & Company Secretary
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 2018-19

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, 2019, there were no such pending / unresolved complaints.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was reconstituted on 12th November 2018 which comprises of Smt. Anshu Roy (Chairperson), Shri Brijendra Sahay and Shri Joy Broto Roy. 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.

The role of the Nomination and Remuneration Committee inter alia, includes formulation of criteria for determining qualifications, positive attributes and independence of a director and recommendation to the Board of the remuneration policy; formulation of criteria for evaluation of Independent Directors and the Board, devising a policy on Board diversity and identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

During the year, the Nomination and Remuneration Committee met one time on August 7, 2018. The details of attendance at the Nomination and Remuneration Committee meeting are as under:

Directors	No. of Meetings Attended
Shri Joy Broto Roy	1
Shri Brijendra Sahay	1
Smt. Anshu Roy	1

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;

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 (organized 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, Manager, 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 08, 2019 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 08, 2019. 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 07, 2018	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, 2019. No penalty or stricture was imposed on the company by SEBI or any other authority on any matter related to capital market since last 3 year, save and except a pecuniary stricture by BSE for by BSE for Rs 2,17,120 (including GST).

Finance & Management Committee

The composition of the Finance & Management Committee is;

Director	Designation
Shri Brijendra Sahay	Chairman (Independent Director)
Smt. 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.

Separate Meeting of the Independent Directors

During the year, as per the requirement of Schedule IV of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, a separate meeting of the independent directors of the Company was held on February 8, 2019 without the attendance of non-independent directors and members of the management. All the independent directors were present at the meeting, wherein they had inter alia reviewed the performance of non-independent directors and the Board as a whole taking into account the views of the non-executive directors and assessed the quality, quantity and timeliness of flow of information between the company management and the Board.

Certificate under Regulation 34(3) of SEBI Listing Regulations

The Company has obtained a Certificate pursuant to the Regulation 34(3) read with Schedule V of the Listing Regulations, from Shri P V Subramanian, ACS, Practicing Company Secretary, Kolkata, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Company either by Securities and Exchange Board of India or the Ministry of Corporate Affairs or any other Statutory Authority. The said certificate forms part of this report as 'Annexure B'.

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. 50 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.saharahousingfina.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.

No penalty or stricture was imposed on the company by SEBI or any other authority on any matter related to capital market since last 3 year, save and except a pecuniary stricture by BSE for by BSE for ₹ 2,17,120 (including GST).

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 2018-19, 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 director 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.

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.

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 2018-19

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, 2019, 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 Members 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.

8. Fees Paid to Statutory Auditors

During the year, the total fee incurred by the Company, for services rendered by statutory auditors is given below ;

Nature of Service	(₹)
a) Statutory Audit Fees	80,000
b) Tax Audit Fees	20,000
c) For Other Services	22,500
d) For reimbursement of expenses	-
e) Payments made to a firm in which some of the partners of the audit firm are partners – Income Tax Service	-
Total	1,22,500

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 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 and BSE Listing Centre at 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/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
27th A.G.M.	September 27, 2018 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 w.e.f. 31.07.18
26th A.G.M.	September 28, 2017 11.00 A.M	Sahara India Sadan 2A, Shakespeare Sarani, Kolkata - 700 071	No Special Resolution
25th A.G.M.	September 28, 2016 11.00 A.M	Sahara India Sadan 2A, Shakespeare Sarani, Kolkata - 700 071	No Special Resolution

VIII. GENERAL SHAREHOLDER INFORMATION

Financial Year	April 01 – March 31
Financial Reporting Calendar: 2019-20 (Tentative)	<ul style="list-style-type: none"> First Quarter Results Aug/Sept 14, 2019 Second Quarter Results Nov/Dec 14, 2019 Third Quarter Results Jan/Feb 15, 2020 Annual Results 30 May, 2020
Listing on Stock Exchanges	Bombay Stock Exchange Limited (BSE). Phiroze Jeejeebhoy Towers Dalal Street, Fort, Mumbai- 400 001 [Annual Listing Fee for the year 2019-20 has 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	46 Dr. Sundari Mohan Avenue 2nd Floor, Kolkata – 700 014
28th Annual General Meeting	September 30 2019; Monday; Time: 11.00 A.M
Venue	Sahara India Sadan, 2A, Shakespeare Sarani, Kolkata – 700 071
Book Closure Dates	Tuesday, September 24, 2019 to Monday, September 30, 2019 (both days inclusive).

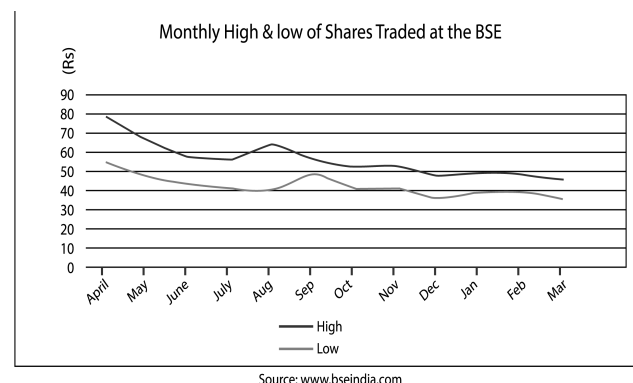
Market (BSE) Price Data

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)
2018	April	78.85	55	27641
	May	65.95	47.3	12131
	June	57.45	43	8558
	July	55.95	41	10968
	August	64.5	39.9	29968
	September	56.4	48.85	12021
	October	52.5	41	9467
	November	52.85	41.2	6493
	December	47.9	36.15	7980
2019	January	50.5	39.25	11713
	February	47.95	39	9813
	March	45.6	36	20029

Year High: ₹ 78.85 Year Low: ₹ 36 (Source: www.bseindia.com)

IX. Monthly High & low of Shares Traded on the BSE during the Financial Year 2018-19



X. SHAREHOLDING PATTERN AS ON MARCH 31, 2019

No. of Ordinary Shares Held	No. of Shareholders	No. of Shares	Percentage
PROMOTERS:			
Indian Promoters:			
– Sahara Prime City Limited	01	2940000	42.00
– Sahara India Corp Investment Limited.	01	1638587	23.41
– Sahara India Finance & Investment Limited	01	416000	05.94
Total	03	4994587	71.35
OTHERS :			
Private Corporate Bodies	78	773165	11.04
NBFCs registered with RBI	1	121	–
Indian Public	6342	1219071	17.42
NRIs / NRNs	21	7615	00.11
Clearing Member	19	5441	00.08
Foreign Institutional Investors	–	–	–
Total	6461	2005413	28.65
Grand Total	6464*	7000000	100.00

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

* Based on PAN for Stock Exchange Disclosure.

