

MEHTA SECURITIES LIMITED

11Th ANNUAL REPORT

2003-2004

BOARD OF DIRECTORS :- DARSHAN V. MEHTA - DIRECTOR

BHAVNA D. MEHTA - DIRECTOR

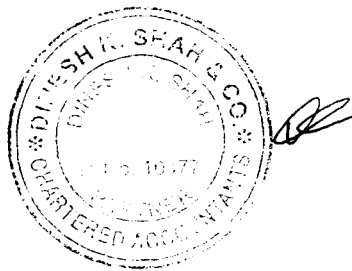
UPEN P. PAREKH - DIRECTOR

**AUDITOR :- DINESH K SHAH & CO.,
CHARTERED ACCOUNTANTS
AHMEDABAD**

BANKERS :-

- 1. DENA BANK**
- 2. HDFC BANK**

**REGISTERED OFFICE :- 002, LAW GARDEN APARTMENT,
SCHEME-I, OPP. LAW GARDEN,
ELLISBRIDGE,
AHMEDABAD-380 006.**



NOTICE

Notice is hereby given that 11th ANNUAL GENERAL MEETING of the Members of **MEHTA SECURITIES LIMITED** will be held at 002, Law Garden Apartments, Scheme-1, Opp. Law Garden, Ellisbridge, Ahmedabad-380 006 on **Monday, the 28th JUNE, 2005** at **11.00 A.M.** to transact the following business :

ORDINARY BUSINESS :-

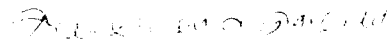
1. To receive, consider and adopt the Accounts of the Company for the year ended **31st DECEMBER, 2004** the Balance Sheet as at that date along with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Smt. Bhavna D. Mehta, who retire by rotation in terms of Article 127 of the Articles of Association of the Company and being eligible, offers herself for reappointment.
3. To consider the reappointment of M/s. Dinesh K. Shah & Co., Chartered Accountants, as Auditors of the Company to hold such office until the conclusion of next Annual General Meeting and to fix their remuneration in addition to the reimbursement of out of pocket expenses.

REGISTERED OFFICE :-

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

DATE : 30TH APRIL, 2005.
PLACE : AHMEDABAD.

BY THE ORDER OF THE BOARD



(DARSHAN V MEHTA)
DIRECTOR

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.
3. The register of member and the Share Transfer Book of the Company will remain closed from 25/06/2005 to 28/06/2005.
4. Member/Proxies should bring copies of Annual Report and attendance slip sent herewith duly filed in for attending the meeting.
5. Members are requested to notify any change in their address immediately to the Company's Registered Office 002, Law Garden Apartments, Scheme-1, Opp. Law Garden, Ellisbridge, Ahmedabad-380 006.

REGISTERED OFFICE :-

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

DATE : 30TH APRIL, 2005.
PLACE : AHMEDABAD.

BY ORDER OF THE BOARD



(DARSHAN V MEHTA)
DIRECTOR

DIRECTOR'S REPORT

To,
The Members,
MEHTA SECURITIES LIMITED
Ahmedabad.

Your Directors have pleasure in presenting **11th Annual Report** of the Company along with Audited Accounts for year ended **31ST DECEMBER, 2004.**

1. FINANCIAL RESULTS :-

The financial Results of the Company for the year ended on **31ST DECEMBER, 2004.** As compared to the previous year are summarized below :-

(Rs. In Lacs)

	31/12/2004	31/12/2003
Total Income	48.97	3.39
Profit/Loss before Depreciation & Taxation	(53.02)	(3.21)
Less : Depreciation	1.04	1.10
Provision for Investment Fluctuation	NIL	NIL
Profit/Loss before Taxation	(54.06)	(4.31)
Provision for Income Tax	NIL	NIL
Net Profit/Loss After Tax	(54.06)	(4.31)
Transfer to General Reserve	NIL	NIL
Proposed Dividend	NIL	NIL

2. OVERALL REVIEW OF PERFORMANCE :-

The operations of the Company has improved moderately in spite of general economic recession and slowdown in economy.

During the year under review, the Company has earned gross Brokerage Income of Rs. 0.46 Lacs as compared to Rs. 0.92 Lacs during the previous year.

Simultaneously, during the year under review, the Company has earned Other Income of Rs. 3.12 Lacs compared to Rs. 2.47 Lacs during the previous year.

Your Company has incurred during the year, loss before Interest and Depreciation of Rs. 53.02 Lacs as compared to Loss of Rs. 3.21 Lacs during the previous year. After charging financial cost and Depreciation, the Company has incurred the Loss of Rs. 54.06 Lacs as compared to Rs. 4.31 Lacs during 2003. After bringing forward Debit Balance of Rs. 16.86 Lacs, the Debit Balance of Rs. 69.88 Lacs has been carried to Balance Sheet.

3. DIVIDEND :-

In view of the accumulated losses, the Board of Directors are unable to recommend any dividend on the Equity Shares for the year under review.

4. BUSINESS OPERATIONS AND FUTURE OUTLOOK :-

The Business of the Company is being affected by several external factors which are beyond the control of the Company, Some of them are fluctuating market conditions, political situation, government control etc. But looking to the structural changes that has taken place in the economic environment, the future of the Company and the area in which the Company is carry on its business, is bright.

