

MHFC

MANOJ HOUSING FINANCE COMPANY LIMITED

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16th Annual Report 2005 - 2006

MANOJ HOUSING FINANCE COMPANY LIMITED

BOARD OF DIRECTORS

SHRI G.N. GUPTA (Rtd. CBDT Chairman)	CHAIRMAN
SHRI M. I. GUPTA	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
SHRI A. K. PUNJABI*	DIRECTOR
*Appointed w.e.f. 29-10-2005	

AUDITORS

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

BANKERS

Indian Overseas Bank.
The Abhinav Sahakari Bank Ltd.
UTI 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.,
9, Shiv Shakti Industrial Estate,
Ground Floor, Sitaram Mill Compound,
J. R. Boricha Marg, Lower Parel,
Mumbai-400 011.

NOTICE

NOTICE is hereby given that the SIXTEENTH ANNUAL GENERAL MEETING OF the Shareholders of MANOJ HOUSING FINANCE COMPANY LIMITED will be held on Monday, the 18th September, 2006 at 1.00 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, 2006 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. Manoj Keswani who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint a Director in place of Mr.K. Srinivasa Varadhan, who retires by rotation and being eligible offers himself for re-appointment.
- 4) 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.

SPECIAL BUSINESS:

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

- 5) Resolved that Mr. Anil K. Punjabi, whose term of office, as an additional Director of the Company, under Section 260 of the Companies Act, 1956, expires at this Annual General Meeting and in respect of whom the Company has received a notice from one of its members, under Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director, be and is hereby appointed as Director of the Company.

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 22-08-2006 to 24-08-2006 (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, communicate 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.

EXPLANATORY STATEMENT

ITEM NO.5

Mr. Anil K. Punjabi was appointed as an Additional Director of the Company w.e.f 29-10-2005 under Section 260 of the Companies Act, 1956 and he holds office only upto the date of next Annual general Meeting. Notice as required under Section 257 of the Companies Act, 1956 has been received from one of its Members, proposing his candidature for the office of Directorship.

Mr. Anil K. Punjabi is very experienced businessman backed by over 20 years rich experience of sales, manufacturing and tender based government contracts. Besides he has good knowledge of Security markets as he has been associated with it for a long duration as a trader. His association will be beneficial for the Company.

The Board of Directors recommend the Ordinary Resolution for adoption. None of the Directors except Mr. Anil K. Punjabi are interested in the Resolution.

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting the Sixteenth Annual Report of your Company together with the Audited Statement of Accounts for the year ended 31st March, 2006.

FINANCIAL RESULTS :

	YEAR ENDED <u>31.03.2006</u>	(Rs. in lacs) YEAR ENDED <u>31.03.2005</u>
Gross Income	<u>62.10</u>	<u>55.43</u>
Total Expenditure	<u>18.55</u>	<u>31.47</u>
Interest	-----	-----
Gross Profit before	43.55	23.96
Depreciation & Taxation		
Depreciation	01.31	01.07
Provision for Taxation	<u>07.50</u>	<u>02.75</u>
Net Profit / (Loss)	<u>34.74</u>	<u>20.14</u>
Paid-up Equity Share Capital	<u>499.75</u>	<u>499.75</u>
Reserves	40.44	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 after Tax of Rs.34.74 lacs as compared to Rs. 20.14 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 31.03.2006, the Company held no deposit in any form from anyone. There was no deposit held by the Company as on 31.03.2006 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 sincere efforts to augment profits, cut costs and to improve the margins, bottom line and profitability.

PARTICULARS REGARDING CONSERVATION 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 stipulated category, hence no statement/particulars of employees, have been annexed to this report.

PAYMENT OF LISTING FEES :

Your Company's securities are listed on Bombay Stock Exchange Ltd., at Mumbai. The listing fees for the year 2006-2007 have been paid to the Stock Exchange. The Company has been complying with all the Conditions required to be complied with in the Listing Agreement.

DEPOSITORY/CUSTODIAL FEES:

The Company has paid the Annual Custodial Fees for the year 2006-07 to both the depositories i.e. National Securities Depository Ltd., & Central Depository Services (I) Ltd.

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 Bombay Stock Exchange Ltd., The Company received only one complaint since the holding of last Annual General Meeting till date. The Complaint was resolved immediately to the satisfaction of all.

DIRECTORS :

Mr. Manoj Keswani and Mr. K. Srinivasa Varadhan retire by rotation and being eligible offer themselves for re- appointment.