XI. DISTRIBUTION OF SHAREHOLDING (SHARES) AS ON MARCH 31, 2019

HOLDING	SHAREHOLDERS		SHARES	
	NUMBER	%	TOTAL SHARES	%
001 - 500	7363	95.33	447344	6.39
501 - 1000	190	2.46	156107	2.23
1001 - 2000	90	1.16	140039	2.00
2001 - 3000	41	0.53	103877	1.48
3001 - 4000	7	0.09	23630	0.34
4001 - 5000	4	0.05	18641	0.27
5001 - 10000	13	0.17	94726	1.35
10001 And Above	16	0.21	6015636	85.94
TOTAL	7724	100.00	7000000	100.00

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 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.

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, 2019 a total of 67,89,672 shares of the Company, which forms 96.99% 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.

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: kolkata@linkintime.co.in Contact Person: Shri Kuntal Mustafi</p>	<p>Shri D J Bagchi Company Secretary & Compliance Officer 46 Dr. Sundari Mohan Avenue Kolkata- 700014 Ph: 033- 2289-0148/ 6708 e-mail: info.saharahousingfina@gmail.com/ info.saharahousingfina@sahara.in</p>

OTHER USEFUL INFORMATION FOR STAKEHOLDERS

i. Subsidiary Companies

As at March 31, 2019, the Company does not have any Subsidiary Company.

ii. Unlisted Debt Securities

Unlisted Secured Non-Convertible Debenture aggregating to Rs 30 Cr.

Debenture Trustee

Catalyst Trusteeship Limited

GDA House

Plot No.: 85, Bhusari Colony (Right)

Paud Road, Pune - 411038

iii. Rating of Non-Convertible Debentures (NCDs)

Unlisted Secured Non-Convertible Debenture aggregating to Rs 30 Cr has been assigned rating of "BB- / Stable Outlook"

Rating Agency

Infomerics Valuation and Rating Pvt. Ltd.

Unit No.: 315, 3rd Floor, Turf Estate

Dr. E Moses Road, Mahalaxmi, Mumbai - 400011

iv. 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>

v. 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.

ANNEXURE – A

The Composition of the Board of Directors of the Company as on March 31, 2019, including skill sets/ expertise/ competencies/ practical knowledge and list & category of Directorship in other listed companies are as follows:

Sl.	Directors	Category of Directors	Special Knowledge / Practical Experience / Skills / Expertise / Competencies	List of Category of Directorship in other Listed Companies
1.	Shri Joy Broto Roy	Non-Executive Non Independent	Holds a Bachelor's degree in commerce. He joined the Sahara India Pariwar in 1982 and has more than 37 years of experience with the Group. He has an expertise in the field of administration and corporate strategy.	Nil
2.	Shri Brijendra Sahay	Non-Executive Independent	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 expertise in field of administration, management and corporate planning.	Independent Director Sahara One Media Entertainment Limited
3.	Smt. Anshu Roy	Non-Executive	Graduate from Calcutta University. Prior to joining Sahara Housingfina Corporation Limited, she had served as Director in other companies and has relevant industry experience.	Nil



ANNEXURE – B

CERTIFICATE

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015]

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Sahara Housingfina Corporation Limited (CIN: L18100WB1991PLC099782) and having registered office at 46 Dr. Sundari Mohan Avenue, Kolkata-700014 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) and Schedule V Para-C clause 10(i) of the Securities Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sl.	Name of Director	DIN	Date of Appointment in Company
1.	Shri Joy Broto Roy	00432043	13-02-2017
2.	Shri Brijendra Sahay	00017600	24-08-2002
3.	Smt. Anshu Roy	05257404	13-02-2015

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Kolkata
Date : August 14,2019

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

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

To the Members

Sahara Housingfina Corporation Limited

We have examined the compliance of the conditions of Corporate Governance by Sahara Housingfina Corporation Limited for the year ended March 31, 2019 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, 2019 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 : August 14, 2019

**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 2018-19.

D. J. Bagchi
CEO & Company Secretary

Place : Kolkata
Date : May 29, 2019

Hosfinas' Financials



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

SAHARA HOUSINGFINA CORPORATION LIMITED

Report on Audit of the Financial Statements

1. Opinion

We have audited the accompanying financial statements of **SAHARA HOUSINGFINA CORPORATION LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with relevant rules issued there under and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit and its cash flows for the year ended on that date.

2. Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

3. Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter:	How the Key Audit Matter was addressed in the Audit
<p>Identification and provision for Non-Performing Assets (NPA) and recognition of interest income thereon (refer notes 2 (iv) and (v) and 28 to the financial statements)</p> <p>Interest income on Non-Performing Loan Asset is recognized on realization / collection of Equated Monthly Instalment (EMI) / Pre-Equated Monthly Instalment Interest (PEMII), in line with the provisioning requirement encompassed in The Housing Finance Companies (HFC) Directions, 2010(" NHB Direction") that is duly incorporated in the loan agreement and has to be abided to while computation of provision for NPA. Hence, provision for NPA and interest income on NPA are key factors that may impact profitability. The terms of agreement with the borrowers and internal control relating to timely identification of NPA, provision for NPA and recognition of interest income thereon, create complexity and judgement in determining timing for identification and provision for NPA and interest income recognition thereon. Accordingly, due to significant risk associated with identification and provision for NPA and interest income recognition, it was determined to be Key Audit Matter in our audit report.</p>	<p>The audit procedures performed by us included the following:</p> <ul style="list-style-type: none"> Assessed the design and tested the operating effectiveness of internal controls related to identification and categorization of NPA, provision for NPA and interest income recognition. Performed sample test of individual loan and traced to EMI/PEMII payment, bank entry, default status and other related documents. Checked whether the calculation of provision for NPA and recognition of interest income are in accordance with NHB directions along with management decision. Performed reconciliation of individual loan account and trade receivable, testing of cut- off procedure and analytical procedure. Examined sample of loans which had not been identified by management as NPA/potentially delinquent loan and formed our own judgement as to whether that was appropriate through examining information such as the counterparty's payment history. Completeness and accuracy of the data inputs used from underlying system.

4. Information Other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Directors Report's including its Annexure, Corporate Governance Report and Shareholder's Information but does not include the financial statements and our auditor's report thereon. Other Information as described in above paragraph is expected to be made available to us after the date of this Auditors' Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Management Discussion and Analysis, Directors Report's including its Annexure, Corporate Governance Report and Shareholder's Information, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance to correct the same. If material misstatement of the other information remains uncorrected, we may take appropriate action considering our legal rights and obligations, to seek and have the uncorrected misstatement appropriately brought to the attention of the user for whom the Auditor's Report is prepared.

