

# **INTERNATIONAL HOUSING FINANCE CORPORATION LIMITED**

“Moorti Bunglow”, 5 Ashok Nagar,  
Nr. I.S.R.O. , B/H. Sundarvan,  
Satellite, Ahmedabad.

## **ANNUAL REPORT 2011-12**

-:: Auditors ::-

**NAIGAM H SHAH & CO**  
Chartered Accountants

214, Chandraprabhu Complex,  
Nr. Saradar Patel Statue,  
Naranpura, Ahmedabad – 380 014  
Phone: (M) 98254 63292 (Telefax) 079- 27545556  
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# INTERNATIONAL HOUSING FINANCE CORPORATION LIMITED

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. S. B. Padsala	<i>Chairman &amp; Managing Director</i>
Mr. K. R. Dhanopia	<i>Director</i>
Mr. P. C. Shah	<i>Director</i>
Mr. V. S. Shah	<i>Director</i>

### REGD. OFFICE

5, "Moorti Bunglow"  
Ashok Nagar Co. Op. Hou. Soc. Ltd.,  
B/h Sunder Nagar, ISRO, Satellite, Ahmedabad-380015.

### REGISTRAR &

### SHARE TRANSFER AGENT

### SYSTEM SUPPORT SERVICES

209, Shivai Ind.Estate, Near Park Devis,  
89, Andheri Kurla Road,  
Sakinaka, Andheri (East), Mumbai-400072.

### BANKERS

### HDFC BANK LTD.

CG ROAD, AHMEDABAD

### AUDITORS

### M/s. NAIGAM H SHAH & CO.

214 Chandraprabhu Complex, Nr Sardar Patel Statue,  
Naranpura, Ahmedabad- 380014.

**NOTICE**

NOTICE is hereby given that the Annual General Meeting of the members of INTERNATIONAL HOUSING FINANCE CORPORATION LIMITED will be held on Saturday, 29<sup>th</sup> September, 2012 at 11:30 a.m., at Common Plot & Hall, 7, Ashoknagar Co-Operative Housing Society Ltd. B/h. Sundervan, Ahmedabad-380015 for transacting the following business :

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited balance sheet as on 31<sup>st</sup> March, 2012, Statement of Profit & Loss for the year end as on that date and Auditors' and Directors' report thereon.
2. To appoint Director in place of Mr. Vinod Shah, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

**For and on behalf of the Board of Directors**

**Date : 10/08/2012**  
**Place : Ahmedabad**

**Sandip B Padsala**  
**Chairman & Managing Director**

**NOTES :**

- 1) Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and proxy need not be a Member. Proxy to be effective should reach the Registered Office of the Company not less than 48 hours before the time fixed for the Meeting.
- 2) The Register of Members and Share Transfer books of The Company will remain closed from Wednesday, 26<sup>th</sup> Day of September 2012 to Saturday, 29<sup>th</sup> September, 2012 (Both Days Inclusive).
- 3) The Members are requested to notify immediately the change of address, if any to the Company's Share Transfer Agent, M/s. System Support Service, 209, Shivai Ind. Estate, Near Park Devis, 89, Andheri Kurla Road, Sikinaka, Andheri(East), Mumbai-400072 quoting their Folio No. or Client ID No.
- 4) Nomination facility is available to the Shareholders in respect of share held by them.
- 5) Members desiring any information on Accounts are requested to write to the Company at least One week before the meeting so as to enable the management to keep the information ready. Replies will be provided only at the meeting.
- 6) As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to bring their copies of Annual Report and the attendance slip at the meeting.
- 7) Members who hold shares in dematerialized form are requested to write their client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio number in the attendance slip for attending the meeting.

## DIRECTORS' REPORT

To  
The Members  
International Housing Finance Corporation Limited,

The Directors have pleasure in presenting their Annual Report together with the Accounts of your Company for the year ended March 31, 2012.

**FINANCIAL RESULTS :**

The summarized financial results of the Company are given hereunder:

(Rs Lakhs)

Particulars	2011-12	2010-11
Turnover (Net) (including other income)	Nil	Nil
Profit/(Loss) before Interest, Depreciation and Tax	(4.55)	(3.17)
Provision for Income Tax (Including Deferred Tax)	Nil	Nil
Profit/(Loss) for the year	(4.55)	(3.17)

**OPERATIONS :**

During the year under review, the Company has not done any business activities due to lack of opportunities and as such the Company has not earned any income during the year. The Company incurred net loss of Rs 4.55 Lacs on account of administrative expenses during the year under review as compared to net loss of Rs 3.17 Lacs during the previous year.

