

MHFC

MANOJ HOUSING FINANCE COMPANY LIMITED

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13th Annual Report 2002 - 2003

MANOJ HOUSING FINANCE COMPANY LIMITED

BOARD OF DIRECTORS

SHRI G.N. GUPTA
(Rtd. CBDT Chairman)

SHRI M. I. GUPTA

SHRI M. D. DALAL

Ms. MEENA KESWANI

SHRI M. G. KESWANI

SHRI K. SRINIVASA VARADHAN

Dr. I.N. PARWANI

SHRI M. M. GUPTA

CHAIRMAN

MANAGING DIRECTOR

DIRECTOR

EXECUTIVE DIRECTOR

EXECUTIVE DIRECTOR

DIRECTOR

DIRECTOR

DIRECTOR

AUDITORS

M/S. YOGESH K. VAJANI & CO.,
DAHANU ROAD,
DIST. THANE.

BANKERS

Indian Overseas Bank.
The Abhinav Sahakari Bank Ltd.

REGISTERED OFFICE

MHFC HOUSE, 1st Floor,
164, Sant Kanwaram Chowk,
ULHASNAGAR - 421 003. (Dist. Thane)

SHARE TRANSFER AGENTS

Purva Sharegistry (I) Pvt. Ltd.,
33-34, Printing House,
28-D, Police Court Lane,
Behind Handloom House,
Fort, MUMBAI - 400 001.

NOTICE

NOTICE is hereby given that the THIRTEENTH ANNUAL GENERAL MEETING OF the Shareholders of MANOJ HOUSING FINANCE COMPANY LIMITED will be held on Thursday, 14th August, 2003 at 12.30 p.m. at the Registered Office of the Company at Ulhasnagar to transact the following business :

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Audited Balance Sheet of the Company for the year ended 31st March, 2003 and the Profit & Loss Account on that date together with the Report of Auditors and Directors thereon.
- 2) To appoint a Director in place of Mr. M. G. Keswani, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Mr. M. D. Dalal, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Ms. M. G. Keswani, who retires by rotation and being eligible, offers herself for re-appointment.
- 5) To appoint Auditors of the Company to hold office upto the conclusion of next Annual General Meeting and to fix their remuneration. M/s. Yogesh K. Vajani & Co., Chartered Accountants, retire as Auditors, and are eligible for re-appointment.

By Order of the Board
for MANOJ HOUSING FINANCE COMPANY LIMITED.
Executive Director.

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on behalf of the member and such Proxy need not be a member of the Company. Proxy forms duly stamped and executed, must reach the Registered Office of the Company not less than 48 hours before the commencement of the Annual General Meeting.
2. In terms of Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Books of the Company will remain closed from 01-08-2003 to 05-08-2003 (both days inclusive).
3. As a measure of economy copies of Annual Report will not be distributed at the Annual General Meeting. Therefore members are requested to bring their copy of the Annual Report to the Meeting.
4. Shareholders seeking any information with regard to Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
5. Members who have multiple folios in identical names or joint names in the same order are requested to send all the share certificates to the Company for consolidation of all such shareholding into one folio to facilitate better service.
6. A member entitled to attend the meeting should bring the enclosed attendance slip duly filled in and hand over the same at the entrance of the meeting Hall.
7. Members are requested to send the change of address, if any, either to Company or the Share Transfer Agents M/s. Purva Sharegistry (I) Pvt. Ltd., Mumbai.
8. The Shareholders may kindly note that as mandated by the Securities & Exchange Board of India (SEBI), the Equity shares of the Company are traded in compulsory de-materialised form only since October, 2001.

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting the Thirteenth Annual Report of your Company together with the Audited Statement of Accounts for the year ended 31st March, 2003.

FINANCIAL RESULTS :

	YEAR ENDED 31.03.2003	(Rs. in lacs) YEAR ENDED 31.03.2002
Gross Income	50.81	49.98
Total Expenditure	27.79	27.69
Interest	-----	00.94
Gross Profit before Depreciation & Taxation	23.02	21.35
Depreciation	02.97	04.31
Bad Debt Written off	302.58	19.33
Provision for Diminution in value of Investments	14.51	-----
Net Profit / (Loss)	(297.04)	(02.29)
Paid-up Equity Share Capital	499.75	499.72
Reserves	27.03	67.44

OPERATIONS :

The operations of the Company during the year under review have not been upto the desired level as the Company had to write off a substantial amount of Rs. 302.58 lacs as bad debt. Further an amount of Rs. 14.51 lacs has also been provided towards the diminution in value of Investments.

DIVIDEND :

In view of loss, the Board does not recommend any dividend for the year under review.

