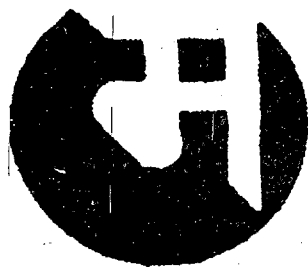

2008

15th Annual Report



CERTIFIED TO BE TRUE COPY

MEHTA SECURITIES LTD

Ahmedabad



Board of Directors

Bhavna D. Mehta
Chirag D. Mehta
Upen P. Parekh
Ramnik D. Sojitra

Auditors

Dinesh K. Shah & Co.
Chartered Accountants
Ahmedabad

Bankers

HDFC BANK
INDUSIND BANK

Registered Office

002, Law Garden Apartment,
Scheme-I, Opp. Law Garden,
Ellisbridge, Ahmedabad 380 006.
Phone no. : 079-26565567
E-mail : mehtasec@yahoo.co.in

NOTICE

Notice is hereby given that **15th 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 Tuesday, **30th JUNE, 2009** 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 2008 and the Balance Sheet as on that date along with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Upen 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 the 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 Member and the Share Transfer Book of the Company will remain closed on 30/06/2009.
3. Member/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 :-

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

DATE: 29/04/2009
PLACE: AHMEDABAD.

FOR AND ON BEHALF OF THE BOARD
OF DIRECTORS

(BHAVNA D. MEHTA)
DIRECTOR

Details of the Directors seeking Appointment / Reappointment in forthcoming Annual General Meeting (As per Revised clause 49 of Listing Agreement)

Name of the Directors	: Upen Parekh
Date of Birth	: 15/08/1961
Date of Appointment	: 24/12/1997
Qualification	: B.Com
Expertise in Specific functional areas	: Accounting & Tax matters
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, Share-holders, Grievances
Shareholding in the company (No. of shares)	: NIL

DIRECTOR'S REPORT

To,
The Members,
MEHTA SECURITIES LIMITED,
Ahmedabad.

Your Directors have pleasure in presenting the 15th Annual Report of the Company along with Audited Accounts for the year ended 31ST DECEMBER 2008.

1. FINANCIAL RESULTS :

The financial results of the Company for the year ended on 31ST DECEMBER 2008 as compared to the previous year are summarized below :-

	31/12/2008	(Rs. In Lacs) 31/12/2007
Total Income	6981.72	4896.77
Total Expenditure	7027.72	4905.25
Profit/(Loss) before Taxation	(46.00)	(8.48)
Provision for Income Tax	Nil	Nil
Net Profit/Loss After Tax	(46.00)	(8.48)

2. OVERALL REVIEW OF PERFORMANCE :

The operations of the Company have improved moderately in spite of several organizational and market related issues.

During the year under review, the Company has a gross income of Rs. 6981.72 Lacs.

Simultaneously, during the year under review, as well as historically the Company has provided substantial amount towards decrease in investments value, which has resulted into loss of 46 lacs.

3. DIVIDEND :

In view of the loss, the Board of Directors do not recommend dividend.

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 have taken place in the economic environment, the future of the Company and the area in which the Company carries on its business is bright. The company is exploring various initiatives relating to the capital market.

5. DIRECTOR :

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

6. PARTICULARS OF EMPLOYEES :

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

7. PARTICULARS OF CONSERVATION OF ENERGY ETC :

Since the Company is not engaged in any manufacturing activity, the disclosures as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 pertaining to conservation of energy, etc. is not applicable.

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 re-appointment. Board recommends the reappointment and requests the members to fix their remuneration.

9. 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 as on 31st DECEMBER 2008.

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 policies 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 end of the financial year ended on 31st DECEMBER 2008 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 2008 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 had prepared the Annual Accounts on an ongoing basis.

11. LISTING :

The equity shares of the Company are listed on The Stock Exchange of Mumbai, Listing fees for the year 2008-09 have been duly paid.

12. CORPORATE GOVERNANCE:

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

13. 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 : 29/04/2009

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

(BHAVNA D. MEHTA)
DIRECTOR

MANAGEMENT DISCUSSION AND ANALYSIS

a. Industry Structure and Development :

The company has adapted advance technological changes to compete in the segment of our business for reasonable growth.

