
2011

18th
Annual Report



Mehta Housing Finance Limited
Ahmedabad

: Board of Directors :

Vishwesh D. Mehta
Anil P. Parekh
Bhavna D. Mehta

: Auditors :

Dinesh K. Shah & Co.
Chartered Accountants
Ahmedabad

: Bankers :

UTI Bank Limited
Dena Bank

: Registered Office :

4, Law Garden Apartment, Scheme-I,
Opp. Law Garden, Ellisbridge,
Ahmedabad 380 006
Phone No. : 26561000
Email : mehtahousingfinanceltd@gmail.com

NOTICE

Notice is hereby given that 18th ANNUAL GENERAL MEETING of the Members of MEHTA HOUSING FINANCE LIMITED will be held at 004, Law Garden Apartments, Scheme-1, Opp. Law Garden, Ellisbridge, Ahmedabad-380 006 on Saturday, the 30th JUNE, 2012 at 10.00 A.M. to transact the following business:

ORDINARY BUSINESS: -

1. To receive, consider and adopt the accounts of the Company for the year ended 31st DECEMBER, 2011 and the Balance Sheet as on that date along with the Reports of the Directors and Auditors thereof.
2. To appoint a director in place of MR. ANIL P. PAREKH, who retires by rotation in terms of Article 127 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
3. To consider the reappointment of M/s. Dinesh K. Shah & Co., Chartered Accountants, as Auditors of the Company to hold office until the conclusion of next Annual General Meeting and to fix their remuneration in addition to the reimbursement of out-of-pocket expenses.

NOTES

1. A member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a member of the company; proxies in order to be effective must be received at the registered office of the company, not less than forty eight hours before this annual general meeting.
2. The Register of Members and the Share Transfer Book of the Company will remain Closed on 30th June, 2012.
3. Members/Proxies should bring copies of Annual Report and Attendance Slip sent herewith duly filed in for attending the meeting.
4. Members are requested to notify any change in their address immediately to the Company's Registrar office Purva Share Registry India Pvt. Ltd. Shiv Shakti Industrial Estate, Unit No: 9, Sitaram Mills Compound, J.R.Boricha Marg, Lower Parel, Mumbai-400011.

REGISTERED OFFICE :-
004, LAW GARDEN APARTMENT,
SCHEME-I, OPP. LAW GARDEN,
ELLISBRIDGE,
AHMEDABAD-380 006.

Date: 29th April 2012
Place: Ahmedabad

FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS

Sd/-

(VISHWESH D. MEHTA)

Details of the Directors seeking Appointment / Reappointment in forthcoming Annual General Meeting
(As per clause 49 of listing agreement):

Name of the Directors	: Anil P. Parekh
Date of Birth	: 15/08/1953
Date of Appointment	: 06/09/2005
Qualification	: B.Com
Expertise in Specific functional areas	: Finance, Accounts, company Laws etc.
List of Public Limited Companies in which Directorships held	: Nil
Chairman / Member of the Committees of the Board of Directors of the Company.	: Audit Committee
Shareholding in the company (No. of shares)	: Nil

DIRECTOR'S REPORT

To,
The Members,
MEHTA HOUSING FINANCE LIMITED
Ahmedabad.

Our Directors have pleasure in presenting 18th Annual Report of the Company along with Audited Accounts for year ended 31ST DECEMBER 2011.

1. FINANCIAL RESULTS

The financial Results of the Company for the year ended on 31ST DECEMBER 2011 as compared to the previous year are summarized below:

	(Rs. In Lacs) 31/12/2011	(Rs. In Lacs) 31/12/2010
Total Income	10.48	12.07
Profit/(Loss) before Taxation	8.19	4.91
Provision for Income Tax	NIL	NIL
Net Profit/Loss After Tax	8.19	4.91
Transfer to General Reserve	NIL	NIL

2. PERFORMANCE AND FUTURE OUTLOOK

Company is making investments in stock market, the stock market looks promising over the long run as the Indian economy has good growth prospects. .

During the year under review, the Company has a gross income of Rs. 10.48 Lacs. The company is working out for new strategies to explore new business, for which the Company will take necessary actions at appropriate opportunities.

3. DIRECTOR

One of our Directors viz. Mr. Anil P. Parekh, retires from office by rotation in accordance with the requirement of The Companies Act, 1956. He, however, being eligible, offers himself for reappointment.

4. PARTICULARS OF EMPLOYEES

The Company has no employee of the category specified in Section 217 (2A) of The Companies Act, 1956.

5. PARTICULARS OF CONSERVATION OF ENERGY ETC.

The Company has no activities relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo during the year under review.

6. AUDITORS AND THEIR REPORT

Auditors M/s. Dinesh K. Shah & Co., Chartered Accountants hold office till the conclusion of ensuing Annual General Meeting and having furnished the required certificate U/s. 224 (1-B) of The Companies Act, 1956 are eligible for reappointment. Board recommends the reappointment and requests the members to fix their remuneration.

7. PUBLIC DEPOSITS

There was no Deposit unclaimed or unpaid by the Company after the date on which it has become due for payment or renewal on 31ST DECEMBER 2011.

8. DIRECTORS' RESPONSIBILITY STATEMENT

Our Directors Confirm:

- That in preparation of the annual accounts, the applicable accounting standards have been followed with proper explanation.
- That 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 at the end of the financial year ended on 31ST DECEMBER 2011.
- That the Directors have taken proper and sufficient care for maintenance of adequate accounting records for the year ended 31ST DECEMBER 2011 in accordance with the provision of the Companies

Act, 1956 for safeguarding the assets of the Company and for prevention and detection of fraud and other irregularities.