**DIVIDEND :**

In view of loss during the year under review and carried forward loss, your directors do not recommended dividend for the under review.

**FIXED DEPOSITS :**

The Company has not accepted/renewed any public deposits during the year under review.

**MANAGEMENT DISCUSSION AND ANALYSIS :****(A) INDIAN ECONOMY**

The Indian economy faced many headwinds in fiscal 2011-12. The year witnessed turmoil as the GDP growth rate came down to 6.5%, the lowest in the last 5 years. This was a result of the various macro-economic factors, global economy being on the brink of a recession, Due to financial disturbance the Indian economy came down. The year was characterized by a sustained rise in inflation, as a result of a sharp increase in the prices of commodities. This was further exacerbated by the supply side constraints and increased borrowing costs. With demand and affordability getting impacted, the economic growth engine witnessed signs of a significant slow-down. Over the near term, there is no sign of a reversal of this trend, unless the Government initiates a series of reforms and bold economic measures.

**(B) INDIAN REAL ESTATE**

As decrease in the Indian economy, the Indian real estate sector continued to face a challenging environment. With an overall decline in volumes, pricing was a key issue in some geography marked by over-supply and lack of sustained economic activity. Key markets were also impacted by policy inertia, leading to significant reduction in volumes on account of lack of fresh approvals.

**(C) OUTLOOK ON OPPORTUNITY AND RISKS :****Opportunities**

Gujarat has emerged as the top investment destination in the country attracting proposals worth over a staggering Rs 16.28 lakh crore, leading industry body Assocham said today. The real estate sector in India is on a rapid growth trajectory. The market opportunities in real estate sector are in all asset classes, including residential, commercial, retail and hospitality. Closely tied to this is the immense opportunity in the construction industry especially in the infrastructure development sector. On the residential market alone, India possesses the elements of very strong demand growth in the coming decades.

After Gujarat, Maharashtra was second, attracting investments worth Rs 14.14 lakh crore, followed by Andhra Pradesh and Odisha (Rs 12.09 lakh crore each) and Karnataka Rs 9.85 lakh crore. The remaining 15 states attracted total investment proposals worth Rs 55.89 lakh crore, ASSOCHAM said.

Of the total investment proposals, the highest amount has gone into electricity (35.9%), followed by manufacturing (25.3%), services (21.8%), real estate (11.8%), irrigation (3.1%) and mining (2.1%), the industry body said.

**Risks :**

Global economic uncertainties have affected India's economy, including the real estate market. Macroeconomic indicators are not healthy. Fiscal deficit and interest rates are high while the rupee is depreciating.

High prices and interest rates have been dampeners. "Demand has been stagnating in a few cities even as supply remains high. Investors as well as end-users have been showing signs of weariness.

Rising prices of raw materials and increasing fuel/transportation costs also adversely affect in the real estate market. Apart from this, the other major issue is the lack of availability of skilled and semi-skilled labor at project sites.

The Company's business is substantially affected by the prevailing and changing economic conditions in India and at global level. Due to rise in interest rates, inflation, changes in tax, trade, fiscal and monetary policies, scarcity of credit, delays in obtaining necessary approvals etc. All these factors affect the business of the Company.

**(D) INTERNAL CONTROL SYSTEM :**

The company has proper and adequate system of internal controls. The management reviews the internal control systems and procedures to ensure orderly and efficient conduct of business and to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transactions are authorised recorded and reported correctly.

The Company has well defined internal control system. The Company takes abundant care to design, review and monitor the working of internal control system. All significant issues are brought to the attention of the Audit Committee of the Board. Gaps, if any, under the existing system are being examined and the mitigation measures for the same are being devised.

**(E) HUMAN RESOURCES (HR) :**

The Company believes that the human capital is the key engine for its growth and competitiveness. It continues to focus on HR practices, systems and people development initiatives that encourage continuous learning on the job and meritocracy and which enhance the organization's capability. The Company's objective going forward would be to nurture and harness core management teams and explore outsourcing which will enable us to enhance management bandwidth and focus. The changing business scenario necessitates continuous development of employees in terms of skills and competencies in line with the Company's requirements.

**CORPORATE GOVERNANCE :**

Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges, a report on Corporate Governance confirming compliance thereto, is attached to this annual report

**CFO CERTIFICATION :**

The Managing Director who looks after finance function has submitted a certificate to the Board regarding the financial statements and other matters as required under clause 49 (V) of the Listing Agreement.