The global economy is passing through tremendous recessionary period including India even though the management is hopeful of the growth in this sector with the help of government assurance to over-come the situation.

There is uncertainty on the political front, a coalition government acts as impediment so as to implement reforms which will benefit to our company also.

Foreign investors are also showing interest in our country by picking up stocks from the market there by injecting funds in the market.

b. Opportunities and Threats :

Opportunities exist at a large scale and size and according geographical situation and threats for existence are there but opportunities are promising.

c. Risk Management :

There is a risk management in competitive and volatile market, but by following ways the business is likely to be sustained in positive growth.

- Identifying the risks faced by the company.
- To measure and monitor the appropriate systems and processes.
- Appropriate policy framework on risk management.
- Continuous monitoring and review of implementation of strategies for the progress.
- Regular reporting the risk mitigation results to the management.
- The most risks the company has to manage are enumerate below.

d. Credit Risk

The credit risk results in a financial loss through inability and unwillingness of a customer to meet his obligation. The company believes to deliver apt and consistent ability to provide best services to the customers and associates for that the company has setup highest standards of service and is also streamlining the process through automation and strong systems

The company is optimistic of resuming its high growth over the coming years.

e. Segment wise Performance :

The Company's activities are divided into two parts i.e. Broking activities and Investments. The broking activity is meager but likely to be expanded appropriate opportunities upon which the due concentration is applied.

f. Recent Trend and Future Outlook :

The Indian economy and markets are likely to grow and develop and the company also will show better performance in years to come.

g. Risks and Concerns :

The company has taken necessary measure to safe guard its assets/interest etc. Company does not face any risk of fluctuation in exchange rate as it is not involved in such business of importing and exporting raw material, finished product though the risk of competition, government policy natural factors are there.

h. 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.

i. Financial Performance with respect to Operational Performance :

The financial performance of the Company for the year 2008 is described in the Directors' Report under the head "Financial Results".

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

Certain Employees Development Initiatives your company have undertaken has positive impact on the morale and spirit of the employees. Special attention to human resources / industrial relations development is given by the company. Industrial relations remained cordial throughout the year and there was no incidence of strike, lockout etc.

k. Material development in human resource/ industrial relation front, including number of people employed.

There has been no material development on the human recourse / industrial relation front during the year. Employee relations at all levels continue to remain cordial. The company had 6 (six) employees as on 31st December 2008.

l. 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 may differ materially from those either expressed or implied.

PLACE : AHMEDABAD.
DATE : 29/04/2009

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

(BHAVNA D. MEHTA)
DIRECTOR

REPORT ON CORPORATE GOVERNANCE

INTRODUCTION :

There is a great impact of strong Corporate Governance for strong and stable partnership with the Investors and stakeholders for their confident and trust in our company. The detailed report on implementation of Corporate Governance Code as incorporated in revised Clause 49 of the Listing Agreement with the Stock Exchanges is set out below: -

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :

The company has adapted a policy of strong Corporate Governance to ensure good objectives and to measure and monitor the performance the high level transparency & accountability in the functioning of the Company which helps efficient management of Company's affairs and protecting the interests of shareholders, employees, lenders, clients etc. and also emphasis on compliance of statutory laws.

During the year under review, the Company has fully complied with the requirements of revised Clause 49 of the Listing Agreements and also assures to continue its efforts by raising its standards in corporate governance. The systems and procedures are such that will keep pace with the changing economic environments.

The detailed report on implementation of Corporate Governance Code as incorporated in revised Clause 49 of the Listing Agreement with the Stock Exchanges is set out below:

2. BOARD OF DIRECTOR :

Composition and Category of Directors:

The composition of the Board of Directors of the Company is in conformity with revised Clause 49 of the Listing Agreement with the Stock Exchange. The present Board of Directors of the Company consists of four members comprising all Non- Executive and three Independent Directors. The Chairman of the Company is a Non-Executive Director. The number of Non-Executive and Independent Directors exceeds one-half of the total number of Directors.

Present Composition and other details of Board of Directors of the Company.