(d) That the Directors have prepared the Annual Accounts on an ongoing basis.

9. LISTING

The Equity Shares of the Company are listed at Bombay Stock Exchange. The Company is generally regular in payment of Annual Listing Fees.

10. CORPORATE GOVERNANCE

A detailed section on the code of Corporate Governance forms part of the Annual Report.

11. ACKNOWLEDGMENT

Your Directors take this opportunity to place on record the appreciation of the valuable contribution and dedication shown by the employees of the Company, who have contributed to the successful management of the Company's affairs.

The directors also express their gratitude to the support extended by Financial Institutions, Various Bankers, Central Govt. & State Govt. authorities & the Shareholders of the Company.

REGISTERED OFFICE :-

004, LAW GARDEN APARTMENT,
SCHEME-I, OPP. LAW GARDEN,
ELLISBRIDGE,
AHMEDABAD-380 006.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-

(VISHWESH MEHTA)
DIRECTOR

DATE : 29th April 2012

PLACE : AHMEDABAD.

DIRECTOR CERTIFICATION

Director of the Company certifies that :

- a) I have reviewed the financial statements and cash flow statement for the year ended December 31, 2011 and to the best of my knowledge and belief:
 - i) these statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statement together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws & regulations.
- b) To the best of my knowledge and belief, no transaction entered into by the Company during the year ended December 31, 2011 are fraudulent, illegal or violative of the Company's code of conduct.
- c) I accept the responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting. I have disclosed to the Auditors and the Audit Committee, deficiencies in the design and operations of such internal controls, if any, of which I am aware and steps have been taken to rectify these deficiencies.
- d) I have indicated to the Auditors and to the Audit Committee:
 - i) Significant changes in the internal control over financial reporting during the year.
 - ii) Significant changes in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
 - iii) There is no significant fraud is noticed during the year , however to safeguard the company from such instances, the role of management and employees to be followed has been described to them.

Date : 29/04/2012
Place : Ahmedabad

- Director

MANAGEMENT DISCUSSION AND ANALYSIS

a. Industry Structure and Development

The company has not ventured into housing finance due to low margins high leverage and competition. The company concentrated to conserve its resources for appropriate opportunities.

b. Opportunities and Threats

The opportunities in the securities market is in line with the opportunities and threats in the Indian economy. However the company conducts intensive research and care to improve its performance.

c. Investments

The Company has made investments of Rs. 490.12 lacs which is 74.80% of the total assets.

The total investments made by the company to the tune of Rs. 490.12 Lacs.

d. Risk Management

The company diversifies its investments to manage risk.

e. Segment wise Performance:

There is only one segment in the company.

f. Recent Trend and Future Outlook:

The country has a growth of 9% in the same is likely to be achieved in the current year which promises a better outlook for the economic business and capital market.

g. Risks and Concerns:

Like any other industry, this sector is also exposed to risk of competition, government policies, natural factors etc. The Company has taken necessary measures to safeguard its assets/interest etc.

To overcome the risk in the investment due to volatility the company is taking suitable measures to safeguard the assets/interest.

h. Internal Control Systems and their Adequacy:

The Company has adequate systems of Internal Controls commensurate with its size and operation to ensure orderly and efficient conduct of business. These controls ensure safeguarding of assets, reduction and detection of fraud and error, adequacy and completeness of the accounting records and timely preparation of reliable financial information.

i. Financial Performance with respect to Operational Performance:

The financial performance of the Company for the financial year 2011 is described in the Directors' Report under the head "Financial Results".

j. Material Developments in human Resources and Industrial Relations Front:

The employment development activities undertaken by the company have made positive impact on the moral and efficiency of the employees

Your Company has undertaken certain Employees' Development Initiatives, which have very positive impact on the morale and team spirit of the employees. The company has continued to give special attention to human resources / industrial relations development. Industrial relations remained cordial throughout the year and there was no incidence of strike, lockout etc.

k. Cautionary Statement:

Statement in this management discussion and analysis report, describing the company's objectives, estimates and expectations may constitute forward-looking statements within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

FOR & ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-
(VISHWESH MEHTA)
DIRECTOR

REPORT ON CORPORATE GOVERNANCE

INTRODUCTION:

According to the Clause-49 of the listing agreement with the stock exchange, best practice is followed in corporate Governance by the company. The details of system of Corporate Governance followed is as under:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The company is committed to meet the aspirations of stake holders employees and all the clients by strict adoption on clause -49 to apply benchmark compliance to achieve higher standard by providing over sight and guidance to management strategic implementation and risk management.

The company not only adheres to the prescribed corporate practice as per clause-49 but by constant efforts endeavour to raise higher standards in corporate Governance.

2. BOARD OF DIRECTORS:

Composition and Category of Directors:

The company has the policy to maintain proper combination of executive and non executive directors. Presently company consists of three members comprising all non-executive and two Independent Directors. The Chairman of the Company is Non-Executive Directors. The number of Non-Executive and Independent Director exceeds one half of the total number of Directors.

Name of Director	Executive / Non-Executive/ Independent	No of outside directorship(s) (*)	No of Memberships in other Board Committees	Number of Chairmanship(s) in other Board Committees
Vishvesh D Mehta	Non-Executive & Independent	-	3	2
Bhavna D. Mehta,	Chairman	1	3	1
Anil P. Parekh	Non-Executive & Independent	—	3	—

- Excludes alternative directorship, directorship in private/foreign companies and interest in firms/other bodies.
- Includes memberships of only audit and shareholders' grievances committee.