5. DIRECTOR :-

One of your Directors viz. Smt. Bhavna D. Mehta, retires from office by rotation in accordance with the requirement of The Companies Act, 1956. She, however, being eligible, offers herself for reappointment.

6. PARTICULARS OF EMPLOYEES :-

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

7. 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.

8. 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 request the members to fix their remuneration.

9. PUBLIC DEPOSITS :-

There was no Deposits unclaimed or unpaid by the Company after the date on which it has become due for payment or renewal on 31ST DECEMBER, 2004.

10. DIRECTORS' RESPONSIBILITY STATEMENT :-

Your Director Confirm :-

- (a) That in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation.
- (b) That the Directors had selected such accounting polices and applied them consistently and made judgments and estimates that are reasonable and prudent so as give a true and fair view of the state of affairs of the company at the and of the financial year ended on 31ST DECEMBER, 2004 and of the Profit of the Company for that year.

- (c) That the Directors had taken proper and sufficient care for maintenance of adequate accounting records for the year ended 31ST DECEMBER, 2004 in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for prevention and detention of fraud and other irregularities.
- (d) That the Director had prepared the Annual Accounts on an ongoing basis.

12. LISTING :-

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

13. CORPORATE GOVERNANCE:-

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

14. ACKNOWLEDGEMENT :-

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

PLACE : AHMEDABAD.

DATE : 30/04/2005.

**FOR, MEHTA SECURITIES LIMITED
ON BEHALF OF THE BOARD OF DIRECTORS**


**(DARSHAN V. MEHTA)
DIRECTOR**

DINESH K. SHAH & CO.

CHARTERED ACCOUNTANTS

Dinesh K. Shah

B.Com. L.L.B. FCA

507, Hemkoot Complex, B/h. L.I.C. Building,

Ashram Road, Ahmedabad-380 009.

Tel. # : 079-26584450

Email : dkshah43@hotmail.com

AUDITORS' CERTIFICATE

To the Members of Mehta Securities Limited

We have examined the compliance of conditions of corporate governance by **MEHTA SECURITIES LIMITED**, for the year ended on 31ST **DECEMBER 2004** as stipulated in 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 and implementation thereof, adopted by the Company for ensuring the compliance of conditions of corporate governance. It is neither an audit nor an expressions of opinion on the financial statement of the Company.

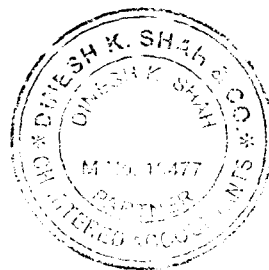
In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the abovementioned 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 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.

Place : Ahmedabad.

Date : 30/04/2005.



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

(Dinesh K. Shah)

(Partner)

REPORT ON CORPORATE GOVERNANCE

INTRODUCTION :-

Corporate Governance is important to build confidence and trust which leads to strong and stable partnership with the Investors and all other Stakeholders. The detailed Report on implementation of Corporate Governance Code as incorporated in Clause 49 of the Listing Agreement with the Stock Exchanges is set out below :-

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :-

Corporate Governance makes a significant contribution to the business prosperity and accountability. The Company's philosophy on Corporate Governance lays strong emphasis on transparency, accountability and ability, in all facets of its operations and in all its interactions with the shareholders, employees, the Government and Lenders.

During the year under review, the Company has fully complied with the requirements of Clause 49 of the listing agreements and will continue its efforts towards raising its standards in corporate governance and will also review its systems and procedures constantly in order to keep pace with the changing economic environments.

2. BOARD OF DIRECTOR :-

a) Composition and Category of Directors :-

Name of Directors	Category of Director Ship	No. of other Director-ships *	Committee (1)Membership / (2) Chairman ship in other companies	No. of Board Meetings attended	Attendance at the AGM held Yes(Y) / No(N)
Darshan V. Mehta	Executive	2	2	6	Y
Bhavna D. Mehta, Chairman	Non-Executive	1	1	6	Y
Upen P. Parekh	Non-Executive & Independent	-	-	1	-

* Private companies excluded.

b) **Details of the Directors seeking Appointment / Reappointment in forthcoming Annual General Meeting :-**

Name of the Directors	Bhavna D. Mehta
Date of Birth	12/07/1957
Date of Appointment	27/07/1994
Expertise in Specific functional areas	Administration, Management
List of Public Limited Companies in which Directorships held	-
Chairman / Member of the Committees of the Board of Directors of the Company.	-

c) **Board Procedures :-**

The Board of Directors meets at least once a quarter to review the performance and Financial Results. A detailed agenda file is sent to all the directors well in time of the Board Meetings. The Chairman / Director briefs the directors at every Board Meeting, overall performance of the Company. All major decisions / approvals are taken at the Meeting of the Board of Directors such as policy formation, business plans, budgets, investment opportunities, statutory Compliance etc. The meeting of the Board of Directors were held on 27/01/2004, 28/02/2004, 20/03/2004, 27/04/2004, 27/07/2004, 30/10/2004 .