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
Chirag D.Mehta	Non-Executive, Independent	NIL	4	2
Bhavna D. Mehta,	Chairman Non-Executive	1	4	2
Upen P. Parekh	Non-Executive & Independent	NIL	3	—
Ramnik D. Sojitra	Non-Executive & Independent	NIL	3	—

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

Meeting of Board of Directors and Board Procedures:

The Board of Directors meets 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 on 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.

During the financial year under review, the Board of Directors met 4 times on 31/01/2008, 30/04/2008, 30/07/2008, and 30/10/2008.

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

Name of Director	Board Meetings attended	Attendance at last AGM
Chirag D. Mehta	4	Present
Bhavna D. Mehta, Chairman	4	Present
Upen P. Parekh	4	Present
Ramnik D. Sojitra	3	Present

3. AUDIT COMMITTEE :

The Audit Committee was originally constituted in 1995. During the year 2001, the terms of reference and scope were revised to meet with the requirements prescribed under the Code of Corporate Governance and the Listing Agreement with the Stock Exchanges.

Broad Terms of Reference

The Audit Committee has been given the powers to deal with matters specified under revised Clause 49 of the Listing Agreement as well as under section 292A of the Companies Act, 1956.

In brief, the terms of reference include :

- Reviewing the Company's financial reporting process and disclosure of financial information, to ensure correctness and credibility.
- Reviewing the financial statements before their submission to the Board for approval;
- Reviewing the adequacy of internal control systems and internal audit functions;
- Reviewing the Internal and Statutory Auditors Reports, discussing any significant findings and reviewing the follow-up thereon;
- Recommending the appointment and removal of Statutory & Internal Auditors and fixation of their fees;
- Reviewing the nature and scope of audit with the Internal and Statutory Auditors and post-audit discussions to ascertain any areas of concern.

The scope of the Audit Committee also covers reviewing the applicability of various Accounting Standards issued by the 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 and Independent Directors:

1. Chirag D. Mehta Chairman, Independent & Non-Executive Director.
2. Upen P. Parekh Independent & Non-Executive Director.
3. Ramnik D. Sojitra Independent & Non-Executive Director.

All members possess knowledge of corporate finance, accounts and corporate laws.

During the year, the members met four times on 31/01/2008, 30/04/2008, 30/07/2008, and 30/10/2008. The attendances of the members at the meeting is given below :

Name of the Member	Designation	No. of Meetings Attended
Chirag D.Mehta	Chairman	4
Ramnik D. Sojitra	Member	3
Upen P. Parekh	Member	4

The Committee invites the Head of the Finance Department, the President of the Company and 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 sitting fees is paid to 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 two of them are Independent Directors:

1. Upen P. Parekh Chairman, Independent & Non-Executive Director.
2. Bhavna D. Mehta Non-Executive Director.
3. Ramnik D. Sojitra Independent & Non-Executive Director.

Mr Pinakin Modi 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.

The powers to approve transfer of shares and redress shareholder complaints have been also designated to the RTA PURVA SHARE REGISTRY PVT. LTD. The approval of share transfers is normally done on a weekly basis so that the RTA is able to return share certificates, duly transferred, within fifteen days.

There are no shareholder grievances pending as on date.

6. GENERAL BODY MEETING :

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

Financial Year	Date	Time	Venue
2007	30/06/2008	11.00 a.m.	2, Law Garden Apt. Scheme-I, Op. Law Garden, Ellis bridge, Ahmedabad-6.
2006	30/06/2007	11.00 a.m.	2, Law Garden Apt. Scheme-I, Op. Law Garden, Ellis bridge, Ahmedabad-6.
2005	28/06/2006	11.00 a.m.	2, Law Garden Apt. Scheme-I, Op. Law Garden, Ellis bridge, 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 2008 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 :- 2, Law Garden Apartment, Scheme-I, Opp. Law Garden, Ellisbridge, Ahmedabad-6.
- Annual General Meeting :-
Day : Tuesday
Date : 30th June 2009.
Time : 11.00 a.m.
Venue : 2, Law Garden Apartment, Scheme-I, Opp. Law Garden, Ellisbridge, Ahmedabad-6.
- Financial Calendar :- Quarterly Unaudited report.
Quarter ended on March 31,2008 : on or before April 30,2008
Quarter ended on June 30,2008 : on or before July 31,2008
Quarter ended on September 30,2008 : on or before October 31,2008
Audited results for year ended on December 31,2008 : on or before June 30,2009
Limited review on quarterly basis : within two months of quarter end
- Book Closure Date :- On 30th June 2009. Tuesday.
- 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 511738
- Stock Price Data :- The shares of the Company have not been traded during the period from 1st January, 2008 to 31st December, 2008, due to suspension of trading hence no information is submitted.
- 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 the RTA are processed and the share certificates are returned within a period of 30 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 30 days.