Board Procedures:

The Board meetings are held at least once in every quarter and get acquainted of the financial results and review of performance by giving appropriate notice alongwith the agenda notes

The Chairman/Director briefs the Directors regarding the performance and future plans of the company. All the decisions are approved at the meeting of the Board of Directors.

The meetings of the Board of Directors were held on 31/01/2011, 30/04/2011, 30/07/2011 and 31/10/2011

Attendance of each Director at the Board Meetings and the Last Annual General Meeting :

Name of Director	Board Meetings attended	Attendance at last AGM
Vishwesh D. Mehta	4	Present
Bhavna D. Mehta, Chairman	4	Present
Anil P. Parekh	3	Present

3. AUDIT COMMITTEE:

The audit committee of the Board comprises of three members who are having financial/accounting expertise/exposure. The composition of the audit committee meets with the requirements of section 292A of the companies act 1956 and clause-49 of the listing agreements.

Broad Terms of Reference:

The Audit committee has been empowered to deal under Clause-49 of listing agreement and section 292/A of the Companies Act 1956 in the following aspects:

- Review the company's correct and credible financial reporting process and disclosure of financial information.
- Review the financial statements to submit the same for approval by the board.
- Review Internal control system and functioning of internal audit
- Review Internal/Statutory audit reports, findings and necessary follow up.
- Recommend the appointment/removal of statutory /internal auditors and their remuneration.
- To review nature and scope of audit for internal/statutory auditors, to discuss and ascertain areas of concern.

The scope of Audit Committee also covers reviewing the applicability of various Accounting Standards issued by Institute of Chartered Accountants of India

Composition, Meeting and Attendance at the Audit Committee Meetings:

The Audit Committee presently comprises three members and all members including the Chairman are Non-Executive.

- | | |
|----------------------|--|
| 1. Vishwesh D. Mehta | Chairman, Independent & Non-Executive Director |
| 2. Bhavna D. Mehta | Non-Executive Director |
| 3. Anil P. Parekh | Independent & Non-Executive Director |

All members possess knowledge of corporate finance, accounts and corporate laws. During the year, the members met four times on 31/01/2011, 30/04/2011, 30/07/2011 and 31/10/2011. The attendance of the members at the meeting is given below:

Name of the Member	Designation	No. of Meetings Attended
Vishwesh D. Mehta	Chairman	4
Bhavna D. Mehta,	Member	4
Anil P. Parekh	Member	3

The Committee invites the Head of the Finance Department, the President of the Company, the Internal & Statutory Auditors to participate in the meeting.

4. REMUNERATION COMMITTEE:

The Company does not have formal Remuneration Committee. No remuneration is paid to Executive as well as Non-Executive directors and no sitting fee is paid to any of the Directors for attending the Meetings of the Board of Directors or Committee thereof.

5. SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE:

The Board of Directors had constituted a Share Transfer Committee. However the work relating to share transfer is given to the RTA Purva Share Registry India Pvt. Ltd. for approval of transfer of shares and related matters.

Composition

The Shareholders' / Investors' Grievances Committee presently comprises three members and all members including the Chairman are Non-Executive and the chairman is independent.

- | | |
|----------------------|--|
| 1. Anil P. Parekh | Chairman, Independent & Non-Executive Director |
| 2. Bhavna D. Mehta | Non-Executive Director |
| 3. Vishwesh D. Mehta | Non-Executive Director |

Mr. S. P. Patel is the Compliance Officer in terms of the Listing Agreement executed by the Company with the stock exchanges and in terms of the SEBI (Prohibition of Insider Trading) Regulations, 2002.

6. GENERAL BODY MEETING:

Details of last three Annual General Meetings of the Company are given below:

Financial Year	Date	Time	Venue
2010	30/06/11	10.00a.m.	004, Law Garden Apt. Scheme-I, Op. Law Garden, Ellisbridge, Ahmedabad-6.
2009	30/06/10	10.00 a.m.	004, Law Garden Apt. Scheme-I, Op. Law Garden, Ellisbridge, Ahmedabad-6.
2008	30/06/09	10.00 a.m.	004, Law Garden Apt. Scheme-I, Op. Law Garden, Ellisbridge, Ahmedabad-6.

Pursuant to the provisions of section 192 A of The Companies Act, 1956 there was no matter required to be dealt by the Company to be passed through postal ballot.

7. RELATED PARTY DISCLOSURES :

- The Company has not entered into any transaction of material nature with the Promoters, the Directors or the Management that may have any potential conflict with the interest of the Company. The Company has no subsidiary.
- There has neither been any non-compliance of any legal provision of applicable law, nor any penalty, stricture imposed by the Stock Exchange/s or SEBI or any other authorities, no other matters related to Capital market during the last three years.

8. MEANS OF COMMUNICATIONS :

- In compliance with the requirements of the Listing Agreement, the Company regularly intimates Unaudited / Audited Financial Results to the Stock Exchange's immediately after they are taken on record by the Board of Directors.
- During the year ended on 31st DECEMBER 2011 no presentations were made to Institutional Investors or analyst or any other enterprise.
- Management Discussion and analysis forms part of the Directors' Report.