3. **AUDIT COMMITTEE :-**

The Company is following the Corporate Governance and thus the Company has formed an Audit Committee and it consists of the following Directors:

Name of the Director	Functions of the Committee	Attendance
Darshan V Mehta Bhavna D. Mehta Upen P. Parekh	The functions of the Audit committee are as per company law and Listing Agreement with Stock Exchange(s) which include approving and implementing the audit procedures, review of financial reporting system, internal control procedures and risk management policies.	The meeting of the audit committee meeting held on 27/01/2004, 20/03/2004, 27/04/2004, 27/07/2004, and 30/10/2004,

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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 fees is paid to any of the Directors for attending the Meetings of the Board of Directors or Committee thereof.

5. SHAREHOLDERS/INVESTORS' GRIVANCES COMMITTEE :-

The Board has constituted a Shareholder / Investors' Grievances committee for the purpose of effective redressal of the complaints of the shareholders such as dematerialization, Share Transfer, Non-receipt of Balance Sheet, Dividend Warrant etc.

Smt. Bhavna D. Mehta and Shri Darshan V. Mehta, Directors are the Member of the Committee.

The Company received 3 complaints during the year and all were resolved to the satisfaction of the shareholders. There was no valid request for transfer of shares pending as on 31st DECEMBER, 2004.

Shri Kamal Panchal is the Compliance Officer for the above purpose.

6. GENERAL BODY MEETING :-

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

Financial Year	Date	Time	Venue
2003	28/06/2004	10.30 a.m.	002, Law Garden Apt.
2002	27/06/2003	11.00 a.m.	Scheme-I, Op. Law
2001	28/06/2002	11.00 a.m	Garden, Ellis bridge, A'bad-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. DISCLOSURES :-

- a) The Company has not entered in to 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.
- b) 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 any matters related to Capital market during the last three years.

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8. MEANS OF COMMUNICATIONS :-

- a) In compliance with the requirements of the Listing Agreement, the Company is regularly intimates Un-audited/Audited Financial Results to the Stock Exchange/s immediately after they are taken on record by the Board of Directors. These Financial Results are normally published in 'Western Times' (English and Gujarati).

Results are not displayed on website and are not sent individually to the shareholders.

- b) During the year ended on 31st DECEMBER 2004 no presentation were made to Institutional Investors or analyst or any other enterprise.
- c) Management Discussion and analysis from part of the Annual Report.

9. SHAREHOLDERS' INFORMATION :-

- a) **Registered Office** :- 002, Law Garden Apartment,
Scheme-I, Op. Law Garden,
Ellis bridge, Ahmedabad-6.
- b) **Annual General Meeting** :- Day : Tuesday
Date : 28th June, 2005.
Time : 11.00 a.m.
Venue : 002, Law Garden Apartment,
Scheme-I, Op. Law Garden,
Ellis bridge, Ahmedabad-6.
- c) **Financial Calender** :-
1st Quarter Results :
Half Yearly Results : As per Board Proceeding
3rd Quarter Results :
Audited yearly Results :
- d) **Book Closure Dates** :- From : Saturday,
the 25th June, 2005.
To : Tuesday,
the 28th June, 2005.
(Both days inclusive)
- e) **Listing of Shares on:-
Stock Exchanges.** The Bombay Stock Exchange
"P.J. Towers, Dalal Street, Fort,
Mumbai – 400 001.
- f) **Stock Exchange** :- Stock Exchange Code
Code BSE 511738

g) **Stock Price Data** :- The shares of the Company have not been traded during the period from 1st January, 2004 to 31st December, 2004, hence no information is submitted.

h) **Registrar and Share:- Transfer Agents.** **Purva Sharegistry India Pvt. Ltd.**
33, Printing House,
28-D, Police Court Lane,
B/h. Old Handloom House, Fort,
Mumbai-400001.

i) **Share Transfer Systems :-**

Presently the share transfers which are received in physical form 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 5 days.

j) **Distribution of Shareholding as on 31st DECEMBER, 2004.**

	Category	No. of Shares Held	% of Share Holding
A	Promoter's Holding		
1.	Promoters		
	- Indian Promoters*	1,54,470	5.00
	- Foreign Promoters		
2.	Person acting in Concert	13,90,230	45.00
	Sub Total →	15,44,700	50.00
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. FIIs		
	Sub Total →	-	-
4.	Others		
	a. Private Corporate Bodies	1,54,470	5.00
		13,28,442	43.00

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	b. Indian Public c. NRIs/OCBs d. Any Other (Other directors and their relatives)	61,788	2.00
	Sub Total →	15,44,700	50.00
	Grand Total →	30,89,400	100.00

Note:- Sum of foreign promoters, FIIs, NRIs, NRIs/OCBs, Foreign Nationals, and GDR and ADR holding for the quarter 61,788 (2.00 % of the paid-up Share Capital).

k) Shareholding Pattern as on 31st DECEMBER, 2004.