j) Distribution of Shareholding as on 31st DECEMBER 2008:

Category	No. of Shares Held	% of Share Holding
A. Promoter's Holding		
1. Promoters		
- Indian Promoters*	76,308	2.47
- Foreign Promoters		
2. Person acting in Concert	16,92,991	54.80
Sub Total	17,69,299	57.27
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. FIs		
Sub Total		
4. Others		
a. Private Corporate Bodies	2,63,525	8.53
b. Indian Public	10,19,752	33.01
c. NRIs/OCBs	36,824	1.19
d. Any Other (Other directors and their relatives)		
Sub Total	13,20,101	42.73
Grand Total	30,89,400	100.00

Note: Sum of foreign promoters, FIs, NRIs, NRIs/OCBs, Foreign Nationals, and GDR and ADR holding for the quarter 36,824 (1.19 % of the paid-up Share Capital).

k) Shareholding Pattern as on 31st DECEMBER 2008:

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	3,445	94.15	6,80,576	22.03
5001 to 10000	147	4.02	1,13,300	3.67
10001 to 20000	37	1.01	53,700	1.74
20001 to 30000	9	0.25	24,100	0.78
30001 to 40000	1	0.03	3,500	0.11
40001 to 50000	4	0.11	19,000	0.62
50001 to 100000	2	0.05	16,000	0.52
100001 & Above	14	0.38	21,79,224	70.53
Grand Total	3,659	100.00	30,89,400	100.00

l) 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/CDSL for Dematerialization of Shares.

11. ADDRESS & CORRESPONDENCE :

MEHTA SECURITIES LIMITED
2, LAW GARDEN APARTMENT,
SCHEME-I, OPP. LAW GARDEN,
ELLISBRIDGE,
AHMEDABAD-380 006.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

PLACE : AHMEDABAD.
DATE : 29/04//2009.

(BHAVNA D. MEHTA)
DIRECTOR

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 Securities Limited :

We have examined the compliance of conditions of corporate governance by Mehta Securities Limited for the year ended on 31st December 2008 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 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 Revised 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 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

DINESH K. SHAH
Partner

Membership # 10477

Ahmedabad
Dated: 16/04/2009

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 Securities Limited

1. We have audited the attached Balance Sheet of Mehta Securities Limited as at December 31, 2008, 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 as 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) 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, 2008 and taken on record by the Board of Directors, we report that none of its directors is disqualified as on December 31, 2008 from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
 - (vi) 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:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2008,
 - (b) in the case of the Profit & Loss Account, of the profit for the year ended on that date and
 - (c) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For DINESH K. SHAH & CO.
Chartered Accountants

DINESH K. SHAH
Partner
Membership # 10477

Ahmedabad, Dated : 16/04/2009

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, 2008

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. There are current investments as well as long-term investments as per company's objective and policy.

3. Stock / Investments.

- (a) The stock of shares held as stock in trade has 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 of records.
- (d) 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.

4. Loans and Advances

Loans and Advances in the nature of loans, have not been given to employee and other parties.

5. Loans: (secured & unsecured)

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 information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business, for the purchase of equipments and other fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed, in the internal control systems.
7. According to the information and explanations given to us, there are no transactions of purchase of goods, materials and sale of goods, materials or services with any companies, firms or other parties listed in the register maintained under section 301 of The Companies Act, 1956 except at market prices and aggregating during the year to Rs. 50,000/- or more in respect of each party.
8. 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.
9. In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and nature of its business.
10. 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.

11. 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.

