

MHFC

MANOJ HOUSING FINANCE COMPANY LIMITED

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15th Annual Report 2004 - 2005

MANOJ HOUSING FINANCE COMPANY LIMITED

BOARD OF DIRECTORS

SHRI G.N. GUPTA (Rtd. CBDT Chairman)	CHAIRMAN
SHRI M. I. GUPTA	DIRECTOR
SHRI M. D. DALAL*	DIRECTOR
Ms. MEENA KESWANI	EXECUTIVE DIRECTOR
SHRI M. G. KESWANI	DIRECTOR
SHRI K. SRINIVASA VARADHAN	DIRECTOR
Dr. I.N. PARWANI	DIRECTOR
SHRI M. M. GUPTA	DIRECTOR

* Has since resigned on 07-06-05.

AUDITORS

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

BANKERS

Indian Overseas Bank.
The Abhinav Sahakari Bank Ltd.
HDFC Bank Ltd.,

REGISTERED OFFICE

Opp. Bldg. No. 163,
Near Jain Temple, Naidu Colony,
Pant Nagar, Ghatkopar (E),
MUMBAI - 400 075.

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 FIFTEENTH ANNUAL GENERAL MEETING OF the Shareholders of MANOJ HOUSING FINANCE COMPANY LIMITED will be held on Friday, the 12th August, 2005 at 2.00 p.m. at the Registered Office of the Company at Mumbai 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, 2005 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. Mukund Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Ms. Meena G. Keswani, who retires by rotation and being eligible, offers herself for re-appointment.
- 4) To appoint a Director in place of Mr. G. N. Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
- 5) To appoint Auditors of the Company to hold office upto the conclusion of the 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 :

- A. 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.
- B. 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 19-07-2005 to 21-07-2005 (both days inclusive).
- C. 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.
- D. 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.
- E. 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.
- F. 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.
- G. 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.
- H. 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 Fifteenth Annual Report of your Company together with the Audited Statement of Accounts for the year ended 31st March, 2005.

FINANCIAL RESULTS :

	YEAR ENDED <u>31.03.2005</u>	(Rs. in lacs) YEAR ENDED <u>31.03.2004</u>
Gross Income	55.43	45.73
Total Expenditure	31.47	46.03
Interest	-----	-----
Gross Profit before		
Depreciation & Taxation	23.96	(01.24)
Depreciation	01.07	01.10
Provision for Diminution		
in value of Investments	-----	(00.94)
Provision for Taxation	02.75	00.17
Net Profit / (Loss)	20.14	(01.57)
Paid-up Equity Share Capital	499.75	499.75
Reserves	27.03	27.03

OPERATIONS :

The operations of the Company during the year under review have been satisfactory. Due to operational efficiencies, the Company has performed better and made a profit of Rs. 20.14 lacs as compared to loss of Rs. 1.57 lacs in the previous year.

DIVIDEND :

In view of the carry forward losses incurred in the earlier years, the Board regrets inability to declare 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 comments under section 217 (3) of the Companies Act, 1956.

DEPOSITS :

As on 31.03.2005, the Company held no deposit in any form from anyone. There was no deposit held by the Company as on 31.03.2005 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. You are no doubt aware that the future for the Housing Finance Sector is very bright. Your Directors are making every possible effort to augment profits, cut costs and boost profitability.

PARTICULARS REGARDING COSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS 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.

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.

PAYMENT OF LISTING FEES :

Your Company's securities are listed on The Stock Exchange at Mumbai. The Securities of the Company were voluntarily de-listed from the Stock Exchanges at Madras (Chennai), Delhi and Ahmedabad with effect from 16.02.2005, 01.03.2005 and 31.03.2005 respectively. The De-listing of the Securities was voluntarily made in pursuance of the Resolution passed by the Shareholders of the Company in its 14th Annual General Meeting held on 01.09.2004 . The listing fees for the year 2005-2006 have been paid to the Stock Exchange, Mumbai, where the securities are presently 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 no complaints since the holding of Last Annual General Meeting till date.

DE-LISTING

As Resolved in the 14th Annual General Meeting the shares of the Company were voluntarily de-listed from the Stock Exchanges at Madras, Delhi and Ahmedabad as the Shares of your Company were not at all being traded on the above exchanges. The securities of the Company will continue to be listed on the Stock Exchange, Mumbai and can be traded from anywhere in the country.

DIRECTORS :

Mr. Mukund Gupta and Mr. Manoj Keswani, who were the Managing and Executive Director of the Company respectively, did not renew their contracts on expiry of the same on 30.11.2004, but they continue to be on the Board of Directors of the Company.

Mr. Mukund Gupta, Ms. Meena Keswani and Mr. G. N. Gupta retire by rotation and being eligible offer themselves for re-appointment.

Mr. M. D. Dalal, a senior Director of the Company has resigned as the Director on Board due to personal reasons. The Board of Directors while accepting his resignation places on record the deep appreciation of the valuable advice, assistance, guidance and service rendered by the Senior Director Mr. M. D. Dalal from time to time during his long association with the Company.

INCOME-TAX DEMAND

As reported in the Notes to accounts, by the Auditors of the Company, in the Company's 14th Annual Report, the Income Tax Department had raised a huge demand amounting to over Rs. 521 lacs. Your Company had preferred appeals before the Commissioner of Income Tax (Appeals). The Board is happy to report that the entire demand of over Rs. 521 lacs has been deleted by the Commissioner of Income Tax (Appeals).