INCOME-TAX DEMAND

As reported in the Notes to accounts by the Auditors of the Company in this Annual Report, the Income Tax department had raised huge demand amounting to Rs. 2,36,29,079/- u/s. 271 (1) (c) of the Income Tax Act, 1961 and Rs. 12,23,663/- u/s. 143(3) of the Income Tax Act, 1961. Your company had preferred appeals before the Commissioner of Income Tax (Appeals) and the Board is pleased to report that the entire demand of Rs. 2,36,29,079/- u/s. 271 (1) (c) of the Income Tax Act, 1961 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 31.03.2006 the Non-Promoters' Shareholding was 32,93,270 Equity Shares of Rs.10/- each which amounted to 65.90% of the total Equity Capital of the Company.

DE-MATERIALISATION OF SECURITIES :

The Securities and Exchange Board of India (SEBI) and Bombay Stock Exchange Ltd., 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 Exchange, 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, 2006 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, 2006 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, Bombay Stock Exchange Ltd., Mumbai, 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 :29.07.2006.

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 one Executive and seven non-executive Directors, whose composition is given below :

(a) Composition & Category :

Mr. G. N. Gupta	Chairman,	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	Director,	Non-executive
Mr. M. G. Keswani	Director,	Non-executive
Mr. A. K. Punjabi*	Director	Non-executive and Independent
Ms. M. G. Keswani	Executive Director	
Mr. M.D. Dalal@	Director	Non-executive and Independent

* Mr. A. K. Punjabi was appointed as an Additional Director on 29.10.2005

@ Mr. M.D. Dalal has since resigned w.e.f 07.06.2005.

(b) Board Meetings :

During the financial year 2005-06, four Board Meetings were held on 07.06.05, 23.07.05, 29.10.05, and 07 01.2006.

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

* Mr. A. K. Punjabi was appointed as an Additional Director on 29.10.2005

@ Mr. M.D. Dalal has since resigned w.e.f 07.06.2005

3. Committees of Board :

(a) Audit Committee :

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

During the year four meetings of the committee were held on 07.06.2005, 23.07.2005, 29.10.2005 and 07.01.2006, all the three members were present.

(b) Remuneration Committee :

The Committee for the year 2005-06 consisted of Dr. I. N. Parwani, Chairman, Mr. K. S. Varadhan, Member and Mr. M. D. Dalal, Member. Mr. M. I. Gupta has since replaced Mr. M. D. Dalal, consequent upon his resignation from Board w.e.f. 07-06-2005.

During the year no meeting of the committee was held.

(A) Remuneration to Non-executive Directors :

The non-executive Directors are paid sitting fees of Rs. 2,000/- for each Board/Committee meetings attended by them. The fees were revised upwards from Rs. 1,000/- to Rs. 2,000/- from 08.06.2005.

<u>Name of Director</u>	<u>Sitting Fees (Rs.)</u>	<u>Remarks</u>
Mr. G. N. Gupta	3000	
Mr. K. S. Varadhan	14000	
Dr. I. N. Parwani	14000	
Mr. M. M. Gupta	14000	
Mr. Mukund Gupta*	70000	
Mr. Manoj Keswani	7000	
Mr. A. K. Punjabi	2000	

* Mr. Mukund Gupta is the Chairman of the Share Transfer Committee and Loan & Investment Committee. During the year 21 meetings of Share Transfer Committee and 15 Meetings of Loan and Investments Committee were held.

(B) Remuneration to Executive Directors :

<u>Name of Director</u>	<u>Position</u>	<u>Salary (Rs.)</u>
Ms. Meena Keswani	Executive Director	1,80,000

(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 only one complaint was received from shareholders/investors and the same was resolved immediately. The meeting of this Committee was not held during the year under review.

(D) Share Transfer Committee :

The Board has delegated the powers to a committee consisting of Mr. Mukund I. 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 2005-06, 21 meetings were held. As on 31.03.2006, there were no pending share transfers and complaints pertaining thereto.

(E) Compliance officer :

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 loans for Housing/Up-gradation of houses, from time to time. During the year 2005-06, 15 meetings of the Committee were held.

4. 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>
2002-2003	14.08.2003 12.30 P.M.	Registered office at Ulhasnagar	--
2003-2004	01.09.2004 11.00 A.M.	Registered office at Mumbai	1
2004-2005	12.08.2005 02.00 P.M.	Registered office at Mumbai	--

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

5. Disclosures :

(a) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the company at large.

The Company had in earlier years sanctioned/granted loans in form of Line of Credit amounting to Rs. 30.00 lacs to Shri Madalasa Realtors Ltd., for construction of Homes, at the rate of 15% p.a. During the year under review, highest amount outstanding against the party was Rs. 26.04 lacs as on 31.03.2006 and the mimum amount of loan was Rs. 8.92 lacs as on 13.08.05. (No Fresh Loan was sanctioned