9. SHAREHOLDERS' INFORMATION:

- Registered Office** : 004, Law Garden Apartment, Scheme-I, Opp. Law Garden, Ellisbridge, Ahmedabad-6.
Opp. Law Garden, Ellisbridge, Ahmedabad-6.
- Annual General Meeting** : Day : Saturday
Date : 30th June 2012
Time : 10.00 a.m.
Venue : 004, Law Garden Apartment, Scheme-I, Opp. Law Garden, Ellisbridge, Ahmedabad-6.
- Financial Calendar** : Quarterly Unaudited Report.
Quarter ended on March 31,2011 : on or before April 30,2011
Quarter ended on June 30, 2011 : on or before July 31,2011
Quarter ended on September 30, 2011 : on or before October 31,2011
Audited results for year ended on December 31,2011 : on or before June 30,2011
Limited review on quarterly basis : within two months of quarter end
- Book Closure Date** : On 30th June, 2012, Saturday.
- Listing of Shares on Stock Exchanges** : The Bombay Stock Exchange. P.J. Towers, Dalal Street, Fort, Mumbai – 400 001.
- Stock Exchange Code** : Stock Exchange Code
BSE 511740
- Stock Price Data** : The company shares are listed on the Bombay Stock Exchange and regularly traded.
- Registrar and Share Transfer Agents** : Purva Share Registry India Pvt. Ltd. Shiv Shakti Industrial Estate, Unit No: 9, Sitaram Mills Compound, J.R.Boricha Marg, Lower Parel, Mumbai-400011. Ph. : (022) 23016761 / 8261/0711.
- Share Transfer Systems** : Presently the share transfers which are received in physical form by RTA are processed and the share certificates are returned within a period of 15 days from the receipt, subject to the documents being valid and complete in all respects.

In case of shares in electronic form, the transfers are processed by NSDL/CDSL through the respective Depository Participants. De-mat requests are normally confirmed within an average period of 15 days.

ii) **Distribution of Shareholding as on 31st DECEMBER 2011 :**

Category	No. of Shares Held	% of Share Holding
A Promoter's Holding		
1. Promoters		
- Indian Promoters*	1361319	44.17
- Foreign Promoters		
2. Person acting in Concert	327617	10.63
Sub Total →	1688936	54.80
B. Non-Promoters Holding		
3. Institutional Investor	-	-
a. Mutual Funds and UTI	-	-
b. Banks, Financial Institutions, Insurance Companies (Central / State Government Institutions / Non Government Institutions)	-	-
c. FII's	-	-
Sub Total →	-	-
4. Others		
a. Private Corporate Bodies	351144	11.40
b. Indian Public	1038220	33.68
c. NRIs/OCBs	3700	0.12
d. Any Other (Other directors and their relatives)	-	-
Sub Total →	1393064	45.20
Grand Total →	3082000	100.00

Note: Sum of foreign promoters, FII's, NRIs, NRIs/OCBs, Foreign Nationals, and GDR and ADR holding for the quarter 3,700 (0.12 % of the paid-up Share Capital).

j. **Shareholding Pattern as on 31st DECEMBER, 2011:**

No. of Equity Shares held at nominal value	No. of Share Holders	% of Share Holders	No. of Shares held at nominal value	% of Share Holding
Up to 5000	3201	94.28	6292000	20.41
5001 to 10000	138	4.06	1083000	3.51
10001 to 20000	22	0.65	346000	1.12
20001 to 30000	8	0.24	201400	0.65
30001 to 40000	3	0.09	115000	0.37
40001 to 50000	4	0.12	195000	0.63
50001 to 100000	4	0.12	340000	1.10
100001 & Above	15	0.44	22247600	72.19
Grand Total	3,395	100.00	30820000	100.00

k. **Outstanding GDRs / ADRs / Warrants or any convertible Instruments, Conversion Date and likely impact on equity :**

The Company has not issued any GDRs / ADRs.

10. **DEMATERIALISATION:-**

The Company has entered into Agreement with NSDL for Dematerialization of Shares.

11. **ADDRESS & CORRESPONDENCE:-**

REGISTERED OFFICE :-

004, LAW GARDEN APARTMENT,
SCHEME-I, OPP. LAW GARDEN,
ELLISBRIDGE, AHMEDABAD-380 006.

**OR AND ON BEHALF OF
THE BOARD OF DIRECTORS**

Sd/-

(VISHWESH MEHTA)
DIRECTOR

DATE :29th April 2012
PLACE : AHMEDABAD.

CERTIFICATE UNDER CORPORATE GOVERNANCE REPORT

A. Declaration regarding Compliance with the Code of Conduct by Board Members and Senior Management personnel pursuant to Clause 49(1)(D)(ii) of the Listing Agreement :

This is to certify that as per Clause 49 of the Listing Agreement:

1. The Code of Conduct has been laid down for all the Board Members and Senior Management and other employees of the Company.
2. The Board members and Senior Management Personnel have affirmed compliance with the Company's code of conduct as adopted for the year 2011.

Place : Ahmedabad

Date : 29.04.2012

Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

**To the Members of
Mehta Housing Finance Ltd.**

We have examined the compliance of conditions of corporate governance by **M/s. MEHTA HOUSING FINANCE LTD.,** for the year ended on **31ST DECEMBER, 2011** as stipulated in Revised clause 49 of the listing agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures implementation thereof, adopted by the Company for ensuring the compliance of conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

The company has complied with all the conditions of corporate governance as mentioned in the above-mentioned listing agreement.