No. of Equity Shares held	No. of Share Holders	% of Share Holders	No. of Shares held	% of Share Holding
Up to 500	3,531	93.76	6,95,200	22.50
501 to 1000	178	4.73	1,45,300	4.70
1001 to 2000	30	0.80	43,200	1.40
2001 to 3000	9	0.24	25,000	0.81
3001 to 4000	1	0.03	3,500	0.11
4001 to 5000	4	0.10	19,000	0.62
5001 to 10000	2	0.05	16,000	0.52
10001 & Above	11	0.29	21,42,200	69.34
Grand Total	3,766	100.00	30,89,400	100.00

- l) Outstanding GDRs / ADRs / Warrants or any convertible Instruments. Conversation Date and likely impact on equity :

The Company has not issued any GDRs / ADRs.

10. DEMATERIALISATION :-

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

11. ADDRESS & CORRESPONDENCE :-

Mehta Securities Limited
002, LAW GARDEN APARTMENT,
SCHEME-I, OPP. LAW GARDEN,
ELLISBRIDGE,
AHMEDABAD-380 006.

PLACE : AHMEDABAD.

DATE : 30/04/2005.

FOR AND ON BEHALF OF THE BOARD.

(DARSHAN V. MEHTA)
DIRECTOR

MANAGEMENT DISCUSSION AND ANALYSIS

a. Industry Structure and Development :-

The sector to which your Company belong has undergone several changes instituted by the government and its agencies.

The economy in general have shown growth potentiality so the management is hopeful to the growth in this sector.

b. Opportunities and Threats :-

The Company has been concentrating on making its recovery from outstanding dues which is slow and cumbersome. But we hope that revival of the economy in general may change the situation. Thus, the merchant banking business is not on the priority list.

c. Segment wise Performance :-

The Company's activities are divided into two parts i.e. Merchant Banking activities and NBFC related activities. The Merchant Banking business is not active. Recovery proceedings are going on against various debtors against their outstanding dues. Due to this, the segment wise performance of the Company is not satisfactory.

d. Recent Trend and Future Outlook :-

The economy in general has shown greater growth and development. The market seems to be looking up and we expect to perform better in coming years.

e. Risks and Concerns :-

Like any other industry, this sector is also exposed to risk of competition, government policies, natural factors etc. as the Company is neither importing nor exporting raw material- finished product, the Company has no risk on account of exchange rate fluctuations. The Company has taken the necessary measure to safeguard its assets/interest etc.

f. Internal Control Systems and their Adequacy :-

The Company has adequate systems of Internal Controls commensurate with its size and operations 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.

g. Financial Performance with respect to Operational Performance :-

The financial performance of the Company for the year 2004-05 is described in the Directors' Report under the head "Financial Results".

h. Material Developments in Human Resources and Industrial Relations Front:-

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, lock-out etc.

i. 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 or regulations. Actual results might differ materially from those either expressed or implied.

DINESH K. SHAH & CO.

CHARTERED ACCOUNTANTS

Dinesh K. Shah

B.Com. L.L.B. FCA

**507, Hemkoot Complex, B/h. L.I.C. Building,
Ashram Road, Ahmedabad-380 009.**

Tel. # : 079-26584450

Email : dkshah43@hotmail.com

AUDITOR'S REPORT

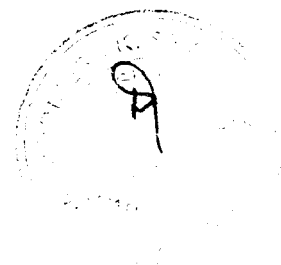
To,
The Members,
MEHTA SECURITIES LIMITED
Ahmedabad.

We have audited the attached Balance Sheet of **MEHTA SECURITIES LIMITED** as at **31st DECEMBER, 2004** and Profit & Loss Account of the Company for the year ended on that date, annexed thereto. 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.

The Central Government have issued, in terms of section 227 (4A) of The Companies Act, 1956 ("the Act"), The Companies (Auditor's Report) Order, 2003 ("CARO") vide notification no. G.S.R. 480(E) dated 12th June, 2003 which came into force from 1st July, 2003. While CARO replaced the Manufacturing and Other Companies (Auditor's Report) Order, 1988 (MARCARO), the Central Government have, considering the difficulties of the Companies as well as the professionals in complying with CARO at short notice, conveyed its decisions, vide General Circular No. 32/2003 dated 10th November, 2003 to take lenient view of the non-compliance in respect of CARO, for accounts pertaining to financial period ending up to **31st December, 2004**, provided the accounts at least carry MAOCARO Report, if required. The company has represented to us that efforts are being made to ensure the aforesaid compliance and that records/information relevant for examining such compliance would be made available in respect of the next financial year.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standard 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956. We enclose in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that :-



DINESH K. SHAH & CO.

CHARTERED ACCOUNTANTS

Dinesh K. Shah

B.Com. L.L.B. FCA

507, Hemkoot Complex, B/h. L.I.C. Building,

Ashram Road, Ahmedabad-380 009.

