

MHFC

MANOJ HOUSING FINANCE COMPANY LIMITED

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17th Annual Report 2006 - 2007

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

* He was appointed as Managing Director w.e.f. 01-07-07

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

9, Sant Ramdas Co-op. Housing Society Ltd.,
Behind Akruti Towers, 90 Feet Road,
Mulund (E), Mumbai -400081.
(The Registered Office was shifted w.e.f. 10-05-07)

SHARE TRANSFER AGENTS

Purva Sharegistry (I) Pvt. Ltd.,
9, Shiv Shakti Industrial Estate,
Sitaram Mill Compound,
J. R. Boricha Marg, Lower Parel,
MUMBAI - 400 011.

NOTICE

NOTICE is hereby given that the Seventeenth ANNUAL GENERAL MEETING of the Shareholders of MANOJ HOUSING FINANCE COMPANY LIMITED will be held on the 14th September, 2007 at 10.00 A.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, 2007 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. I. N. Parwani, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Mr. Manish M. Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Mr. Mukund I. 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.

SPECIAL BUSINESS:

- 6) To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"Resolved that Mr. Manish M. Gupta, be and is hereby appointed as Managing Director of the Company for a period of 3 Years w.e.f. 01.07.2007.

"Resolved further that, pursuant to the provisions of Section 198, 269, 309, 310 Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to all such approvals as may be required, the approval of the members of the Company be and is hereby accorded to the payment of remuneration and perquisites as set out in Agreement dated 26.06.2007 with effect from 01.07.2007 to Mr. Manish M. Gupta, the Managing Director till 30.06.2010. The remuneration and perquisites shall be paid as per the Agreement dated 01.07.2007 and as per the terms and conditions set out in the said Agreement dated 01.07.2007 or as may be decided by the Board of Directors from time to time."

"Resolved that Mr. Manish M. Gupta will receive the remuneration and perks as follows:

Remuneration: Salary Rs. 30,000/- per month with an increment of Rs. 2,500/- per annum.

Perquisites may be allowed in addition to salary restricted to an amount of 50% of the annual salary. These are classified into three categories unless the context otherwise requires, perquisites are 'A' 'B' & 'C' as follows:

CATEGORY 'A'

This will comprise house rent allowance, leave travel concession Medical reimbursement, fees of clubs and personal accident insurance. These may be provided for as under:

- (i) **Housing I :** The expenditure by the Company on hiring furnished accommodation for the appointee will be subject to the following ceiling: Sixty percent of the salary, over and above ten percent payable by the appointee.
Housing II : In case the accommodation is owned by the Company, ten percent of the salary of the appointee shall be deducted by the Company.
Housing III : In case no accommodation is provided by the Company, the appointee shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.
Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income tax Rules, 1962. This shall, however be subject to a ceiling of ten percent of the salary of the appointee.
- (ii) **Medical benefits for self and family:**
 (a) Expenses incurred for the appointee and the family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
 (b) Hospitalization: Actual expenses to be incurred.
- (iii) **Leave Travel Concession:** For the appointee and his family once in year subject to a ceiling of one month's salary.
- (iv) **Club Fees:** Fees for clubs subject to a maximum of two clubs. This will not include admission and life membership fee.
- (v) **Personal Accident Insurance:** Premium not to exceed Rs. 4,000/- per annum.

CATEGORY 'B'

- (i) Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income tax Act. Gratuity payable should not exceed half a month's salary for each completed year of service.
- (ii) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

CATEGORY 'C'

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the individual appointee concerned.

1. The Managing Director will be entitled to one month's leave with full pay and allowance for every eleven months of service. Such leave may be accumulated in accordance with the Company's rules and practices in force from time to time.
2. If at any time the Managing Director ceases to be a Director of the Company for any reason whatsoever, he shall cease to be the Managing Director in terms of the Agreement and such agreement shall terminate forthwith.
3. The Managing Director shall not be entitled to supplement his earning under the agreement with any buying or selling commission nor shall he so long as he functions as such, become interested or otherwise concerned directly or through his wife or minor children in any selling agency of the Company without the prior approval of the Central Government.
4. The agreement may be terminated by either party giving the other party six months' notice.

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

Place : New Delhi

Date : 11.07.2007

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 22-08-2007 to 24-08-2007 (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 Share Registry (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. 6

Mr. Manish M. Gupta was appointed as Managing Director of the Company for a period of three years w.e.f. 01.07.2007, on a remuneration fixed by the Board of Directors on the recommendations of the Remuneration Committee in their meeting held on 26.06.2007 subject to your approval.

His appointment and remuneration is in accordance with the requirements of Schedule XIII of the Companies Act, 1956.