There are independent directors on the Board of Directors of the company as per the requirement of sub-clause (1A) of clause 49 of the Listing Agreement that one-third of the Board should comprise of independent director. Subject to above, 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 all the conditions of corporate governance as stipulated in the above listing agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the shareholders/investor grievance 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.

**For Dinesh K. Shah & Co.
Chartered Accountants**

Place : Ahmedabad,

Dated : 16/4/2012

Sd/-

**Dinesh K. Shah
Partner**

Membership # F-010477

Dinesh K. Shah & Co.
CHARTERED ACCOUNTANTS

Head Office: 507, Hemkoot Complex, B/h. LIC Building, Ashram Road, Ahmedabad 380 009
Phone# +91-79-26584450 Telefax# +91-79-66614144 Email: dkshah43@hotmail.com
Branch: Vadodara

AUDITORS' REPORT ON CORPORATE GOVERNANCE

To the Members of Mehta Housing Finance Limited. :

We have examined the compliance of conditions of Corporate Governance by Mehta Housing Finance Limited for the year ended on 31st December 2011 as stipulated in Clause 49 of the listing agreement of the said Company with stock exchanges.

The compliance conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor an expression of 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 and based on the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above-mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors' Grievances 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.

For DINESH K. SHAH & CO.
Chartered Accountants

Sd/-

DINESH K. SHAH
Partner

Membership # 10477

Ahmedabad
Dated: 16/04/2012

Dinesh K. Shah & Co.
CHARTERED ACCOUNTANTS

Head Office: 507, Hemkoot Complex, B/h. LIC Building, Ashram Road, Ahmedabad 380 009
Phone# +91-79-26584450 Telefax# +91-79-66614144 Email: dkshah43@hotmail.com
Branch: Vadodara

AUDITORS' REPORT

To the Shareholders of Mehta Housing Finance Limited:

1. We have audited the attached Balance Sheet of Mehta Housing Finance Limited as on December 31, 2011, and also the Profit & Loss Account of the Company for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements, based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far it appears from our examination of such books;
 - (iii) The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet and the Profit & Loss Account dealt with by this report, comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors as on December 31, 2011 and taken on record by the Board of Directors, we report that none of its directors is disqualified as on December 31, 2011 from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required, and give a true and fair view in the case of:
 - (a) Balance Sheet. of the state of affairs of the Company as on December 31, 2011;
 - (b) Profit & Loss Account, of the profit for the year ended on that date and
 - (c) Cash Flow Statement, of the Cash Flows for the year ended on that date.

For DINESH K. SHAH & CO.
Chartered Accountants

Sd/-
DINESH K. SHAH
Partner
Membership # 10477

Ahmedabad, Dated : 16/04/2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (1) Fixed assets:
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) All fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
 - (c) None of the Fixed Assets has been revalued during the year.
- (2) Investments:

Investments are stated at cost and any diminution in the value, if any, of a long term nature has been provided for.
- (3) Investments:
 - (a) The stock of shares held as investments have been physically verified during the year by the management at reasonable intervals.
 - (b) In our opinion, the procedure of physical verification of stock of shares held as stock in trade followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - (c) No discrepancies were noticed on physical verification of stock of shares as compared to book records.
 - (d) On the basis of the explanation of stock records, in our opinion the valuation of stock of shares has been fair and proper in accordance with the normally accepted accounting principles.
- (4) Loans and Advances:

Loans and Advances in the nature of loans, have been given to employees and other parties who are repaying the principal amount as stipulated and are also regular in payment of interest whatever applicable.
- (5) According to the information and explanations given to us, the Company has neither granted nor taken any loan secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraph 4(iii) (b), (c), (d), (f) and (g) of the order are not applicable.
- (6) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and Fixed Assets and for the sale of goods.
- (7) The Company has not accepted any deposits from the public during the year.
- (8) In our opinion, the internal audit is commensurate with the size of the Company and the nature of its business.
- (9) Maintenance of Cost Records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 for the products manufactured by the Company.
- (10) Statutory & Other Dues:
 - i. According to the information and explanations given to us and based on the records examined by us, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income tax, Service tax, Cess and any other Statutory dues with the appropriate authorities during the year.
 - ii. There are no disputed dues in respect of Service tax, Income tax, Wealth tax, and Cess, which have not been deposited with the relevant authorities.
- (11) The Provident Fund Act is not applicable to the Company.

- (12) In relation to the service activities of the Company, there exists a reasonable Internal Control System commensurate with the size of the Company and the nature of its business.
- (13) In our opinion and on the basis of the information and explanation given to us, the services rendered by the Company do not require any allocation of man-hours.
- (14) The Company is not Sick Industrial Company within the meaning of clause (o) of section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985.
- (15) The provisions of any special statute applicable to Chit Funds, Nidhi or Mutual Benefit Society do not apply to the Company.
- (16) The Company is investing in securities, debentures and other investments. All Shares, Debentures or Other securities have been held by the company in its own name except to the extent of the exemption granted U/s.49 of The Companies Act, 1956.
- (17) No personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
- (18) The Company has no accumulated losses exceeding fifty percent of its net worth at the end of the financial year.
- (19) Based on the records examined by us and the information and explanations given to us, on an overall basis, the company has not borrowed money from the Financial Institutions.
- (20) The Company has not granted / taken any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (21) No guarantee given by the Company for loans taken by others from banks and financial institutions.
- (22) Based on the records examined by us and the information and explanations given to us, on an overall basis, the company has not availed any term loan during the year.
- (23) As per the information and explanations given to us, on an overall basis, funds raised on short- term basis have, prima facie, not been used during the year for long term purposes.
- (24) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (25) The Company has not issued any debentures during the year.
- (26) The Company has not raised any money by way of public issues during the year.
- (27) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For DINESH K. SHAH & CO.
Chartered Accountants

Sd/-
DINESH K. SHAH
Partner
Membership # 10477

Ahmedabad, Dated: 16/04/2012

MEHTA HOUSING FINANCE LTD.