Tel. # : 079-26584450

Email : dkshah43@hotmail.com

- (a) 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 ;
- (b) In our opinion, proper Books of Account as required by Law have been kept by the Company, so far as it appears from our explanation of the books;
- (c) The Balance Sheet and Profit & Loss Account dealt with by the Report are in agreement with the said books of account of the Company;
- (d) In our opinion, the Balance Sheet and Profit & Loss Account comply with the Accounting Standard referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- (e) On the basis of the written re-presentations received from the directors, and taken on records by the board of directors; we report that none of the directors is disqualified as on 31ST DECEMBER, 2004 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of The Companies Act, 1956; and
- (f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by The Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally, accepted in India.
- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31ST DECEMBER, 2004; and
- (ii) In the case of the Profit & Loss Account, of LOSS of the Company for the period ended on that date.
- (iii) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

Place : Ahmedabad.

Date : 30/04/2005.



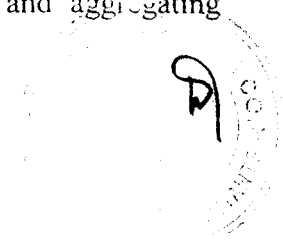
For, Dinesh K. Shah & Co.,
Chartered Accountants

(Dinesh K. Shah)
(Partner)

ANNEXURE TO THE AUDITORS' REPORT

ANNEXURE REFERRED TO IN THE PARAGRAPH 1 OF THE AUDITOR'S REPORT TO THE MEMBERS OF MEHTA SECURITIES LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2004.

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All fixed assets have been physically verified by the management at a reasonable intervals. No material discrepancies were noticed on such verification.
- (b) None of the Fixed Assets has been revalued during the year.
- (c) The stock of shares have been physically verified during the year by the management at reasonable intervals.
- (d) In our opinion, the procedure of physical verification of stock of shares followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (e) No discrepancies were noticed on physical verification of stock of shares as compared to book records.
- (f) On the basis of our 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.
- (g) The company has not taken Unsecured Loans from Companies, Firms or other parties Listed in the register maintained U/s. 301 of The Companies Act, 1956, and from the Companies, under the same Management as defined U/s.370 (1B) of The Companies Act, 1956.
- (h) The Company has not granted any loans, secured or unsecured, to companies, firms and other parties to be listed in the register maintained U/s.301 of The Companies Act, 1956. The rate of interest and the other terms and conditions are prima facie not prejudicial to the interest of the Company. We are informed that there are no companies under the same management as defined under and section (1B) of section 370 of The Companies Act, 1956.
- (i) Loans and Advances in the nature of loans, have been given to employee and other parties who are repaying the principal amount as stipulated and are also regular in payment on interest whatever applicable.
- (j) 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 purchase of assets.
- (k) According to the information and explanations given to us, there are no transactions of purchase of goods materials and sale of goods, materials of services with any companies, firms or other parties listed in the register maintained under section 301 of The Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party.



- (l) The Company has not accepted fixed deposits from the public and has complied with the directives issued by the Reserve Bank of India and the rules framed there under, wherever applicable.
- (m) In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and nature of its business.
- (n) The maintenance of cost records has not been prescribed by the Central Government under section 209 (1) (d) of The Companies Act, 1956.
- (o) The Provident Fund Act is not applicable to the Company.
- (p) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales tax, Custom Duty and Excise Duty as at 31ST DECEMBER, 2004 which are outstanding for a period of more than six months from the date they became payable.
- (q) 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.
- (r) 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.
- (s) 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.
- (t) The provisions of any special statute applicable to Chit Funds, Nidhi or Mutual Benefit Society do not apply to the Company.
- (u) The Company has maintained proper records of transactions and contracts in respect of trading in shares and other securities and timely entries have been made therein. All shares, debentures and 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 and save for certain shares which are either lodged for transfer or held with valid transfer forms.
- (v) No personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
- (w) In our opinion the Clause (iii), (iv), (v), (vi), (xii), (xiv), (xvi) and (xx) of paragraph 4(a) and the aforesaid Order are not applicable.

Place : Ahmedabad.
Date : 30/04/2005.

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

(Dinesh K. Shah)
(Partner)

MEHTA SECURITIES LIMITED
BALANCE SHEET AS AT 31ST DECEMBER, 2004.

(RS. IN LACS)

PARTICULARS	SCHE DULE	AS AT 31-12-04		AS AT 31-12-03	
SOURCES :-					
1. SHARE HOLDERS FUNDS					
A. SHARE CAPITAL	A	308.94		306.54	
B. RESERVE & SURPLUS	B	462.63	771.57	462.63	769.17
2. LOANS FUNDS					
B. UNSECURED LOAN	C	30.97	30.97	30.97	30.97
TOTAL ----- >		802.54		800.14	
APPLICATION					
1. FIXED ASSETS					
A. GROSS BLOCK	D	12.59		19.24	
B. LESS : DEPRECIATION		1.04		7.19	
C. NET BLOCK			11.55		12.06
2. INVESTMENTS					
			592.55		402.69
3. CURRENT ASSETS, LOANS & ADVANCES					
A. CURRENT ASSETS					
B. LOANS & ADVANCES	E	107.00		318.03	
	F	88.62		79.96	
		195.62		397.99	
LESS :					
CURRENT LIABILITIES & PROVISIONS					
A. CURRENT LIABILITIES	G	65.64		26.32	
B. PROVISIONS	H	1.41		3.14	
		67.06		29.46	
NET CURRENT ASSETS			128.57		368.53
PROFIT & LOSS A/C.			69.87		16.86
TOTAL ----- >		802.54		800.14	