12. The Provident Fund Act is not applicable to the Company.
13. 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.
14. 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.
15. 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.
16. The provisions of any special statute applicable to Chit Funds, Nidhi or Mutual Benefit Society do not apply to the Company.
17. 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.
18. No personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
19. The Company neither has accumulated losses exceeding fifty percent of its net worth at the end of the financial year.
20. 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.
21. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
22. There are no guarantees given by the Company for loans taken by others from banks and financial institutions.
23. Based on the records examined by us and the information and explanations given to us, on an overall basis, the company has not availed term loan during the year.
24. 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.
25. The Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
26. The Company has not issued any debentures during the year.
27. The Company has not raised any money by way of public issues during the year.
28. 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

DINESH K. SHAH
Partner
Membership # 10477

Ahmedabad, Dated: 16/04/2009

MEHTA SECURITIES LTD.

BALANCE SHEET AS AT 31ST DECEMBER 2008

(Rs. in Lacs)

PARTICULARS	SCH.	AS AT. 31-12-2008	AS AT. 31-12-2007
SOURCES :-			
1. SHARE HOLDERS FUNDS			
A. SHARE CAPITAL	A	308.94	308.94
B. RESERVE & SURPLUS	B	327.37	373.37
		636.31	682.31
2. LOANS FUNDS			
A. SECURED LOAN			
B. UNSECURED LOAN			
TOTAL		636.31	682.31
APPLICATION			
1. FIXED ASSETS			
A. GROSS BLOCK	C	26.49	26.49
B. LESS : DEPRECIATION		11.42	6.70
C. NET BLOCK		15.07	19.79
2. INVESTMENTS	D	1030.46	822.26
3. CURRENT ASSETS, LOANS & ADVANCES			
A. CURRENT ASSETS	E	136.53	187.11
B. LOANS, ADVANCES AND DEPOSIT	F	96.30	104.7
		232.83	291.81
LESS :			
CURRENT LIABILITIES & PROVISIONS			
A. CURRENT LIABILITIES	G	641.67	451.35
B. PROVISIONS	H	0.38	0.20
		642.05	451.55
NET CURRENT ASSETS		-409.22	-159.74
4. MISCELLANEOUS EXPENDITURE (TO THE EXTEND NOT ADUJSTED)			
TOTAL		636.31	682.31

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

FOR & ON BEHALF OF THE BOARD
MEHTA SECURITIES LTD.

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

B. D. MEHTA
DIRECTOR

C.D.MEHTA
DIRECTOR

PLACE : AHMEDABAD
DATE : 16/4/2009

PLACE : AHMEDABAD
DATE : 16/4/2009

MEHTA SECURITIES LTD.

PROFIT & LOSS ACCOUNT 31ST DECEMBER 2008

(Rs. in Lacs)

PARTICULARS	SCH.	AS AT.	AS AT.
		31-12-2008	31-12-2007 ²
INCOME :			
SALES		6962.83	4869.88
INCOME FROM OPERATIONS	I	18.89	26.89
TOTAL		6981.72	4896.77
EXPENSES			
PURCHASE		7001.32	4891.67
ADMINISTRATIVE & OTHER EXPENSES	J	21.67	11.78
DEPRECIATION		4.72	1.80
TOTAL		7027.72	4905.25
PROFIT BEFORE TAX [A - B]		-46.00	-8.48
PROFIT AFTER TAX		-46.00	-8.48
ADD : BALANCE OF EARLIER YEARS		-89.26	-80.78
PROFIT AFTER TAX		-135.26	-89.26
BALANCE CARRIED TO BALANCE SHEET		-135.26	-89.26

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

FOR & ON BEHALF OF THE BOARD
MEHTA SECURITIES LTD.

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

PLACE : AHMEDABAD
DATE : 16/4/2009

B. D. MEHTA
DIRECTOR

C.D.MEHTA
DIRECTOR

PLACE : AHMEDABAD
DATE : 16/4/2009

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

(Rs. in Lacs)