5. Responsibilities of Management and Those Charge with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India including the accounting standard specified under section 133 of the Act. 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.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless The Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

6. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence

obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with Governance, we determine those matters that were of most significance in the Audit of Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's Report unless Law or Regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our Report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

7. 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 in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit 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 it 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 relevant 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 there under.

- e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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". Our report expresses unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the company has not paid any remuneration to its directors during the year as per section 197 of the Act. However, the remuneration paid by the Company to a manager during the year is in accordance with the provisions of section 197 read with schedule V of the Act.

- h) 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, as amended 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 litigations on its financial position in its Financial Statements- Refer Note 46(a) of the Financial Statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards for material foreseeable losses. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There are 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, 2019



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

The Annexure referred to in our Independent Auditors' Report to the members of **SAHARA HOUSINGFINA CORPORATION LIMITED** ("the Company") on the financial statements for the year ended March 31, 2019, 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 have 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, limited liability partnership 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 within the meaning of sections 73 to 76 of the Companies Act, 2013 and the rules framed thereunder. 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 Provident Fund, Employees' State Insurance, Income Tax, Goods and Services Tax and other statutory dues, as applicable with the appropriate authorities and no undisputed statutory dues outstanding 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 and Services Tax, Value Added Tax and Sales Tax which have not been deposited on account of any dispute except for income tax of ₹ 3,878,240 for the assessment year 2010-11 as per the Income Tax Act, 1961 against which the company had filed appeal before Commissioner of Income tax (Appeal) and deposited ₹ 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. According to the information and explanations given to us, transactions with the related parties are in compliance with the section 177 and 188 of the Companies Act, 2013 where applicable and the details has been disclosed in the Financial Statements as required by the applicable accounting standards.
- 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 to its directors as per section 192 of the Companies Act, 2013. Accordingly, the clause xv of paragraph 3 of the Order is not applicable to the Company.
- xvi. According to the information and explanations given to us, 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, 2019

ANNEXURE - 'B' REFERRED IN INDEPENDENT AUDITORS' REPORT OF EVEN DATE.

Report on the Internal Financial Controls over Financial Reporting 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, 2019 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. 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, to the best of our information and according to the explanations given to us, 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, 2019, 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, 2019



Balance Sheet as at March 31, 2019

Particulars	Note No.	As at March 31, 2019 ₹	As at March 31, 2018 ₹
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	3	70,000,000	70,000,000
Reserves and Surplus	4	332,111,881	310,842,187
		402,111,881	380,842,187
NON-CURRENT LIABILITIES			
Long Term Borrowings	5	716,497,786	966,531,684
Deferred Tax Liabilities (Net)	6	19,688,625	17,860,268
Long Term Provisions	7	1,669,848	4,104,772
Total Non-Current Liabilities		737,856,259	988,496,724
CURRENT LIABILITIES			
Trade Payables			
(a) Total outstanding dues of Micro Enterprise and Small Enterprise	51	—	—
(b) Total outstanding dues of creditors other than Micro Enterprise and Small Enterprise	53	1,239,090	1,367,296
Other Current Liabilities	8	262,698,925	4,502,401
Short Term Provisions	9	357,402	1,792,790
Total Current Liabilities		264,295,417	7,662,487
TOTAL		1,404,263,557	1,377,001,398
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment			
- Tangible Assets	10	10,186,855	10,233,572
- Intangible Assets	10	222,979	—
Non-Current Investments	11	164,388	196,650
Loan Assets	12	1,092,193,751	1,168,100,020
Long Term Loans and Advances	13	4,191,783	4,277,721
Total Non-Current Assets		1,106,959,756	1,182,807,963
CURRENT ASSETS			
Loan Assets	14	58,132,778	55,588,005
Trade Receivables	15	1,630,893	1,126,936
Cash and Bank Balances	16	220,333,905	124,686,314
Short Term Loans and Advances	17	4,734,830	4,181,001
Other Current Assets	18	12,471,395	8,611,179
Total Current Assets		297,303,801	194,193,435
TOTAL		1,404,263,557	1,377,001,398

Significant Accounting Policies and Notes forming part of the Financial Statements

1 to 54

As per our report of even date attached

For CHATURVEDI & PARTNERS

Chartered Accountants

Firm Registration No. 307068E

ANUJ MAHANSARIA

Partner

Membership No. 500819

Place : New Delhi

Dated : May 29, 2019

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

Place : Kolkata

Dated : May 29, 2019

Statement of Profit and Loss for the year ended March 31, 2019

Particulars	Note No.	Year ended March 31, 2019 ₹	Year ended March 31, 2018 ₹
I Revenue from Operations	19	123,988,882	125,660,927
II Other Income	20	9,141,949	10,727,036
III Total Revenue (I+II)		133,130,831	136,387,963
IV EXPENSES			
Finance Costs	21	50,504,033	50,568,552
Employee Benefit Expenses	22	31,794,180	31,274,224
Depreciation and Amortization	10	1,114,269	609,459
Other Expenses	23	19,956,238	23,220,131
Total Expenses		103,368,720	105,672,366
V PROFIT BEFORE EXCEPTIONAL ITEMS, EXTRA ORDINARY ITEMS AND TAX (III-IV)		29,762,111	30,715,597
VI Exceptional Items		—	—
VII PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX (V-VI)		29,762,111	30,715,597
VIII Extraordinary Items		—	—
IX PROFIT BEFORE TAX (VII-VIII)		29,762,111	30,715,597
X TAX EXPENSES:			
- Current Tax		6,647,321	8,153,354
- Deferred Tax		1,828,357	(3,197,488)
- Income Tax related to earlier years		16,739	17,227
		8,492,417	4,973,093
XI PROFIT FOR THE YEAR (IX-X)		21,269,694	25,742,504
Earning Per Share (₹) - Basic	35	3.04	3.68
Earning Per Share (₹) - Diluted	35	3.04	3.68
Significant Accounting Policies and Notes forming part of the Financial Statements	1 to 54		