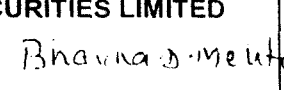
NOTES TO THE ACCOUNTS ANNEXURE-I

FOR OUR ATTACHED REPORT OF EVEN DATE

FOR, MEHTA SECURITIES LIMITED


[DINESH K. SHAH - PARTNER]
FOR, DINESH K. SHAH & CO.
CHARTERED ACCOUNTANTS


(D. V. MEHTA)
DIRECTOR


(B. D. MEHTA)
DIRECTOR

PLACE : AHMEDABAD
DATE : 30/04/2005

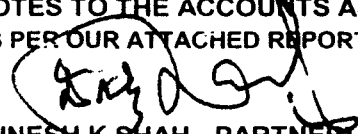
PLACE : AHMEDABAD
DATE : 30/04/2005

**MEHTA SECURITIES LIMITED
PROFIT & LOSS ACCOUNT 31ST DECEMBER, 2004.**

(RS.IN LACS)

PARTICULARS	SCHE DULE	AS AT 31-12-04	AS AT 31-12-03
INCOME :-			
INCOME FROM OPERATIONS	J	45.85	0.92
OTHER INCOME	K	3.12	2.47
TOTAL ----- >		48.97	3.39
EXPENSES :-			
ADMINSTRATIVE & OTHER EXPENSES	L	100.95	6.59
DEPRECIATION		1.04	1.10
TOTAL ----- >		101.99	7.70
PROFIT BEFORE TAX [A - B]		-53.02	-4.31
PROFIT AFTER TAX		-53.02	-4.31
ADD : BALANCE OF EARLIER YEARS		-16.86	-2.49
PROFIT AVAILABLE FOR APPROPRIATION		-69.88	-6.80
BALANCE CARRIED TO BALANCE SHEET		-69.88	-16.86

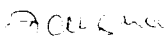
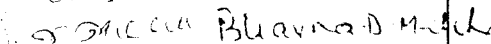
NOTES TO THE ACCOUNTS ANNEXURE-I
AS PER OUR ATTACHED REPORT OF EVEN DATE


[DINESH K SHAH - PARTNER]
FOR, DINESH K SHAH & CO.
CHARTERED ACCOUNTANTS

PLACE : AHMEDABAD
DATE : 30/04/2005



FOR, MEHTA SECURITIES LIMITED



(D.V.MEHTA) (B.D.MEHTA)
DIRECTOR DIRECTOR

PLACE : AHMEDABAD
DATE : 30/04/2005

MEHTA SECURITIES LIMITED.
31ST DECEMBER, 2004.

AS AT AS AT
31-12-2004 31-12-2003

SCHEDULE - "A" SHARE CAPITAL

AUTHORISED

35,00,000 EQUITY SHARES OF RS. 10/- EACH. 350.00 350.00

ISSUED, SUBSCRIBED & PAID - UP

30,89,400 [3089400] EQUITY SHARES OF RS.10/- 308.94 308.94
EACH FULLY PAID UP.

LESS : CALLS IN ARREARS 0.00 2.40

TOTAL ---- > 308.94 306.54

SCHEDULE - "B" RESERVES & SURPLUS

GENERAL RESERVE 5.00 5.00

SHARE PREMIUM :- 457.63 459.81

LESS: MISC. EXP. W/OFF. 0.00 2.18

TOTAL ---- > 462.63 462.63

SCHEDULE - "C" UNSECURED LOAN

FROM BANKS 30.97 30.97

TOTAL ---- > 30.97 30.97

SCHEDULE - "E" CURRENT ASSETS

CASH & BALANCE WITH SCHEDULE BANKS 8.64 17.04

BUSINESS DEBTORS (CONSIDERED GOOD) 98.37 48.13

FOR LESS LESS THAN SIX MONTHS 0.00 2.10

SHARES STOCK IN TRADE 0.00 250.76

TOTAL ---- > 107.01 318.03

SCHEDULE - "F" LOANS, ADVANCES & DEPOSITS

FROM COMPANIES & OTHERS 21.32 2.86

DEPOSITS 67.30 77.10

TOTAL ---- > 88.62 79.96



SCHEDULE - "G" CURRENT LIABILITIES

TRADE CREDITORS	65.64	26.22
SUNDRY ADVANCES	0.00	0.10
TOTAL ---- >	65.64	26.32

SCHEDULE - "H" PROVISIONS

PROVISION FOR EXPENSES	1.41	3.14
TOTAL ---- >	1.41	3.14

**SCHEDULE - "I" MISCELLANEOUS EXPENDITURE
TO THE EXTENT NOT W/OFF OR ADJUSTED**

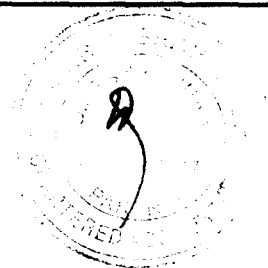
OPENING BALANCE	0.00	2.18
LESS : WRITTEN OFF DURING THE YEAR	0.00	2.18
TOTAL ---- >	0.00	0.00