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 31.03.2004 the Non-Promoters' Shareholding was 33,02,970 Equity Shares of Rs.10/- each which amounted to 66.09% 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. Accordingly your Company's shares are being traded in De-materialised form 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 that :

- (i) In preparation of the accounts for the financial year ended 31st March, 2005, 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 judgments 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, 2005 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 : PUNE .

DATED : 07.06.05.

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 attainment of the highest level of transparency, accountability and equity, in all facets of its operations 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 one Executive and seven non-executive Directors, whose composition is given below :

(a) Composition & Category :

Mr. G. N. Gupta	Chairman,
Mr. M. D. Dalal*	Director,
Mr. K. S. Varadhan	Director,
Dr. I. N. Parwani	Director,
Mr. M. M. Gupta	Director,
Mr. Mukund Gupta@	Director
Mr. M. G. Keswani#	Director
Ms. M. G. Keswani	Executive Director

* Has since resigned.

Resigned as Executive Director during the year under review.

@ Resigned as Managing Director during the year under review.

(b) Board Meetings :

During the financial year 2004-05, four Board Meetings were held on 29.06.04, 05.07.04, 26.10.04, and 24.01.05.

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	3	-----	6	7	5
Mr. M. D. Dalal *	--	-----	2	1	-----
Mr. Mukund Gupta	4	Yes	-----	3	2
Mr. Manoj Keswani	4	Yes	1	-----	-----
Ms. Meena Keswani	4	Yes	-----	3	-----
Mr. K. S. Varadhan	4	Yes	3	6	4
Dr. I. N. Parwani	4	Yes	-----	3	2
Mr. M M Gupta	4	Yes	-----	1	-----

* Mr. M. D. Dalal has since resigned from the Board of Directors.

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.

During the year four meetings of the committee were held on 29.06.2004, 05.07.2004, 26.10.2004 and 24.01.2005, all the three members were present.

(b) Remuneration Committee :

The Committee for the year 2004-05 consisted of Dr. I. N. Parwani, Chairman, Mr. K. S. Varadhan, Member and Mr. M. D. Dalal, Member.

During the year one meeting of the committee was held on 05.11.2004. Mr. I. N. Parwani and Mr. K. S. Varadhan were present.

(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 Rs.</u>	<u>Remarks</u>
Mr. G. N. Gupta	3000	
Mr. M. D. Dalal	---	
Mr. K. S. Varadhan	9000	
Dr. I. N. Parwani	9000	
Mr. M. M. Gupta	8000	
Mr. Mukund Gupta	11000	
Mr. Manoj Keswani	1000	

* Mr. Mukund Gupta and Mr. Manoj Keswani who were Managing Director and Executive Director did not renew the contracts on their expiry on 30.11.2004. They continue to be on Board and its different Committees and hence drew the Sitting Fees on account of they ceasing to be the Whole time Directors.

(B) Remuneration to Executive Directors :

<u>Name of Director</u>	<u>Position</u>	<u>Salary (Rs.)</u>
Mr. Mukund Gupta	Managing Director	3,60,000
Mr. Manoj Keswani	Executive Director	1,70,000
Ms. Meena Keswani	Executive Director	2,90,000

* Mr. Mukund Gupta, the Managing Director and Mr. Manoj Keswani the Executive Director, did not renew their Contracts on the expiry thereof on 30.11.2004, citing personnel reasons. Hence remuneration shown against their names is for the period upto 30.11.2004. Besides they were given retirement benefits as per the terms of their appointment in form of gratuity of Rs. 2,58,758/- and Rs. 1,12,448/- respectively.

(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. Mukund Gupta and Ms. Meena Keswani, as Members.

The Committee looks into redressing of shareholders'/investors' complaints, issue of Duplicate share certificates. During the year under review no complaints were received from shareholders/investors and therefore no meetings of this Committee were held.

(D) Share Transfer Committee :

The Board has delegated the powers to a committee consisting of Mr. Mukund Gupta and Ms. Meena Keswani to approve transfer/transmission of shares and attend to all other matters related thereto. Mr. Mukund Gupta is the Chairman of the Committee.

The Committee generally meets twice in a month. During the year 2004-05, 10 meetings were held. As on 31.03.2005, there were no pending share transfers.

(E) Compliance officer :

The Board had designated Mr. Mukund Gupta, as the Compliance Officer. Consequent upon he ceasing to be the Managing Director w.e.f. 30.11.2004, Ms. B. G. Keswani, the Chief Accountant, has been appointed as Compliance Officer.

(F) Loan & Investment Committee :

The Committee consists 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 2004-05, 15 meetings were held.

General Body Meetings.

The Details of Annual General Meetings held in last 3 years are as under :

<u>Financial Year</u>	<u>Date & Time</u>	<u>Venue</u>	<u>Special Resolutions Passed</u>
2001-2002	19.09.2002 10.00 A.M.	Registered office at Ulhasnagar	3
2002-2003	14.08.2003 12.30 A.M.	Registered office at Ulhasnagar	--
2003-2004	01.09.2004 11.00 P.M.	Registered office at Mumbai	1

No special resolutions on matters requiring postal balloting are placed for shareholders' approval at this meeting.