As per our report of even date attached

For CHATURVEDI & PARTNERS

Chartered Accountants

Firm Registration No. 307068E

ANUJ MAHANSARIA

Partner

Membership No. 500819

Place : New Delhi

Dated : May 29, 2019

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

Place : Kolkata

Dated : May 29, 2019

Cash Flow Statement for the year ended March 31, 2019

	Year ended March 31, 2019	Year ended March 31, 2018
	₹	₹
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit Before Tax	29,762,111	30,715,598
Adjustments for:		
Depreciation	1,114,269	609,459
Profit on sale of Property, Plant and Equipment	(23,031)	(14,500)
Provision for Loan Assets	3,176,318	4,668,457
Provision for diminution in Investment	32,262	76,950
Interest Income on Fixed Deposit	(9,116,217)	(10,701,628)
Operating profit before working capital changes	24,945,712	25,354,336
Adjustments for Working Capital Changes		
(Increase)/Decrease in Trade receivables	(503,957)	(139,920)
(Increase)/Decrease in Advances	(539,229)	1,479,205
Increase/(Decrease) in Current Liabilities	8,068,319	(10,112,100)
Increase/(Decrease) in Provisions	(3,548,315)	1,182,105
Cash Generated from operations	28,422,530	17,763,626
Direct Tax paid	(6,914,719)	(7,239,165)
Net Cash from Operation	21,507,811	10,524,461
Increase/(Decrease) in Loan Assets (Net of Repayment)	68,461,913	(32,236,438)
Net Cash from Operating Activities	89,969,724	(21,711,977)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Property, Plant and Equipment	(1,310,898)	(4,459,841)
Proceeds from sale of Property, Plant and Equipment	43,398	14,500
Movement in Fixed Deposits	(162,084,292)	120,611,184
Income from Interest/Dividend	6,979,265	12,340,523
Net Cash from Investing Activities	(156,372,527)	128,506,366
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of Borrowings	(33,898)	(70,000,000)
Net cash from Financing Activities	(33,898)	(70,000,000)
D. NET INCREASE IN CASH AND CASH EQUIVALENTS:	(66,436,701)	36,794,389
Cash and Cash equivalents at the beginning of the year	98,235,788	61,441,399
Cash and Cash equivalents at the end of the year	31,799,087	98,235,788
Notes:-		
1 The cash flow statement has been prepared under the indirect method as set out in the Accounting Standard 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.		
2 Figures in brackets indicate cash outflow.		
3 Previous year figures have been regrouped and recast wherever necessary to conform to current year classification.		
4 Cash and cash equivalents consist of following :		
Cash in hand	108,800	207,346
Balance with Scheduled Banks :		
In Current Accounts	31,690,287	98,028,442
	31,799,087	98,235,788

As per our report of even date attached

For CHATURVEDI & PARTNERS

Chartered Accountants

Firm Registration No. 307068E

ANUJ MAHANSARIA

Partner

Membership No. 500819

Place : New Delhi

Dated : May 29, 2019

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

Place : Kolkata

Dated : May 29, 2019

Notes forming part of financial statements for the year ended March 31, 2019

1. CORPORATE INFORMATION

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

The Company is Public Limited Company incorporated in India and having its Registered and Corporate Office at 46, Dr. Sundari Mohan Avenue, Kolkata – 700 014.

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 (NPAs), 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.

Notes forming part of financial statements for the year ended March 31, 2019

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.

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, however the Company when felt prudent adopts excess provisions on Loan Assets in order to mitigate against any unforeseen/contingent NPA provisions that may be deemed necessary.

vi. Property, Plant and Equipment

Property, Plant and Equipment 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, which is also as per the useful life of the assets estimated by the management.

The Company amortizes intangible assets with a finite useful life using the straight-line method over the useful lives determined by the terms of the agreement /contract. The estimated useful life is reviewed annually by the management.

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.

Notes forming part of financial statements for the year ended March 31, 2019

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 and Loss in the year of change.

xi. Earnings Per Share (EPS)

Basic Earnings per Share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares

xii. Employee Benefits

Employee benefits include contribution to employee's state insurance, provident fund, gratuity fund and compensated absences.

a. Defined Contribution plans

Contributions to defined contribution schemes such as employees' provident fund, employees' state insurance, employee pension schemes etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Company provident fund contribution is made to a government administered fund and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

b. Compensated Absences

Eligible employees are entitled to accumulate leave for future encashment and availment as per the policy of the Company:

Accumulation of Earned Leave upto 45 days w.e.f. from January, 2017;

Additionally, Earned Leave accumulated upto 150 days till December 31, 2016 is encasheable at the time of full and final settlement.

The liability towards such unutilized leave as at the year end is determined based on independent actuarial valuation and recognized in the Statement of Profit and Loss.

The classification of the Company net obligation into current and non-current is as per the actuarial valuation report.

The Company treats accumulated leaves expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the end of each financial year. The Company presents the leave as current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement beyond 12 months after the reporting date. Where the Company has unconditional legal and contractual right to defer the settlement for the period beyond 12 months, the same is presented as non-current liability.

c. Defined benefit plans

The Company operates defined benefit plan in the form of gratuity. The liability or asset recognized in the balance sheet in respect of its defined benefit plans is the present value of the defined benefit obligation at the end of the

Notes forming part of financial statements for the year ended March 31, 2019

reporting period. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the said obligation is determined by discounting the estimated future cash out flows, using market yields of government bonds that have tenure approximating the tenures of the related liability.

Actuarial gains and losses are recognized in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in Statement of Profit and Loss as past service cost.

The Company fully contributes all ascertained liabilities to the Sahara Housingfina Corporation Limited Employees Group Gratuity Scheme ('the Trust'). Trustees took the policy from Life Insurance Corporation of India to administer contributions made to the Trust.

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.

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.

Notes forming part of financial statements for the year ended March 31, 2019

Note No.	Particulars	As at March 31, 2019 ₹	As at March 31, 2018 ₹
3	SHARE CAPITAL		
	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
		500,000,000	500,000,000
	Issued, Subscribed and Paid up		
	7,000,000 (Previous Year 7,000,000) Equity Shares of ₹ 10/- each	70,000,000	70,000,000
	Reconciliation of Number of Shares outstanding at the beginning and at the end of the year		
	Number of Equity Shares at the beginning of the year	7,000,000	7,000,000
	Add : Number of Shares Issued during the year	—	—
	Number of Equity Shares at the end of the year	7,000,000	7,000,000

Rights, Preferences and Restrictions –

The Company has one class of equity shares having a par value of ₹10/- per share. Each shareholder is entitled to one vote per share. All equity Share holders are having right to get dividend in proportion to paid up value at each equity shares as and when declared. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all the preferential amounts, in proportion to their shareholding.