SCHEDULE - "J" INCOME FROM OPERATIONS

BROKERAGE INCOME	0.46	0.92
TOTAL ---- >	0.46	0.92

SCHEDULE - "K" OTHER INCOME

DELIVERY CHARGES	0.46	0.00
DEMAT CHARGES INCOME	2.07	0.00
COMPUTER TECHNOLOGY INCOME	0.06	1.30
SECURITY TRANSACTION CHARGES	0.01	0.00
SERVICE TAX	0.32	0.00
DIVIDEND INCOME	0.21	1.16
COMMISSION INCOME	0.00	0.02
TOTAL ---- >	3.13	2.47



SCHEDULE - "L" ADMINISTRATIVE & OTHER EXP.

ANNUAL SUBSCRIPTION FEES (NSE)	1.00	1.00
ANNUAL LISTING FEES	0.25	0.25
AUDIT FEES	0.03	0.03
BAD DEBTS	32.86	0.00
CONSULTING CHARGES	0.89	0.03
DECREASE IN VALUE OF STOCK	60.91	0.00
LEGAL EXP.	0.23	0.32
MEMBERSHIP FEES	0.00	0.01
MISCELLANEOUS EXPENSES	1.82	0.56
NSE V-SAT EXP.	0.00	1.65
NSE V-SAT INTEREST	0.00	0.09
OFFICE EXP.	0.00	0.08
PRINTING & STATIONERY / COMPUTER EXP.	0.22	0.32
PRO-TAX	0.00	0.01
SALARY, ALLOWANCES & BONUS	1.54	1.37
SEBI TURNOVER TAX	0.00	0.82
TELEPHONE / POSTAGE EXP.	0.22	0.03
TRANSACTION CHARGES	0.99	0.03
TOTAL ---- >	100.95	6.59

MEHTA SECURITIES LIMITED-31-12-2004
SCHEDULE - "D" FIXED ASSETS

SR. NO.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		OPENING BALANCE AS ON 01/01/04	ADDITION DURING THE YEAR	DEDUCTIONS DURING THE YEAR	CLOSING BALANCE AS ON 31/12/04	OPENING BALANCE AS ON 01/01/04	ADDITION DURING THE YEAR	DEDUCTIONS DURING THE YEAR	CLOSING BALANCE AS ON 31/12/04	AS ON 31/12/03	AS ON 31/12/04
1	OFFICE PREMISES	5.13	0.00	0.00	5.13	0.00	0.00	0.00	5.13	5.13	5.13
2	FURNITURE & FIXTURE	1.44	0.00	0.00	1.44	0.00	0.00	0.09	1.35	1.44	1.35
3	MOTOR BIKES	0.42	0.00	0.00	0.42	0.00	0.00	0.04	0.38	0.42	0.38
4	COMPUTERS	5.08	0.52	0.00	5.60	0.00	0.00	0.91	4.69	5.08	4.69
	TOTAL ----- >	12.07	0.52	0.00	12.59	0.00	0.00	1.04	11.55	12.07	11.55
	PREVIOUS YEAR	19.06	0.19	0.00	19.25	6.09	1.10	0.00	7.19	12.07	12.96

ANNEXURE – “I” ACCOUNTINGS POLICIES & NOTES FORMING PART OF ACCOUNTS.

I. SIGNIFICANT ACCOUNTING POLICIES :-

1. Basis of Accounting :-

The Company prepares its financial statements in accordance with generally accepted accounting principles and with the requirement of The Companies Act, 1956.

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

3. Income and Expenditure :-

Income and Expenditure are accounted on accrual basis.

4. 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.

5. Depreciation :-

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

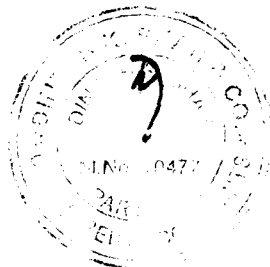
6. Investment :-

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

7. Contingent Liabilities :-

a. Contingent Liabilities are determined of the basis of available information and are disclosed by way of note to the accounts.

b. Some of the debtors and advances with dealers are subject to confirm and adjustment.



8. Related party disclosure :-

Disclosure with regard to related party transactions as per the Accounting Standard 18 – “Related Party Disclosure” is as under :-

Sr. No.	Name of the Related Party	Nature of Relationship with the Company.
1.	Mehta Housing Finance Ltd.	Shareholder

II. NOTES TO ACCOUNTS :-

1. On the basis of the information available with the Company, there is no amount due but remaining unpaid as on **31st December, 2004** 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.

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 do not envisage any such liability in near future.

3. 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 31/03/2005, the ultimate liability for the A.Y.2005-06 will be determined on the total Income of the Company for the year ended 31/03/2005.
4. Information Pursuant to Schedule VI of The Companies Act, 1956.
 - a. Earning in Foreign Currency Rs. Nil (Rs. Nil)
 - b. Expenditure in Foreign Currency Rs. Nil (Rs. Nil)
5. Previous periods figures have been regrouped / rearrange wherever necessary.
6. Figures in bracket denotes of Previous Years.