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST DECEMBER 2011

(Rs. in Lacs)

Particulars	Note ended No.	For the Year ended 31-12-11 (Rs.)	For the Year 31-12-10 (Rs.)
Revenue			
Revenue from Operations			
Other Income	11	10.48	12.07
I Total Revenue (I + II)		10.48	12.07
Expenses			
Cost of Sale			
Employee benefits expense	12	1.42	2.48
Finance costs			
Depreciations and amorization Expesene		0.13	0.20
Other Expenses	13	0.74	4.48
II Total Expenses		2.29	7.16
III Profit/(Loss) before exceptional items and tax		8.19	4.91
IV Exceptional items		-	
VI Profit/(Loss) before before tax		8.19	4.91
IX Tax expenses :			
1) Current Tax			
2) Deferred Tax			
X Profit (loss) for the period from continuing operations		(75.66)	(80.57)
XI Profit (loss) for the year		8.19	4.91
XII Earnings per equity share :			
1) Basic		0.03	0.02
2) Diluted			

NOTES TO THE ACCOUNTS ANNEXURE-1
AS PER OUR ATTACHED REPORT OF EVEN DATE

sd/-
DINESH K SHAH-PARTNERS
FOR, DINESH K SHAH & CO
CHARTERED ACCOUNTANTS

PLACE : AHMEDABAD
DATE : 16/4/2012

FOR & ON BEHALF OF THE BOARD
MEHTA HOUSING FINANCE LTD.

sd/- B. D. MEHTA DIRECTOR	sd/- V.D.MEHTA DIRECTOR
---------------------------------	-------------------------------

PLACE : AHMEDABAD
DATE : 16/4/2012

SCHEDULES A - J FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Rs. in Lacs)

Note 1 : SHARE CAPITAL

Particulars	As at 31-12-11 (Rs.)	As at 31-12-10 (Rs.)
<u>AUTHORISED CAPITAL</u>		
3082000 EQUITY SHARES OF Rs. 10/- each	308.20	308.20
<u>ISSUED, SUBSCRIBED & PAID UP CAPITAL</u>		
3082000 EQUITY SHARES OF RS. 10/- EACH FULLY PAID UP	308.20	308.20
	308.20	308.20

a) Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs 10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend if any proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended 31 December 2011, the company has not declared any dividend to equity shareholders (31 December 2011: 'Rs Nil).

b) Details of Shares held by each shareholder holding more than 5 % shares :

Class of Shares / Name of Shareholders	As at 31-12-11		As at 31-12-10	
	Number of shares held	% Holding in that class of Shares	Number of shares held	% Holding in that class of Shares
Bhavna Mehta	292482	9.49	292482	9.49
Darshan V Mehta	292482	9.49	292482	9.49
Darshan V Mehta-huf	226527	7.35	292482	7.35
Indira V Mehta	184920	6.00	184920	6.00
Mehta Int. Fin. Ltd.	179681	5.83	179681	5.83

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

c) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.

	As at 31-12-11	As at 31-12-10
Outstanding at the end of the period	Nil	Nil

d) The company has not issued any bonus shares, or shares for consideration other than cash or bought back equity shares during the year or for the period of five years immediately preceding the date of balance sheet.

Note 2 : RESERVES AND SURPLUS Surplus/ (deficit) in statement of Profit and Loss

Particulars	As at 31-12-11 (Rs.)	As at 31-12-10 (Rs.)
Share Premium	340.54	340.54
General Reserve	20.00	20.00
Profit & Loss Account	(67.47)	(75.66)
	293.07	284.88

Note 3 : TRADE PAYABLE

Particulars	As at 31-12-11 (Rs.)	As at 31-12-10 (Rs.)
Trade Payable	54.13	2.20
Total	54.13	2.20

Note 4: SHORT TERM PROVISION

Particulars	As at 31-12-11 (Rs.)	As at 31-12-10 (Rs.)
Provision	0.23	0.18
Total	0.23	0.18

Note 6 : NON CURRENT INVESTMENTS

Particulars	No of Shares	Face Value	As at 31-12-11 (Rs.)	As at 31-12-10 (Rs.)
Long Term Investment			490.12	490.12
			490.12	490.12

a) Investments :

No Provision for difference between book value and market value of in value of long term quoted investments in one script has been made since in the opinion of the management such difference is of temporary nature and do not represent a diminution other than temporary.