AUDITORS' REPORT :

The Auditors have not made any qualifications to the financial statements, in their Report or relevant notes on accounts, which are self explanatory and do not call for any further comments under section 217 (3) of the Companies Act, 1956.

DEPOSITS :

As on 31.03.2003, the Company held no deposit in any form from anyone. There was no deposit held by the Company as on 31.03.2003 which was overdue or unclaimed by the depositor/s. For the present the Board of Directors have resolved not to accept any deposits from Public, Shareholders and/or others.

FUTURE PROSPECTS :

Your Company is providing long term Housing Finance to individuals. The profitability of the Company is better during the current financial year and your Directors are making every possible effort to augment profits.

A) As required by Section 217 (2A) of the Companies Act, 1956 and rules framed thereunder, there was no employee falling under the category, hence no statement/particulars of employees, have been annexed to this report.

PARTICULARS REGARDING COSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO :

The information pursuant to section 217 (i) (a) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable to the Company as the Company is not engaged in manufacturing activities.

PAYMENT OF LISTING FEES :

Your Company's securities are listed on The Stock Exchanges at Mumbai (Regional) Ahmedabad, Delhi and Madras. The listing fees for the year 2003-2004 have been paid to all the Stock Exchanges, where the securities are listed. The Company has been complying with all the Conditions required to be complied with in the Listing Agreement.

INVESTOR COMPLAINTS AND COMPLIANCE :

The Company has appointed a Compliance Officer in pursuance of directions given by The Securities and Exchange Board of India and the Stock Exchanges. The Company received only three complaints, since the holding of last Annual General Meeting till date. All the complaints were attended to immediately and resolved to the satisfaction of all concerned.

DIRECTORS :

Mr. M. G. Keswani, Mr. M.D. Dalal and Ms. M. G. Keswani retire by rotation and being eligible offer themselves for re-appointment.

AUDITORS :

M/s. Yogesh K. Vajani & Co., Chartered Accountants retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received their acceptance under Section 224 (1) of the Companies Act, 1956.

NON-PROMOTERS' SHAREHOLDING :

As on 31.03.2003 the Non-Promoters' Shareholding was 33,32,520 Equity Shares of Rs. 10/- each which amounted to 66.88% of the total Equity Capital of the Company.

DE-MATERIALISATION OF SECURITIES :

The Securities and Exchange Board of India (SEBI) and the Stock Exchanges have put the securities of all the listed Companies to be transacted in compulsory De-mat mode only.

REGULATORY GUIDELINES :

Your Company has complied with NHB's revised guidelines on prudential norms for asset classification, accounting standards, income recognition, provisioning, capital adequacy, concentration of credit / investments and credit rating etc.,

CORPORATE GOVERNANCE :

As per the directions of SEBI and the Stock Exchanges, the Code of Corporate Governance became applicable to your Company w.e.f. 2002-03 and accordingly your Company has been adhering to the directions and guidelines as required. The report on the Code of Corporate Governance is annexed separately in this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

It is hereby confirmed :

- (i) In preparation of the accounts for the financial year ended 31st March, 2003, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) That the Directors have taken prior and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2003 on a going concern basis.

ACKNOWLEDGEMENTS :

The Directors place on record their appreciation for co-operation and support extended by the Members, Bankers, Clients, Share Transfer Agents, Stock Exchanges at Mumbai, Ahmedabad, Delhi and Chennai and National Housing Bank and its Officers and Managers. They also thank the employees at all levels for their dedicated efforts in the continued growth of the Company

FOR AND ON BEHALF OF THE BOARD,

G. N. GUPTA,
CHAIRMAN.

PLACE : MUMBAI.

DATED : 28.06.2003.

REPORT OF CORPORATE GOVERNANCE.**1. Company's Philosophy on Code of Corporate Governance :**

Philosophy of Manoj Housing Finance Company Ltd., (MHFC) on Corporate Governance envisages the attainment of the highest level of transparency, accountability and equity, in all facets of its operations and all interaction with shareholders, stakeholders, the Government and the apex Housing Bank. The Company is committed to achieve the highest Standards of the Corporate Governance.

2. Board of Directors :

The Board of Directors consists of eight Directors, comprising, three Executive and five non-executive Directors, whose composition is given below :

(a) Composition & Category :

Mr. G. N. Gupta	Chairman,	Non-executive and Independent
Mr. M. D. Dalal	Director,	Non-executive and Independent
Mr. K. S. Varadhan	Director,	Non-executive and Independent
Dr. I. N. Parwani	Director,	Non-executive and Independent
Mr. M. M. Gupta	Director,	Non-executive
Mr. M. I. Gupta	Executive Director	
Mr. M. G. Keswani	Executive Director	
Ms. M. G. Keswani	Executive Director	

(b) Board Meetings :

During the financial year 2002-03, six Board Meetings were held on 01.04.02, 25.06.02, 28.07.02, 09.09.02., 24.10.02 and 24.01.2003.