**DIRECTOR :**

Pursuant to provisions of Section 256 of the Companies Act, 1956 Mr. Vinod Shah retire by rotation and being eligible offers themselves for re-appointment.

**DIRECTORS' RESPONSIBILITY STATEMENT :**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors state that :

- In the presentation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure.
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of financial year and have of the profit of the Company for the period.

- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for preventing and detecting fraud and other irregularities.
- The Directors have prepared the annual accounts on a going concern basis.

**PARTICULARS OF EMPLOYEES :**

No employee is drawing remuneration more than the specified limit prescribed u/s.217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975. Hence, the information in terms of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are not required to be given.

**AUDITORS :**

M/s. Naigam H. Shah & Co., Chartered Accountant, statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received certificate from M/s. Naigam H. Shah & Co., Chartered Accountant, to the effect that their appointment, if made would within the prescribed limits under section 224(1B) of the Companies Act, 1956 and that they are not disqualified from such appointment within the meaning of section 226 of the Companies Act, 1956. The proposal for re-appointment is included in the notice of Annual General Meeting sent with.

**CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION FOREIGN EXCHANGE EARNING AND OUTGO :**

The year under review, there are no manufacturing activities undertaken by the Company. and as such information pursuant to section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy and technology absorption are not applicable to the Company. There is no foreign exchange earnings and outgo during the year under review.

**ACKNOWLEDGEMENT :**

Your Directors take this opportunity to express their appreciation for the co-operation extended by the bankers of the Company and members and look forward to their continued patronage.

**For and on behalf of the Board of Directors**

**Date : 10/08/2012**  
**Place : Ahmedabad**

**Sandip B Padsala**  
**Chairman & Managing Director**

**REPORT ON CORPORATE GOVERNANCE**  
**[Pursuant to clause 49 of the listing agreement]**

**CORPORATE GOVERNANCE :**

The Company's philosophy on Corporate Governance is founded upon a legacy of fair, ethical and transparent governance practices. The Company has been guided by ethical principles and being transparent and fair in its business dealings and administration, and having adequate system of controls and checks in place to ensure that the executive decisions should result in optimum growth and development which benefits all the stakeholders.

The Company aims to increase and sustain its corporate value through growth and innovation. Further, the Company has established systems and procedures to ensure that its Board of Directors is well informed and well equipped to fulfil its overall responsibilities and to provide management with the strategic direction needed to create long term shareholders' value. The Company has always worked towards building trust

with the shareholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate governance viz., integrity, equity, transparency, fairness, disclosure, accountability and commitment to values.

Corporate Governance is an ongoing process The Company believes that there is a need to view Corporate Governance as more than just regulatory requirements as there exists a fundamental link with the organisation of business, corporate responsibility and shareholder wealth maximisation. This report sets out the compliance status of the Company with the requirements of corporate governance, as set out in Clause 49, for the financial year 2011-12.

**BOARD OF DIRECTORS :****(A) Composition of Board of Directors :**

Name of the Director	Category of Directorship	No. of Directorship in Other Public Companies	No. of Board Committees of which member / chairman
Mr. Sandip B. Padsala	Non-Independent & Executive	4	4
Mr. Kamlesh R. Dhanopia	Independent and Non-Executive	NIL	NIL
Mr. Prakash C. Shah	Independent and Non-Executive	NIL	NIL
Mr. Vinod S. Shah	Independent and Non-Executive	NIL	NIL

**(B) Attendance of each director at the Board Meeting, Last Annual General Meeting :**

Name of Director	Category of Directorship	No. of Board meeting held	No. of Board meeting attended	Attendance at last AGM
Mr. Sandip B. Padsala	Promoter & Executive	5	5	YES
Mr. Kamlesh R. Dhanopia	Independent and Non-Executive	5	5	YES
Mr. Parkash C. Shah	Independent and Non-Executive	5	5	YES
Mr. Vinodbhai S. Shah	Independent and Non-Executive	5	5	YES

**C). Number of Board meetings held during the financial year and dates of Board meetings :**

No.	Date	No	Date
1	30/04/2011	4	12/11/2011
2	30/06/2011	5	06/02/2012
3	12/08/2011		

**AUDIT COMMITTEE :****Composition of the Audit Committee :**

Name	Designation	Category	Committee meeting attended
Mr. Prakash C. Shah	Chairman	Independent and Non-Executive	4
Mr. Kamlesh R. Dhanopia	Member	Independent and Non-Executive	4
Mr. Vinod S. Shah	Member	Independent and Non-Executive	4