Details of the shareholders holding more than 5% of Shares

Name	% age of Holding	As at March 31, 2019	% age of Holding	As at March 31, 2018
Equity :				
Sahara Prime City Limited	42.00	2,940,000	42.00	2,940,000
Sahara India Corp Investment Limited	23.41	1,638,587	23.41	1,638,587
Sahara India Finance and Investment Limited	5.94	416,000	5.94	416,000
Gandevi Commerce Private Limited	10.33	723,044	10.33	723,044
	81.68		81.68	

Notes forming part of financial statements for the year ended March 31, 2019

Note No.	Particulars	As at March 31, 2019 ₹	As at March 31, 2018 ₹
4	RESERVES AND SURPLUS		
	Capital Reserve	152,000	152,000
	Balance at the beginning and end of the year		
	Securities Premium	50,000,000	50,000,000
	Balance at the beginning and end of the year		
	General Reserve	501,605	501,605
	Balance at the beginning and end of the year		
	Special Reserve		
	As per Section 29C of the National Housing Bank Act, 1987		
	Balance at the beginning of the year	104,576,642	97,820,534
	Add: Transferred from Surplus	5,462,677	6,756,108
	Balance at the end of the year	110,039,319	104,576,642
	Surplus		
	Balance at the beginning of the year	155,611,940	136,625,544
	Add: Transferred from Statement of Profit and Loss	21,269,694	25,742,504
		176,881,634	162,368,048
	Less: Appropriations:		
	Transferred to Special Reserve	5,462,677	6,756,108
	Balance at the end of the year	171,418,957	155,611,940
		332,111,881	310,842,187
5	LONG TERM BORROWINGS		
	Secured		
	7% Non-Convertible Redeemable Debenture	300,000,000	300,000,000
	Term Loan from Body Corporate	50,000,000	50,000,000
	Un-Secured		
	From Related Parties		
	10% Non-Convertible Redeemable Debenture	—	250,000,000
	Other Loan	366,497,786	366,531,684
		716,497,786	966,531,684
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.		

Notes forming part of financial statements for the year ended March 31, 2019

- 5.3 10% Unsecured Non-Convertible Redeemable Debentures are repayable in the Financial Year 2019-20
- 5.4 Unsecured - other loan from related party aggregating to ₹ 366,497,786 (Previous Year ₹ 366,531,684) include interest thereon aggregating to ₹ 366,497,786 (Previous Year ₹ 366,531,684). 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, 2019 ₹	As at March 31, 2018 ₹
6	DEFERRED TAX LIABILITIES (NET)		
	Deferred Tax Liabilities		
	Special Reserve	30,612,939	28,814,002
	Timing difference on Property, Plant and Equipment's depreciation & amortisation	751,430	703,559
		<u>31,364,369</u>	<u>29,517,561</u>
	Deferred Tax Assets		
	Retirement Benefits	554,305	1,526,652
	Provision for doubtful debts/loans	11,121,439	10,130,642
		<u>11,675,744</u>	<u>11,657,294</u>
	Net Deferred Tax Liabilities (Net)	<u>19,688,625</u>	<u>17,860,268</u>
7	LONG TERM PROVISIONS		
	Employee Benefits		
	Provision for Gratuity	467,330	4,104,772
	Provision for Leave Encashment	1,202,518	—
		<u>1,669,848</u>	<u>4,104,772</u>
8	OTHER CURRENT LIABILITIES		
	Current maturities of long term debt from Bank	28,576	28,576
	Current maturities of 10% Non-Convertible Redeemable Debenture	250,000,000	—
	Interest accrued but not due on borrowings	3,825,000	—
	Interest accrued and due on borrowings	1,595	1,595
	Advances from Customers	2,460,970	1,987,388
	Accrued Salaries and Benefits	546,194	50,944
	Statutory dues payable	5,549,028	343,249
	Other payables	287,562	2,090,649
		<u>262,698,925</u>	<u>4,502,401</u>
9	SHORT TERM PROVISIONS		
	Provision for Taxation	34,782	356,779
	Employee Benefits		
	Provision for Gratuity	251,013	199,637
	Provision for Leave Encashment	71,607	1,236,374
		<u>357,402</u>	<u>1,792,790</u>

Notes forming part of financial statements for the year ended March 31, 2019

10 PROPERTY, PLANT AND EQUIPMENT

(₹)

Description	Gross Block				Depreciation				Net Block	
	As at April 1, 2018	Additions during the year	Sale/ Adjustment	As at March 31, 2019	Upto April 1, 2018	For the year	Sale/ Adjustment	Upto March 31, 2019	As at March 31, 2019	As at March 31, 2018
Tangible Assets										
Buildings	5,745,548	—	—	5,745,548	1,885,848	89,962	—	1,975,810	3,769,738	3,859,700
Computer & Accessories	6,269,814	773,278	117,827	6,925,265	5,794,308	257,893	117,827	5,934,374	990,891	475,506
Furniture and Fixtures	6,646,844	154,592	44,265	6,757,171	2,559,010	420,888	23,898	2,956,000	3,801,171	4,087,834
Air Conditioners	951,592	—	27,390	924,202	286,494	74,433	27,390	333,537	590,665	665,098
Office Equipment	1,062,794	143,176	7,000	1,198,970	563,255	123,544	7,000	679,799	519,171	499,539
Electrical fittings	459,367	—	—	459,367	305,314	13,528	—	318,842	140,525	154,053
Vehicles	2,297,032	—	574,666	1,722,366	1,805,190	117,148	574,666	1,347,672	374,694	491,842
Total	23,432,991	1,071,046	771,148	23,732,889	13,199,419	1,097,396	750,781	13,546,034	10,186,855	10,233,572
Intangible Assets										
Computer Software	—	239,852	—	239,852	—	16,873	—	16,873	222,979	—
Total	—	239,852	—	239,852	—	16,873	—	16,873	222,979	—
Grand Total	23,432,991	1,310,898	771,148	23,972,741	13,199,419	1,114,269	750,781	13,562,907	10,409,834	10,233,572
Previous year	18,498,370	5,859,841	925,220	23,432,991	13,515,180	609,459	925,220	13,199,419	10,233,572	

Note No.	Particulars	As at March 31, 2019	As at March 31, 2018
		₹	₹
11 NON-CURRENT INVESTMENTS			
	Quoted, Non-Trade Equity Instrument		
	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	109,212	76,950
		164,388	196,650
	Aggregate amount of Book value of quoted investment	273,600	273,600
	Aggregate amount of Market value of quoted investment	164,388	196,650
	Aggregate provision for diminution in value of quoted investment	109,212	76,950