AS PER OUR ATTACHED REPORT OF EVEN DATE,

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

(Dinesh K. Shah)
(Partner)



For, Mehta Securities Limited

(D. V. Mehta)
Director

Bhavana D. Mehta

(B.D. Mehta)
Director

Place : Ahmedabad.
Date : 30/04/2005.

Place : Ahmedabad.
Date : 30/04/2005

ANNEXURE – II BALANCE SHEET ABSTRACT & GENERAL BUSINESS PROFILE

I. Registration Details :-

Registration No. : 22740 State Code : 04
Balance Sheet Date : 31/12/2004.

II. Capital raised during the year (Amount in Rs. '000)

Public Issue : Nil Right Issue : Nil
Bonus Issue : Nil Private Placements : Nil

III. Position of Mobilization & Deployment of Funds (Rs. In Lacs)

Total Liabilities	Rs.	802.54
Total Assets	Rs.	802.54
Sources of Fund :		
Paid up Capital	Rs.	308.94
Reserves & Surplus	Rs.	462.63
Secured Loans	Rs.	0.00
Unsecured Loans	Rs.	30.97
Application of Funds :		
Net Fixed Assets	Rs.	11.55
Investments	Rs.	592.55
Net Current Assets	Rs.	195.62
Misc. Expenditure	Rs.	0.00
Accumulated Losses	Rs.	69.87

IV. Performance of Company (Amount in Rs. '000)

Total Income	Rs.	48.97
Total Expenditure	Rs.	101.99
Loss Before Tax	Rs.	(53.02)
Loss After Tax	Rs.	(53.02)
Earning Per Share in Rs.	Rs.	0.00
Dividend Rate %	Rs.	Nil

V. Generic Names of Three Principle Services of the Company. (as per monetary terms)

Item Code No. N.A.

Product Description : Corporate Finance.
: investment Banking.
: Equity Research.
: Portfolio Management.

AS PER OUR ATTACHED REPORT OF EVEN DATE,

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

(Dinesh K. Shah)
(Partner)



For, Mehta Securities Limited

(D. V. Mehta)
Director

(B.D. Mehta)
Director

Place : Ahmedabad.

Date : 30/04/2005.

Place : Ahmedabad.

Date : 30/04/2005.

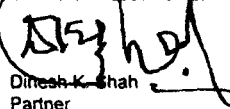
MEHTA SECURITIES LIMITED

Cash Flow Statement for the year ended 31st December, 2004.	Rs. in Lacs	Rs. in Lacs
Net Profit before Interest	(53.02)	
Tax and Extraordinary items		
Add: Adjustment for Depreciation for the year	1.04	
Income from Dividend and Interest	-	
Provisions	(1.72)	
Profit on sale of assets	-	
Preliminary & Share Issue Exp. Written off		
Operating Profit Before working Capital Changes	(53.70)	
Add: Adjustments for working capital change		
(Increase/Decrease) in Trade & Other Receivables	(48.14)	
(Increase/Decrease) in Advances	(18.46)	
(Increase/Decrease) in Inventories	250.76	
(Increase/Decrease) in Deposits	9.80	
(Increase/Decrease) in Trade Payable	39.32	
Cash Generated from operations:	179.58	
Less: Payment of Interest & Tax	-	
Interest on borrowings	-	
Interest earned on short term lending	-	
Direct Taxes Paid	-	
Cash Flow before Extraordinary Items		
Less: Adjustment for Extra ordinary Items.		
Excess Provision of Doubtful Debts.	-	
Subsidy Received	-	
Prior Period Expenses.	-	
Profit on sale of Fixed Assets	-	
Net Cash From Operating Activities (Total/A)	179.58	179.58
Cash Flow From Investing Activities		
Purchase of Fixed Assets	(0.52)	
Proceeds from Sales of Assets		
Increase/sale of Investments	(189.86)	
(Increase/Decrease) in Preoperative expenses		
Pending allocation		
(Increase/Decrease) in Public Issue & Preliminary Expenses		
Net Cash from investing Activities (Total/B)	(190.38)	(190.38)
Cash Flow from Financing Activities		
Proceeds from Long Term Borrowing	-	
Net repayment of Secured Loans	-	
Receipt (Repayment) of Short term borrowng	-	
(Increase/Decrease) in unsecured Loans	-	
Increase in Share Capital	2.40	
Net Cash Generated from Financing Activities (Total - C)	2.40	2.40
Net Increase in Cash & Cash Equivalents		(8.40)
Cash and Cash Equivalents as on 31/12/2003		17.04
Cash and Cash Equivalents as on 31/12/2004		8.64

We have examined the above cash flow statement of Mehta Securities Limited for the year ended 31st December, 2004. The Statement has been prepared by the co. in accordance with the requirements of listing agreement with the The Stock Exchange, Ahmedabad and is based on and in agreement with the corresponding Profit & Loss account and balance sheet of the company covered by our report to the members of the Company.

Place: Ahmedabad
Date: 30.04.2005

For: Dinesh K. Shah & Co.
Chartered Accountants


Dinesh K. Shah
Partner