The term of reference stipulated by the board to the Audit Committee are, as contained in clause 49 of the Listing agreement and Section 292A of the Companies Act, 1956, as follows :

- a. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with management the annual financial statements before submission to the board, focusing primarily on; (i) Any changes in accounting policies and practices, (ii) Major accounting entries based on exercise of judgment by management, (iii) Qualifications in draft audit report (iv) Significant adjustments arising out of audit (v) The going concern assumption, (vi) Compliance with accounting standards, (vii) Compliance with stock exchange and legal requirements concerning financial statements, (viii) Any related party transactions.
- d. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- e. Discussion with internal auditors any significant findings and follow up there on.
- f. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- g. Discussion with external auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- h. Reviewing the company's financial and risk management policies.
- i. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

**Four meetings of Audit Committee were held during the financial year 2011-12on following dates :**

No.	Date	No	Date
1.	30/04/2011	3.	12/08/2011
2.	30/06/2011	4.	06/02/2012

#### REMUNERATION COMMITTEE :

##### Composition of the Remuneration Committee :

Name	Designation	Category	Committee meeting attended
Mr. Kamlesh R. Dhanopia	Chairman	Independent and Non-Executive	1
Mr. Prakash Shah	Member	Independent and Non-Executive	1
Mr. Vinod S. Shah	Member	Independent and Non-Executive	1

One Meeting of Remuneration Committee was held on 30/04/2011.

No remuneration was paid to Managing Director during the year 2011-12.

#### SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE :

The Shareholders/Investors' Grievances specially look into redressing of Shareholders and Investors' complaint such as transfer of shares, non-receipt of dividend, if any and to ensure expeditious share transfer process. The Committee comprises of the following Directors.

Name	Designation	Category	Committee meeting attended
Mr. Prakash C. Shah	Chairman,	Independent and Non-Executive	2
Mr. Kamlesh R. Dhanopia	Member	Independent and Non-Executive	2
Mr. Vinodbhai S. Shah	Member	Independent and Non-Executive	2

Two Meetings of Shareholder's/ Investor's Grievance Committee was held on 30/06/2011 and 06/02/2012

**GENERAL BODY MEETINGS :****Details of last three Annual General Meetings.**

Financial year	Date	Time	Location
2010-11	29/09/2011	11:30 A.M.	Common Plot & Hall, 7, Ashoknagar Co-Op.Housing Soc. Ltd., B/h., Sundervan, Satellite, Ahmedabad 380 015
2009-10	30/09/2010	04:00 P.M.	5, Moorti Bunglow, Ashoknagar Co-op. Housing Soc., Ltd., Setellite Ahmedabad-380 015
2008-09	30/09/2008	11.45 A.M.	5, Moorti Bunglow, Ashoknagar Co-op. Housing Soc., Ltd., Setellite Ahmedabad-380 015

- No postal ballot were used or required for voting at these meetings in respect of special resolution passed.

**MEANS OF COMMUNICATION :**

- The quarterly, half yearly and annual financial results of the Company were sent to the Stock Exchanges.
- The financial results were not posted on website as the Company does not have its own website.

**DISCLOSURES :**

- (a) The register of contracts containing transactions in which directors are interested is placed before the Board of Directors regularly. No transaction of material nature has been entered into by the Company with the directors or the management and their relatives etc. that may have potential conflict with the interest of Company except the loans and advances of Rs. 9,25,98,774/- outstanding as on 31-3-2012 from the Associates, Key Managerial Personnel and Relatives of Key Managerial Personnel and more particularly mentioned in the Para-3 of Annexure to the Auditor's Report.
- (b) Details of non-compliance by the Company, penalties, imposed on the Company by Stock Exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years: N.A

**GENERAL SHAREHOLDERS INFORMATION :****a) Annual General Meeting :**Date : 29<sup>th</sup> September, 2012

Time : 11:30 A.M

Venue : Common Plot &amp; Hall, 7, Ashoknagar Co-Op. Housing Soc., Ltd., B/h., Sundervan, Satellite, Ahmedabad 380 015.