Notes forming part of financial statements for the year ended March 31, 2019

Note No.	Particulars	As at March 31, 2019 ₹	As at March 31, 2018 ₹
12	NON CURRENT LOAN ASSETS		
	Secured considered good unless otherwise stated (Refer note 24)		
	Housing Loans		
	Standard Assets	1,042,583,106	1,124,099,117
	Less: General Provision	4,553,538	4,897,570
	Sub-Standard Assets	32,980,458	28,571,514
	Less: Provision for Sub-Standard Assets	4,947,069	4,285,727
	Doubtful Assets	18,997,419	20,187,228
	Less: Provision for Doubtful Assets	11,442,163	12,840,787
	Other Loans		
	Standard Assets	18,763,168	17,440,651
	Less: General Provision	187,632	174,407
		1,092,193,751	1,168,100,020
13	LONG TERM LOANS AND ADVANCES		
	Refundable Deposits	1,655,174	1,669,774
	Advance Income Tax	1,760,609	1,831,947
	Deposit under Protest (Refer note 46)	776,000	776,000
		4,191,783	4,277,721
14	CURRENT LOAN ASSETS		
	Secured considered good unless otherwise stated (Refer note 24)		
	Housing Loans		
	Standard Assets	52,798,169	53,478,157
	Less: General Provision	230,599	232,999
	Sub-Standard Assets	3,675,151	1,374,231
	Less: Provision for Sub-Standard Assets	551,273	206,135
	Doubtful Assets	3,409,880	836,728
	Less: Provision for Doubtful Assets	1,909,246	483,406
	Other Loans		
	Standard Assets	950,199	829,726
	Less: General Provision	9,502	8,297
		58,132,778	55,588,005

Notes forming part of financial statements for the year ended March 31, 2019

Note No.	Particulars	As at March 31, 2019 ₹	As at March 31, 2018 ₹
15	TRADE RECEIVABLES		
	Secured considered good unless otherwise stated (Refer note 24)		
	Outstanding for a period exceeding six months from the date they are due	—	—
	Others Debts	1,630,893	1,126,936
		1,630,893	1,126,936
16	CASH AND BANK BALANCES		
	a) Cash and Cash Equivalent		
	Cash in hand	108,800	207,346
	Balance with Banks		
	- In current accounts	31,690,287	98,028,442
		31,799,087	98,235,788
	b) Other Bank Balances		
	- Fixed deposits having maturity more than three months but less twelve months	188,534,818	26,450,526
		220,333,905	124,686,314
17	SHORT TERM LOANS AND ADVANCES		
	Advances Recoverable in cash or in kind	3,706,160	3,788,481
	Refundable Deposits	13,600	—
	Balance with Statutory and Government Authorities	1,015,070	392,520
		4,734,830	4,181,001
18	OTHER CURRENT ASSETS		
	Secured considered good unless otherwise stated (Refer note 24)		
	Installments due from Borrowers - Principal		
	Standard Assets	1,589,712	1,345,887
	Less: General Provision	6,359	5,384
		1,583,353	1,340,503
	Sub-Standard Assets	2,007,242	1,443,050
	Less: Provision for Sub-Standard Assets	301,086	216,458
		1,706,156	1,226,593
	Doubtful Assets	21,838,157	18,448,285
	Less: Provision for Doubtful Assets	15,728,738	13,339,717
		6,109,419	5,108,568
		9,398,928	7,675,664
	Interest Receivable	3,072,467	935,515
		12,471,395	8,611,179

Notes forming part of financial statements for the year ended March 31, 2019

Note No.	Particulars	Year ended March 31, 2019 ₹	Year ended March 31, 2018 ₹
19	REVENUE FROM OPERATIONS		
	Interest Income	122,609,720	122,741,062
	Fee Income	841,278	2,353,491
	Other Operating Revenue	537,884	566,374
		123,988,882	125,660,927
20	OTHER INCOME		
	Interest on Term Deposits	9,116,217	10,701,628
	Profit on sale of Property, Plant and Equipment	23,031	14,500
	Miscellaneous Income	2,701	10,908
		9,141,949	10,727,036
21	FINANCE COSTS		
	Interest on Term Loans	50,250,000	50,250,000
	Bank and Other Charges	254,033	318,552
		50,504,033	50,568,552
22	EMPLOYEE BENEFIT EXPENSES		
	Salaries and Bonus	30,029,624	29,467,682
	Contribution to Provident and Other Funds	1,576,839	1,537,394
	Staff Welfare	187,717	269,148
		31,794,180	31,274,224
22.1	Details of Employees Benefits plan as required by the AS 15 relating to Gratuity recognised under "Employee Benefits Expenses" are given below:		
	Change in Benefit Obligation		
	Liability at the beginning of the year	4,304,409	3,535,907
	Interest Cost	330,377	274,033
	Current Service Cost	425,274	341,506
	Actuarial (gain)/loss on obligations	483,016	152,963
	Benefit Paid	(27,585)	—
	Liability at the end of the year	5,515,491	4,304,409
	Amount recognized in the Balance Sheet		
	Liability at the end of the year	5,515,491	4,304,409
	Fair value of plan assets at the end of the year	4,797,148	—
	Net Liability recognized in the Balance Sheet	718,343	4,304,409
	Changes in present value of plan assets		
	Fair value of Plan Assets at the beginning	—	—
	Acquisition Adjustment	—	—
	Expected return on Plan Assets	—	—
	Employer's Contribution	45,93,019	—
	Employee's Contribution	—	—
	Benefit Paid	(27,585)	—
	Actuarial Gain / (Loss) on Plan Assets	2,31,714	—
	Fair value of Plan Assets at the end	47,97,148	—

Notes forming part of financial statements for the year ended March 31, 2019

Note No.	Particulars	Year ended March 31, 2019 ₹	Year ended March 31, 2018 ₹
	Fair value of Plan Assets		
	Fair value of Plan Assets at the beginning	—	—
	Acquisition Adjustment	—	—
	Actual return on Plan Assets	2,31,714	—
	Employer's Contribution	45,93,019	—
	Employee's Contribution	—	—
	Benefit Paid	(27,585)	—
	Fair value of Plan Assets at the end	47,97,148	—
	Expenses recognized in the Income Statement		
	Current service cost	425,274	341,506
	Interest cost	330,377	274,033
	Expected return on plan assets	(231,714)	—
	Net Actuarial (gain)/loss to be recognized	483,016	152,963
	Expense recognized in the Statement of Profit and Loss	1,006,953	768,502
	Balance Sheet Reconciliation		
	Opening Net Liability	4,304,409	3,535,907
	Expense as above	1,006,953	768,502
	Employer's Contribution	(4,593,019)	—
	Net Liability Recognized in the Balance Sheet	718,343	4,304,409
	Major Categories of Plan Assets (As Percentage of Total Plan Assets)		
	Government of India Securities	—	—
	State Government Securities	—	—
	High Quality Corporate Bond	—	—
	Equity Shares of Listed Companies	—	—
	Property	—	—
	Special Deposit Scheme	—	—
	Funds managed by Insurer	100%	—
	Bank Balance	—	—
	Other Investments	—	—
	Total	100%	—
	Assumptions		
	Discount rate	7.70%	7.75%
	Salary Growth	6.00%	6.00%
	Rate of return on plan assets	7.70	—

22.2 The employees benefit liability of the company is not funded upto March 31, 2018. Accordingly figure related to return on planned assets and fair value thereof is not disclosed for the said period.