The attendance of each Director at the Board Meetings, last Annual General Meeting and Chairmanship/ Membership of Committees of each Director in various Companies is as under :

Name of Director	Attendance particulars No. of other Directorship and all Committee Membership/Chairmanship				
	Board Meeting	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanship
Mr. G. N. Gupta	1	-----	7	5	4
Mr. M. D. Dalal	2	-----	2	1	-----
Mr. Mukund Gupta	6	Yes	-----	3	2
Mr. Manoj Keswani	6	Yes	1	-----	-----
Ms. Meena Keswani	6	Yes	-----	3	-----
Mr. K. S. Varadhan*	4	Yes	3	2	1
Dr. I. N. Parwani*	4	Yes	-----	3	2
Mr. M M Gupta*	4	Yes	-----	1	-----

* was appointed as an Additional Director on 25.06.2002.

3. Committees of Board :**(a) Audit Committee :**

The Audit Committee consists of 3 Directors, all non-executive and two are Independent namely Mr. K. S. Varadhan, Dr. I. N. Parwani & Mr. M. M. Gupta. Mr. K. S. Varadhan is the Chairman of the Committee.

The role of Audit Committee includes the following :

- Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Reviewing with the management the financial statements before submission to the Board.
- Reviewing with the management and the external and internal auditors, the adequacy of internal control systems.

- e. Reviewing the adequacy of internal audit function, including the structure of the internal audit department.
- f. Discussion with internal auditors on any significant findings and follow up there on.
- g. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- h. Discussion with External Auditors before the audit commences, the nature and the scope of Audit as well as having post audit discussions.
- i. Reviewing the Company's financial and risk management policies.
- j. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

During the year only one meeting of the committee was held on 24.10.2002, all the three members were present.

(b) Remuneration Committee:

The committee reviews Company's policy on specific remuneration packages for the Executive Directors, including pension rights, any compensation and approves the managerial remuneration as per the policy.

Composition:

The committee consists of Dr. I. N. Parwani, Chairman, Mr. K. S. Varadhan, Member and Mr. M. D. Dalal, Member

(A) Remuneration to Non-executive Directors :

The non-executive Directors are paid sitting fees of Rs. 1,000/- for each meeting of Board as well as any other Committee meetings attended by them.

<u>Name of Director</u>	<u>Sitting Fees</u>	<u>Remarks</u>
Mr. G. N. Gupta	1000	
Mr. M. D. Dalal	2000	
Mr. K. S. Varadhan	3000	Was appointed as Director on 25.06.02
Dr. I. N. Parwani	3000	Was appointed as Director on 25.06.02
Mr. M. M. Gupta	3000	Was appointed as Director on 25.06.02

(B) Remuneration to Executive Directors :

<u>Name of Director</u>	<u>Position</u>	<u>Salary (Rs.)</u>
Mr. Mukund Gupta	Managing Director	5,40,000
Mr. Manoj Keswani	Executive Director	3,00,000
Ms. Meena Keswani	Executive Director	2,55,000

(1) No commission is paid to any Director, (2) The service contract of the Executive Director is terminable by either party giving notice of 6 months to the other party. (3) The Company has not given any stock options to the Executive and Non Executive Directors.

(C) Shareholders' / Investors' Grievance Committee :

The Committee consist of Dr. I. N. Parwani, Chairman, Mr. M. I. Gupta and Ms. M. G. Keswani, as Members.

The Committee looks into redressing of shareholders'/investors' complaints, issue of Duplicate share certificates. During the year under review 6 complaints were received from shareholders/investors which were replied/resolved to the satisfaction of the investors.

(D) Share Transfer Committee :

The Board has delegated the powers to a committee consisting of Mr. M. I. Gupta and Ms. M. G. Keswani to approve transfer/transmission of shares and attend to all other matters related thereto.

The Committee generally meets twice in a month. During the year 2002-03, 11 meetings were held. As on 31.03.2003, there were no pending share transfers.

(E) Compliance officer :

The Board has designated Mr. Mukund Gupta, as the Compliance Officer.

(F) Loan & Investment Committee :

The Committee consist of Mr. Mukund Gupta and Ms. Meena Keswani. Mr. Mukund Gupta is the Chairman.

The Committee generally sanctions the loans for Housing/Up-gradation from time to time. During the year 2002-03, 22 meetings were held.