Mr. Manish M. Gupta is a civil engineer having obtained degree in civil engineering from Mumbai University in 2000. He has vast experience in the line of construction and is well versed with banking, finance and such related fields.

This may be treated as an abstract of the terms & conditions governing the appointment and remuneration of the Managing Director pursuant to Section 302 of the Companies Act, 1956.

Except Mr. Manish M. Gupta none of the Directors is concerned or interested in the said resolution.

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting the Seventeenth Annual Report of your Company together with the Audited Statement of Accounts for the year ended 31st March, 2007.

FINANCIAL RESULTS :

	YEAR ENDED <u>31.03.2007</u>	(Rs. in lacs) YEAR ENDED <u>31.03.2006</u>
Gross Income	49.15	62.10
Total Expenditure	21.83	18.55
Interest	-----	-----
Gross Profit before Depreciation & Taxation	27.32	43.55
Depreciation	01.27	01.31
Provision for Taxation	06.50	07.50
Net Profit/(Loss)	19.55	34.74
Paid-up Equity Share Capital	499.75	499.75
Reserves	52.53	40.44

OPERATIONS :

The operations of the Company during the year under review have not been upto the desired level. Due to increase in rates of interest the industry has been experiencing a slow down. Your Directors feel this is only temporary and industry will be out of the sluggish times sooner than later. The Directors are confident of performing better and improve Company's performance during the current financial year.

DIVIDEND :

In view of the carry forward losses incurred in the earlier years, the Board regrets its 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 31.03.2007, the Company held no deposit in any form from anyone. There was no deposit held by the Company as on 31.03.2007 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 aware that the future for the Housing Finance Sector is bright. Your Directors are making sincere efforts to augment profits, cut costs and to improve the margins, bottom line and profitability. Your Directors are confident that the Company's performance will be better during current financial year.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

The details of above are not applicable in the case of your company.

PARTICULARS OF EMPLOYEES :

The information pursuant to 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 shares are listed on Bombay Stock Exchange Ltd., The listing fees for the year 2007-2008 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 2007-2008 to both the depositories i.e. National Securities Depository Ltd., and Central Depository Services (I) Ltd.

INVESTOR COMPLAINTS AND COMPLIANCE :

The Company has appointed Miss B. G. Keswani, the Chief Accountant as the Compliance Officer in pursuance of directions given by the Securities and Exchange Board of India and Bombay Stock Exchange Ltd., The Company received no complaints since the holding of Last Annual General Meeting till date.

DIRECTORS :

Mr. I. N. Parwani, Mr. Manish M. Gupta, and Mr. Mukund I. Gupta 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 has raised a demand amounting to Rs. 12,23,663/- for the Assessment year 2003-04. The Company has preferred an appeal before the Income Tax Appellate Tribunal and your Directors are sanguine of success.

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 31.03.2007 the Non-Promoters' Shareholding was 32,29,620 Equity Shares of Rs.10/- each which amounted to 64.62% of the total Equity Capital of the Company.

DE-MATERIALISATION OF SECURITIES :

The Securities and Exchange Board of India (SEBI) and the 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-materialized 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 Bombay Stock Exchange Ltd., 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, 2007, 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, 2007 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., 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 : New Delhi.

DATED : 11.07.2007

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. A. K. Punjabi	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
Ms. M. G. Keswani	Executive Director.	

* He was appointed as Managing Director w.e.f. 01-07-07.

(b) Board Meetings :

During the financial year 2006-07, five Board Meetings were held on 06.05.06, 28.06.06, 29.07.06, 28.10.06 and 31.01.07.

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 Directorships and all Committee Membership/Chairmanship		
	Board Meeting	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanship
Mr. G. N. Gupta	1	-----	5	5	4
Mr. Mukund Gupta	5	Yes	1	4	2
Mr. Manoj Keswani	5	Yes	1	---	---
Ms. Meena Keswani	5	Yes	---	3	---
Mr. K. S. Varadhan	3	Yes	2	7	2
Dr. I. N. Parwani	4	Yes	---	3	2
Mr. MM Gupta	5	Yes	1	1	---
Mr. A. K. Punjabi	4	Yes	---	---	---

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. Mr. K. S. Varadhan and Dr. I. N. Parwani are Independent Directors.

During the year four meetings of the Committee were held on 28.06.06, 29.07.06, 28.10.06 and 31.01.07 Mr. K. S. Varadhan did not attend the Audit Committee meeting held on 28.10.06.

(b) Remuneration Committee :

The Committee consists of Dr. I. N. Parwani, Chairman, Mr. K. S. Varadhan, Member and Mr. M. I. Gupta, Member.

During the year no meeting of 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 meeting attended by them.