Note 7 : Long Term Loan and Advance

Particulars	As at 31-12-11 (Rs.)	As at 31-12-10 (Rs.)
Long Term	20.76	0.76
Total	20.76	0.76

Note 8 : TRADE RECEIVABLE

Particulars	As at 31-12-11 (Rs.)	As at 31-12-10 (Rs.)
Trade receivale outstanding for a period exceeding six months	143.00	47.76
Total	143.00	47.76

Note : 9 CASH AND BANK BALANCES

Particulars	As at 31-12-11 (Rs.)	As at 31-12-10 (Rs.)
Cash on Hand	0.07	0.07
Bank	1.27	0.38
Total	1.34	0.45

Note : 9 CASH AND BANK BALANCES

Particulars	As at 31-12-11 (Rs.)	As at 31-12-10 (Rs.)
Cash on Hand	0.07	0.07
Bank	1.27	0.38
Total	1.34	0.45

Note : 10 Short term Advance

Particulars	As at 31-12-11 (Rs.)	As at 31-12-10 (Rs.)
Short Term Advance	0.05	-
Total	0.05	-

Note : 11 OTHER INCOME

Particulars	For the Year ended 31-12-11 (Rs.)	For the Year ended 31-12-10 (Rs.)
Dividend Received form Long Term Invstments	10.48	12.07
Total	10.48	12.07

Note : 12 EMPLOYEE'S BENEFITS EXPENSES

Particulars	For the Year ended	For the Year ended
	31-12-11 (Rs.)	31-12-10 (Rs.)
Salaries and other benefits	1.42	2.48
Total	1.42	2.48

Note : 13 OTHER EXPENSES

Particulars	For the Year ended	For the Year ended
	31-12-11 (Rs.)	31-12-10 (Rs.)
Other Exp.	0.74	4.48
Total	0.74	4.48

Note : 14 Disclosure required under section 22 of the Micro, Small & Medium Enterprises development Act, 2006. The company has not received information from vendors regarding their status under the micro / small & medium enterprises development Act, 2006, hence disclosure relating to amounts unpaid as at the year end under this Act has not been given.

Note : 15 Related Parties disclosure in accordance with Accounting Standard - 18

a. Key management personnel

1) (Managing Director) 2). (Director)

b. Influenced by key management personnel or their relatives

1) Pvt Ltd

Transactions that have taken place during the year January 1st 2011 to December 31, 2011 with related parties by Company.

Enterprises owned or significantly influenced by key management personnel or their relatives	Nature of Transaction	Amount 2011-2011 (in Rs.)	Amount 2010-10 (in Rs.)
Bhavna D. Mehta		15.00Cr.	
D. V. Mehta		17.00Cr.	
Indira V Mehta		20.10Cr.	
Mehta Integrated Finance Ltd.		31.30Dr.	
Mehta Securities Ltd.		8.49Dr.	

Note : Related party relationship is as identified by the management & relied upon by the auditors.

Note : 16 EARNING PER SHARE (EPS)

Particulars	As at 31-12-11	As at 31-12-10
a) Weighted average number of shares at the beginning & end of the year.	30.82	30.82
b) Net Profit/(Loss) after Tax available for Equity Share holders (In Rs.)	8.19	4.91
c) Basic & Diluted Earnings/(Loss) per shares (In Rs.)	0.26	0.16

Note - 5 FIXED ASSETS

(Rs. In Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	OPENING BAL-ANCE AS ON 01-01-11	ADDITION DURING THE YEAR	DEDUCTIONS DURING THE YEAR	CLOSING BAL-ANCE AS ON 31-12-11	OPENING BAL-ANCE AS ON 01-01-11	ADDITION DURING THE YEAR	DEDUCTIONS DURING THE YEAR	CLOSING BAL-ANCE AS ON 31-12-11	AS ON 31-12-11	AS ON 31-12-10
1 FURNITURE & FIXTURES	0.38	0.00	0.00	0.38	0.08	0.05	0.00	0.13	0.25	0.30
2 COMPUTERS	0.30	0.00	0.00	0.30	0.12	0.07	0.00	0.19	0.11	0.18
TOTAL	0.68	0.00	0.00	0.68	0.20	0.12	0.00	0.32	0.36	

**NOTES ON BALANCE SHEET & PROFIT & LOSS A/C.
FOR THE YEAR ENDED 31ST DECEMBER, 2011**

I. SIGNIFICANT ACCOUNTING POLICIES :

1. Accounting : Conventional Basis of accounting

The financial statements are prepared under the historical cost convention, on accrual basis of accounting in accordance with the Companies Act, 1956 and in accordance with generally accepted accounting principles (Indian 'GAAP') are in compliance with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).

2. Use of Estimates :

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent amount as at the date of financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to the accounting estimates is recognized in the periods in which the results are known / materialized.

3. As the Company's business activity falls within a single primary business segment viz. Investment and Advisory services, etc. the disclosure requirements of Accounting Standard (AS-17) "Segment Reporting" issued by the Institute of Chartered Accountants of India are not applicable.

4. Income and Expenditure :

Income and expenditure are accounted on accrual basis.

5. Fixed Assets :

All the fixed assets have been stated at their original cost inclusive of any expenses incurred for the acquisition and / or installation as reduced by any sale / discard and accumulated depreciation.

The asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value, there is no such assets which is impaired during the year.

6. Depreciation :

The Company has provided depreciation at the rate prescribed in Schedule XIV to The Companies Act, 1956.

7. Investment :

a. Long Term investments are carried in the financial statement at cost, less any diminution in value, other than temporary as per the accounting standards.

b. Shares, Debentures, Units, Warrants and Securities those are intended, at the time of acquisition, to be held for a period exceeding twelve months are classified as "Investments". The balance are current investments.

c. Shares, Debentures, Units, Warrants and Securities are accounted under Investments on trade dates.

d. Rights entitlements are accounted for as Investments at issue price plus acquisition cost, if any.

e. Bonus entitlements are recognised on ex-bonus dates without any acquisition cost.

f. The cost of Investments includes brokerage, service tax and stamp duty.

8. Valuation of Investments :

Quoted scrip under Investments is valued at cost whereby the cost of each scrip is compared with its market value and the resultant shortfall, if any, of long-term nature is charged to revenue. Unquoted/Thinly traded scripts are valued at intrinsic value.