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

Note No.	Particulars	Year ended March 31, 2019 ₹	Year ended March 31, 2018 ₹
23	OTHER EXPENSES		
	Rent	4,453,851	4,692,836
	Travelling and Conveyance		
	- Directors	186,169	81,721
	- Others	1,283,798	1,116,381
	Legal and Professional Fees	3,087,365	3,360,907
	Printing and Stationery	607,770	610,319
	Communication Charges	927,651	1,002,732
	General Expenses	1,989,624	2,273,246
	Insurance	68,923	182,109
	Repairs and Maintenance	173,814	627,740
	Rates, Taxes and Licences	103,073	139,628
	Office Maintenance	887,640	814,595
	Vehicles Maintenance	2,213,103	2,156,034
	Advertisement and Publicity	103,420	96,006
	Electricity Charges	538,957	1,177,341
	Payment to Auditors		
	- As Statutory Auditors	80,000	80,000
	- As Tax Auditors	20,000	17,628
	- Other Capacity	22,500	45,500
	Provision on Loan Assets	3,176,318	4,668,457
	Provision on Investment	32,262	76,950
		19,956,238	23,220,131

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, Loans and 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 Infomerics Valuation and Rating Private Limited.
27. Details of Registration obtained from other financial sector regulators: NIL

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

28. 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 installment due) and Provisions thereon

Particulars	Housing Loans		Non-Housing Loans	
	As at March 31, 2019 (₹)	As at March 31, 2018 (₹)	As at March 31, 2019 (₹)	As at March 31, 2018 (₹)
Standard Assets				
a) Total Outstanding Amount	1,096,970,987	1,178,923,161	19,713,367	18,270,377
b) Provisions made	4,790,496	5,135,953	197,134	182,704
Sub-Standard Assets				
a) Total Outstanding Amount	38,662,851	31,388,795	—	—
b) Provisions made	5,799,428	4,708,319	—	—
Doubtful Assets:Category-I				
a) Total Outstanding Amount	7,720,704	8,717,415	—	—
b) Provisions made	1,930,176	2,179,354	—	—
Doubtful Assets:Category-II				
a) Total Outstanding Amount	15,624,635	10,450,450	—	—
b) Provisions made	6,249,854	4,180,180	—	—
Doubtful Assets:Category-III				
a) Total Outstanding Amount	20,900,117	20,304,376	—	—
b) Provisions made	20,900,117	20,304,376	—	—
Loss Assets				
a) Total Outstanding Amount	—	—	—	—
b) Provisions made	—	—	—	—
Total				
a) Total Outstanding Amount	1,179,879,294	1,249,784,197	19,713,367	18,270,377
b) Provisions made	39,670,071	36,508,182	197,134	182,704

b. Movement of NPAs

Particulars	As at March 31, 2019 (₹)	As at March 31, 2018 (₹)
i) Net NPAs to Net Advances (%)	4.00	3.11
ii) Movement of NPAs (Gross)		
a) Opening Balance	70,861,036	71,683,945
b) Addition/(Reduction) during the year	12,047,271	(822,909)
c) Closing Balance	82,908,307	70,861,036
iii) Movement of NPAs (Net)		
a) Opening Balance	39,488,807	44,833,142
b) Addition/(Reduction) during the year	8,539,925	(5,344,335)
c) Closing Balance	48,028,732	39,488,807
iv) Movement of Provisions for NPAs		
a) Opening Balance	31,372,229	26,850,803
b) Provisions made (Net of write off/write back) during the year	3,507,346	4,521,426
c) Closing Balance	34,879,575	31,372,229

Notes forming part of financial statements for the year ended March 31, 2019

29. 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, 2019	As at March 31, 2018
I	CRAR (%)	61.63%	55.21%
II	CRAR - Tier I Capital (%)	60.86%	54.44%
III	CRAR - Tier II Capital (%)	0.77%	0.77%
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, 2019 (₹)	As at March 31, 2018 (₹)
Direct Exposure		
(i) Residential Mortgages :- Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented		
a) Housing Loans up to ₹ 15 Lakhs	732,993,240	816,659,900
b) Housing Loans more than ₹ 15 Lakhs	446,886,054	433,124,297
(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	19,713,367	18,270,377
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures :-		
(a) Residential (PTC - B)	Nil	Nil
(b) Commercial Real Estate	Nil	Nil
Indirect Exposure		
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, 2019

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
LIABILITIES											
Borrowings from Banks	0.29	–	–	–	–	–	–	–	–	–	0.29
Market Borrowings	–	–	–	2,500.00	–	3,664.98	–	2,300.00	1,200.00	–	9,664.98
ASSETS											
Advances	298.82	45.17	45.60	739.12	790.84	3696.66	2695.12	2377.92	922.20	384.48	11995.93
Investments	–	–	–	–	–	–	–	–	–	–	–

30. 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 (l) 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 ₹ 5,462,677/-, which is stated in the table “Appropriation of Reserve Fund” provided below:

Appropriation of Reserve Fund

Particulars	As at March 31, 2019 (₹)	As at March 31, 2018 (₹)
Balance at the beginning of the year		
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
Total	104,576,642	97,820,534
Addition/Appropriation/Withdrawal during the year		
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	5,462,677	6,756,108
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	–	–
Balance at the end of the year		
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	110,039,319	104,576,642
Total	110,039,319	104,576,642

Notes forming part of financial statements for the year ended March 31, 2019

31. Exposure to Capital Market

Particulars	As at March 31, 2019 (₹)	As at March 31, 2018 (₹)
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) (Refer note 11)	273,600	273,600

32. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL)

Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded as per prudential exposure limits during the year	Nil
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33. Investments in Quoted Equity Shares