	AS AT 31/12/2008	AS AT 31/12/2007
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/- EACH FULLY PAID UP.	308.94	308.94
TOTAL	308.94	308.94
SCHEDULE - "B" RESERVES & SURPLUS		
GENERAL RESERVE	5.00	5.00
SHARE PREMIUM	457.63	457.63
PROFIT & LOSS A/C.	-135.26	-89.26
TOTAL	327.37	373.37
SCHEDULE - "D" INVESTMENTS		
QUOTED		
INVESTMENT IN (LISTED / UNLISTED) SECURITIES / STOCKS / BONDS	1030.46	822.26
Market Value of Investment Rs. 964 lacs		
TOTAL	1030.46	822.26
SCHEDULE - "E" CURRENT ASSETS		
CASH ON HAND	2.37	3.12
BALANCE WITH SCHEDULE BANKS IN CURRENT A/C	108.90	133.16
BUSINESS DEBTORS (considered good)		
MORE THAN SIX MONTHS AND OTHERS	17.09	50.83
LESS THAN SIX MONTHS AND OTHERS	8.17	
TOTAL	136.53	187.11
SCHEDULE - "F" LOANS, ADVANCES & DEPOSITS		
(Unsecured and considered good)		
FROM COMPANIES & OTHERS	5.25	13.65
DEPOSITS		
KHANDWALA	8.00	8.00
NSE - MEMBERSHIP	50.00	50.00
NSE- F & O SEGMENT	6.00	6.00
NSCCL - F & O SEGMENT	2.00	2.00
OTC MEMBERSHIP	20.00	20.00
SAUSTRA KUTCH STOCK EX.	5.05	5.05
TOTAL	96.30	104.70
SCHEDULE - "G" CURRENT LIABILITIES		
CREDITORS (Other than small scale industrial undertaking)	641.67	451.35
TOTAL	641.67	451.35

SCHEDULE - "H" PROVISIONS

PROVISION FOR EXPENSES	0.38	0.20
TOTAL	0.38	0.20

SCHEDULE - "I" INCOME FROM OPERATIONS

BROKERAGE INCOME	0.04	0.04
INCOME FROM INVESTMENT	1.62	16.48
DIVIDEND INCOME	5.10	4.33
INTEREST	12.00	5.65
OTHER INCOME	0.13	0.39
TOTAL	18.89	26.89

SCHEDULE - "J" ADMINISTRATIVE & OTHER EXPENSES

NSE EXPENSES	9.14	2.37
FINANCIAL EXPENSES	3.39	2.8
ADMINISTRATION EXPENSES	4.54	5.75
OTHER EXPENSES	4.60	0.86
TOTAL	21.67	11.78

SCHEDULE - "C" FIXED ASSETS

(Rs. In Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	OPEN- ING BAL- ANCE AS ON 01-01-08	ADDI- TION DURING THE YEAR	DEDUC- TIONS DURING THE YEAR	CLOS- ING BAL- ANCE AS ON 31-12-08	OPEN- ING BAL- ANCE AS ON 01-01-08	ADDI- TION DURING THE YEAR	DEDUC- TIONS DURING THE YEAR	CLOSING BAL- ANCE AS ON 31-12-08	AS ON 31-12- 08	AS ON 31-12- 07
1 OFFICE PREMISES	5.17	0	0	5.17	0.04	0.51	0	0.55	4.62	5.13
2 FURNITURE & FIXTURES	1.59	0	0	1.59	0.44	0.21	0	0.64	0.94	1.15
3 MOTOR BIKES	0.51	0	0	0.51	0.22	0.07	0	0.30	0.21	0.29
4 COMPUTERS	8.32	0	0	8.32	4.78	1.42	0	6.20	2.12	3.54
5 MOTOR CAR	10.91	0	0	10.91	1.22	2.51	0	3.73	7.18	9.68
TOTAL	26.49	0	0	26.49	6.70	4.72	0	11.42	15.07	19.79
PREVIOUS YEAR	26.11	0.38	0	26.49	4.80	1.90	0	6.70	19.79	

**NOTES ON BALANCE SHEET & PROFIT & LOSS A/C.
FOR THE YEAR ENDED 31ST DECEMBER, 2008**

I. SIGNIFICANT ACCOUNTING POLICIES:

1. Accounting Convention 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. The Company's main business is to provide corporate advisory services, investments and Broking. All other activities are incidental to the main business. As such, there are no separate reportable segments, as per Accounting Standard on 'Segment Reporting' (AS 17) issued by the Institute of Chartered Accountants of India.