9. Earnings Per Share :

Earning per Share		Year ending 31.12.2011	Year ending 31.12.2010
Net Profit after Tax	Basic	8.19	4.91
	Diluted	8.19	4.91
Weighted average number of shares outstanding	Basic	3082000	3082000
	Diluted	3082000	3082000
Earnings per share (face value Rs. 10 Per share)	Basic	0.26	0.16
	Diluted	0.26	0.16

10. Related Party Transactions :

Parties are considered related, if at any time during the year, one party has the ability to control the other party, or to exercise significant influence over the other party in making financial and/or operating decisions.

11. Provisions, Contingent Liabilities and Contingent Assets :

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources

Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

II NOTES FORMING PART OF THE ACCOUNTS

1. On the basis of information available with the Company, there is no amount due but remaining unpaid as on 31st December 2011 to any suppliers who is a small scale or ancillary industrial undertaking.
2. The requirement of Accounting Standard 22 "Accounting for Taxes on Income" have been considered and the management is of the opinion that no deferred tax assets/liability needs to be created.
3. As per Accounting Standard 22 issued by The Institute of Chartered Accountants of India during the year, due to the loss, the company has not provided taxation in Books of Account including deferred tax liability, as the company does not envisage any such liability in near future.
4. In the absence of the taxable income, no provision for taxation has been made U/s.115JB of The Income Tax Act. However, the tax-year end of the Company being 31/03/2011, the ultimate liability for the A.Y.-2012-13 will be determined on the total Income of the Company for the year ended 31/03/2012.
5. Corresponding figures of the previous year have been regrouped or restated to make them comparable with current year figures wherever necessary.

6. Unsecured Loans, Current Liabilities, Loans & Advances, Deposits and Sundry Debtors are subject to confirmation and adjustments, if any.

7. Payment to Auditor:

Particulars	2011	2010
Audit Fees (Excluding Service tax)	Rs. 2000/-	Rs. 10,000/-
In Other Capacity	Nil	Nil

8. Segment Reporting:

The company is engaged in Investment and hence management is of the opinion that it does not have a reportable primary segment identifiable in accordance with the Accounting Standard 17 issued by the Institute of Chartered Accountants of India.

9. Related Party Transactions:

The Company has identified all the related parties as defined under Accounting Standard 18 "Related Party Disclosure" issued by the Institute of Chartered Accountants of India having transactions during the year, as per details given below. There were no amounts written off or written back from such parties during the year.

The related parties included in the various categories above, where no transactions have taken place.

Sr. No.	Relation	Party
1.	Key Management Personnel	1. Vishvesh D. Mehta 2. Anil P. Parekh 3. Bhavna D. Mehta
2.	Individual / Enterprise over which key management personnel exercise significant influence	Nil

10. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

i. Production Capacity :- Not Applicable

- ii. Turnover :- Not Applicable
- iii. Raw Materials Consumed :- Not Applicable
- iv. Stock :- Nil
- v. Value of Imports calculated on CIF Basis :- Nil
- vi. Expenditure in Foreign Currency :- Nil
- vii. Earnings in Foreign Currency :- Nil

11. Additional information as required under Part IV of Schedule VI to the Companies Act, 1956 of India: BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

- I. Registration Details :
 Registration No. : 20699 State Code: 04
 Balance Sheet Date : 31-12-2011

- II. Capital raised during the year (Rs. in thousands)
 Public Issue: Nil Rights Issue: Nil
 Bonus Issue: Nil Private Placement: Nil

- III. Position of Mobilization and Deployment of Funds (Amt. in Lacs) :

Total Liabilities	601.27	Total Assets	601.27
Sources of Funds:		Application of Funds:	
Paid up Capital	308.20	Fixed Assets	0.35
Reserves & Surplus	293.07	Investments	490.12
		Current Assets, Loans & Advances	110.80
		Less : Current liabilities & Provision	

- IV. Performance of Company (Amount in Lacs) :

Profit Before Tax	8.19	Profit After Tax	8.19
Earnings per Share	0.26	Dividend (In %)	Nil

- V. Generic Name of Principal Product of Company:

1. Investments.
2. Advisory Services.

AS PER OUR ATTACHED REPORT OF EVEN DATE,

For, Dinesh K. Shah & Co.,
Chartered Accountants

For, Mehta Housing Finance Limited

Sd/-
(Dinesh K. Shah)
(Partner)
Membership # 10477
Place : Ahmedabad.
Date : 16/04/2012

Sd/- Sd/-
(B.D.Mehta) (V.D. Mehta)
Director Director
Place : Ahmedabad.
Date : 16/04//2012

Cash Flow Statement

Inflow of Cash

Current Liabilities	52.30
Current Assets	1.71
Direct Income	10.48
Total	64.49

Outflow of Cash

Current Liabilities	0.18
Current Assets	61.37
Indirect Expenses	2.04
Total	63.59
Net Inflow	0.90

AS PER OUR ATTACHED REPORT OF EVEN DATE,

For, Dinesh K. Shah & Co.,
Chartered Accountants

For, Mehta Housing Finance Limited

Sd/-
(Dinesh K. Shah)
(Partner)
Membership # 10477
Place : Ahmedabad.
Date : 16/04/2012

Sd/- Sd/-
(B.D.Mehta) (V.D. Mehta)
Director Director
Place : Ahmedabad.
Date : 16/04/2012

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