Particulars	As at March 31, 2019 (₹)	As at March 31, 2018 (₹)
Value of Investments		
i) Gross value of Investments		
(a) In India	273,600	273,600
(b) Outside India	—	—
ii) Provisions for Depreciation		
(a) In India	109,212	76,950
(b) Outside India	—	—
iii) Net value of Investments		
(a) In India	164,388	196,650
(b) Outside India	—	—
Movement of Provisions held towards Depreciation on Investments		
i) Opening balance	76,950	—
ii) Add: Provisions made during the year	32,262	76,950
iii) Less: Write-off/Written-back of excess provisions during the year	—	—
iv) Closing balance	109,212	76,950

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

Particulars	Year ended March 31, 2019 (₹)	Year ended March 31, 2018 (₹)
Provision on Investment	32,262	76,950
Provision made towards Income Tax	8,492,417	4,973,093
Provision towards NPA	3,507,346	4,521,426
Provision for Standard Assets	(331,028)	147,031
Other Provision and Contingencies	—	—

Notes forming part of financial statements for the year ended March 31, 2019

35. Earnings Per Share (EPS)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
a) Profit/(loss) after tax (₹)	21,269,694	25,742,504
b) Weighted average number of equity shares outstanding for calculation of EPS	7,000,000	7,000,000
c) Basic and diluted EPS (₹)	3.04	3.68
d) Nominal value of shares (₹)	10	10

36. Concentration of Loans and Advances

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Total Loans and Advances to twenty largest borrowers (₹)	253,224,939	235,019,079
Percentage of Total Exposure to twenty largest borrowers/customers to Total Exposure of the HFC on borrowers/customers	21.11	18.53

37. Concentration of all Exposure (including off-balance sheet exposure)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Total Exposure to twenty largest borrowers/customers (₹)	253,224,939	236,675,079
Percentage of Total Exposure to twenty largest borrowers/customers to Total Exposure of the HFC on borrowers/customers	16.67	14.55

38. Concentration of Non-performing Assets

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Total Exposure to top ten NPA accounts (₹)	32,213,791	32,600,823

39. Sector-wise NPA as on 31st March, 2019

Sl. No.	Sector	Percentage of NPAs to Total Advances in that Sector
A.	Housing Loans:	
1	Individuals	7.79
2	Builders/Project Loans	Nil
3	Corporates	Nil
4	Others (specify)	Nil
B.	Non-housing Loans:	
1	Individuals	Nil
2	Builders/Project Loans	Nil
3	Corporates	Nil
4	Others (specify)	Nil

40. The company has not given/offered any advances that can be classified under Unsecured Advance.

41. The Company has no Overseas Assets for the financial year ended March 31, 2019 and March 31, 2018, accordingly there is no disclosure required in this respect.

Notes forming part of financial statements for the year ended March 31, 2019

42. There are no off Balance Sheet SPV's sponsored by the Company which are required to be consolidated as per accounting norms.

43. Payment to Auditors

Particulars	Year ended March 31, 2019 (₹)	Year ended March 31, 2018 (₹)
a) Statutory Audit Fee	80,000	80,000
b) Tax Audit Fee	20,000	17,628
c) Limited Review Fee	22,500	22,500
d) Other capacity	–	23,000
Total	122,500	143,128

44. Details of Disclosure of Penalties imposed

Details of Disclosure of Penalties imposed by NHB and other regulators (BSE Limited) (₹)	217,120
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45. Customers Complaints

Particulars	As at March 31, 2019	As at March 31, 2018
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	–	–

46. 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 Year 2010-11 are likely to be deleted or substantially reduced. Tax value of matters under appeal as at March 31, 2019 is ₹ 3,878,240/- (Previous Year ₹ 3,878,240/-) against which the company had deposited ₹ 776,000/- (Previous Year ₹ 776,000/-).

b. Other commitments: Nil

47. The company has not financed any products of its parent company during the current financial year under review.

48. The company has no disclosures to be made in respect to Securitisation, Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction, Assignment transactions and Non-Performing Assets purchased/sold, as there is no transaction registered in these respect during the financial year 2018-19 and 2017-18.

49. 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. Hence there are no separate reportable segments as per the Accounting Standard on 'Segment Reporting' (AS 17).

Notes forming part of financial statements for the year ended March 31, 2019

50. Related Party Disclosures

List of Related Parties

- a. Major shareholder having control over the company
 - Sahara India Corp Investment Limited
 - Sahara Prime City Limited
 - Sahara India Finance & Investment Limited
- b. Key Management Personnel
 - 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, 2019 (₹)	Year ended March 31, 2018 (₹)
Rent Paid Sahara India Commercial Corporation Ltd.	219,300	248,400
Interest Paid Sahara India Financial Corporation Ltd.	25,000,000	25,000,000
Un-secured Loan/Interest Repaid Sahara India Commercial Corporation Ltd.	33,898	70,000,000
Outstanding Balances Sahara India Commercial Corporation Ltd. Sahara India Financial Corporation Ltd.	366,497,786 250,000,000	366,531,684 250,000,000
Salary & Perquisites Shri D.J.Bagchi Shri Vivek Kapoor	4,502,910 1,642,025	4,504,776 1,613,013

- e. Related party relationship identified by the Company and relied upon by the Auditors.

Notes forming part of financial statements for the year ended March 31, 2019

51. The Company have following dues under trade payable to Micro, Small and Medium Enterprises Development Act, 2006. The disclosure on above is based on the information available with the Company:

	Particulars	Year ended March 31, 2019 (₹)	Year ended March 31, 2018 (₹)
A.	Dues remaining unpaid as at Balance Sheet date		
	Principal Amount	—	—
	Interest Amount	—	—
B.	Interest paid in terms of section 16 of the Act, along with the amount of payment made to the supplier and service providers beyond the appointed day during the period	—	—
C.	Interest due and payable for the period of delay in making payment (which has been paid beyond the appointed day during period) but without adding the interest specified under the Act	—	—
D.	Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	—	—
E.	Interest accrued and remaining unpaid as at Balance sheet date	—	—

52. Expenditure and Income in Foreign Currency : ₹ Nil (Previous Year ₹ Nil)

53. 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.

54. 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 : New Delhi

Dated : May 29, 2019

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*

Place : Kolkata

Dated : May 29, 2019



Notes

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SAHARA HOUSINGFINA CORPORATION LIMITED

Building the dream home for every Indian

Visuals of the 27th Annual General Meeting held on Thursday, September 27, 2018





Registered & Corporate Office: 46 Dr. Sundari Mohan Avenue, Kolkata - 700 014, INDIA
www.saharahousingfina.com