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 company makes an assessment of any indicator that may lead to impairment of assets on an annual basis.

As 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. Investments :

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

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".

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 include brokerage, service tax and stamp duty.

8. Valuation of Investments :

Quoted scripts under Investments, are valued at cost. The company has written off value of investments as per the policy and resolution of the Board.

9. Related Party Transactions :

Parties are considered to be 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.

10. 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 TO ACCOUNTS:

- On the basis of the information available with the Company, there is no amount due but remaining unpaid as on 31st December 2008 to any suppliers who is a small scale or ancillary industrial undertaking.
- The requirement of Accounting Standard 22 "Accounting for Taxes on Income" have been considered and the management 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.

- 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 31/03/2009, the ultimate liability for the A.Y.2009-2010 will be determined on the total Income of the Company for the year ended 31/03/2009.
- Corresponding figures of the previous year have been regrouped or restated to make them comparable with current year figures whenever necessary.
- Unsecured Loans, Current Liabilities, Loans & Advances, Deposits and Sundry Debtors are subject to confirmation and adjustments, if any.
- Auditor's Remuneration :**

	Year ended December 31, 2008	Year ended December 31, 2007
Audit Fees and other professional charges. (Excluding of Service Tax)	14642/-	14,000/-

7. **Segment Reporting :**

The company is engaged in Investments and advisory services 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.

8. **Earning per Share :**

		Year ending 31.12.2006	Year ending 31.12.2007
Net Profit after Tax	Basic	(46.00)	(8.48)
	Diluted	(46.00)	(8.48)
Weighted average number of shares outstanding	Basic	3089400	3089400
	Diluted	3089400	3089400
Earnings per share (face value Rs. 10 Per share)	Basic	(1.49)	(0.27)
	Diluted	(1.49)	(0.27)

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. Chirag D. Mehta 2. 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.

a. Production Capacity :	Not Applicable
b. Turnover :	Not Applicable
c. Raw Materials Consumed: (Indigenous Only):	Not Applicable
d. Stock:	Nil
e. Value of Imports calculated on CIF Basis :	Nil
f. Expenditure in Foreign Currency:	Nil
g. Earnings in Foreign Currency:	Nil

10. 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. : 22740 State Code: 04
Balance Sheet Date : 31-12-2008

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	636.31	Total Assets	636.31
Sources of Funds:		Application of Funds:	
Paid up Capital	308.94	Investments	1030.46
Reserves & Surplus	327.37	Fixed Assets	15.07
Unsecured Loans		Net Current Assets, Loans & Advances	-409.22

IV. Performance of Company (Amount in Lacs) :

Profit(Loss) Before Tax (46.00) Profit After Tax (46.00)
Earnings per Share (1.49) Dividend (In %) 0.00

V. Generic Name of Principal Product of Company:

- Stock Broking
- Equity Research.
- Investments.

AS PER OUR ATTACHED REPORT OF EVEN DATE,

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

For, Mehta Securities Limited:

(Dinesh K. Shah)
(Partner)

(C.D.Mehta) (B. D. Mehta)
Director Director

Place : Ahmedabad.
Date : 16/04/2009

Place : Ahmedabad.
Date : 16/04/2009

Cash Flow Statement

Inflow of Cash

Current Liabilities	2,05,71,813.20
Investments	2,47,09,583.20
Current Assets	2,37,36,620.89
Direct Expenses	29,344.13
Indirect Incomes	11,31,232.19
Indirect Expenses	661.00
Direct Income	10,39,427.05
Loans & Advances	2,00,000.00
Total	7,14,18,681.46

Outflow of Cash

Current Liabilities	1,16,30,961.00
Investments	4,53,00,000.00
Current Assets	1,56,28,219.31
Direct Expenses	2,77,516.15
Indirect Incomes	8,80,398.57
Loans & Advances	2,00,000.00
Total	7,39,17,095.03

Net inflow -24,98,413.57

FOR & ON BEHALF OF THE BOARD
MEHTA SECURITIES LTD.

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

PLACE : AHMEDABAD
DATE : 16/4/2009

B. D. MEHTA
DIRECTOR

C.D.MEHTA
DIRECTOR

PLACE : AHMEDABAD
DATE : 16/4/2009

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