**b) Financial Year : 1<sup>st</sup> April to 31<sup>st</sup> March**

First Quarterly results On or before 14-8-2012

Half yearly results On or before 15-11-2012

Third quarterly results On or before 15-2-2013

Fourth quarterly results On or before 15-5-2013

AGM for the year ended March, 2013 End of September, 2013

**c) Book Closure : 26th September, 2012 to 29<sup>th</sup> September, 2012 (Both days inclusive)****d) Dividend : Nil****e) Listing Stock Exchange :** Bombay Stock Exchange, Baroda Stock Exchange  
Calcutta Stock Exchange, Delhi Stock Exchange  
Madras Stock Exchange**f) Scrip Code : BSE 530781****g) ISIN No. : INE903G01014**

## h) Market Price Data

The Monthly market price data of the Company's shares from April, 2011 to March, 2012 is as follow :

Month	Bombay Stock Exchange		Baroda Stock Exchange Calcutta Stock Exchange Delhi Stock Exchange Madras Stock Exchange	
	High	Low	High	Low
April, 2011	4.20	3.33	—	—
May, 2011	3.66	2.72	—	—
June, 2011	3.13	2.71	—	—
July, 2011	5.00	3.00	—	—
August, 2011	5.51	3.52	—	—
September, 2011	3.35	2.76	—	—
October, 2011	2.89	2.89	—	—
November, 2011	2.76	2.76	—	—
December, 2011	2.27	1.77	—	—
January, 2012	2.63	2.27	—	—
February, 2012	2.27	1.77	—	—
March, 2012	1.77	1.69	—	—

## i) Registrar for Electronic &amp; physical Mode

Address for correspondence at present for transfer / dematerialisation of shares, change in address, change in status of investors and other query or any grievance / complaints relating to the shares of the Company is as below :

**Registrar & Share Transfer Agent****System Support Services**

209, Shivai Ind. Estate, Near Park Devis,  
89, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai-400072.

j) **Listing Fees** : Paid to Bombay Stock Exchange up to 2012-13. Payment of listing fees of other stock exchanges is pending since last few years.

k) **Name of Compliance Officer** : Mr. Sandip B Padsala

l) **Shareholding as on 31<sup>st</sup> march, 2012**

Sr. No.	Category	No. of shares held	% of shareholding
1.	<b>Promoters</b>		
	i) Individual/ HUF	1339600	7.46
	ii) Bodies Corporate	6912500	38.48
	<b>Total</b>	<b>8252100</b>	<b>45.94</b>
2.	<b>Public Shares Holding</b>		
	i) Bodies Corporate	211300	1.18
	ii) Individuals upto 1 lakh	7912200	44.04
	iii) Individual in excess of 1 lakh	1585700	8.83
	iv) Non Residents Indians	3200	0.018
	<b>Total</b>	<b>9712400</b>	<b>54.06</b>
	<b>TOTAL</b>	<b>17964500</b>	<b>100.00</b>

m) Distribution of shareholding as on 31<sup>st</sup> March, 2012.

No. of Shares	No. of Holders	No. of Shares	Total No. of Holders %	Total No. of Shares %
1 to 500	8756	2799200	66.56	15.58
501 to 1000	3099	2595100	21.82	14.44
1001 to 2000	751	1097800	5.07	6.11
2001 to 3000	219	544200	1.48	3.03
3001 to 4000	78	284600	0.50	1.58
4001 to 5000	50	230300	0.29	1.28
5001 to 10000	55	424200	0.33	2.36
10001 to above	71	9989100	0.39	55.60
<b>TOTAL</b>	<b>13079</b>	<b>17964500</b>	<b>100.000</b>	<b>100.000</b>

## n) Share Transfer System :

The Board of Director has delegated the power of share transfer, splitting/ consolidation of the share certificate and issue of duplicate share, rematerialisation of shares to the Registrar and Share Transfer Agent. The Registrar and Share Transfer Agent register the share received for transfer in physical mode, within 30 days from the date of lodgement, if documents are complete in all respects.

## o) Dematerialization of Shares and Liquidity :

The Company Shares is available for dematerialization on one Depository Viz. National Securities Depository Limited (NSDL).

## p) Company's Address for Correspondence :

Mr. Sandip Padsala,  
Compliance Officer,  
B. Nanji Enterprise Ltd.  
"Moorti Bunglow",  
5, Ashoknagar Co-Operative Housing Society Ltd.  
B/h. Sundervan, Ahmedabad-380015.

q) The Companies (Amendment) Act, 1999 introduced through Section 109A, the facility of nomination to shareholders. The facility is mainly useful for all holders holding the shares in single name. Investors are advised to avail of this facility, especially investor holding securities in single name, to avoid the lengthy process of transmission formalities. The nomination form is available on request from the company.

For and on behalf of the Board of Directors

Date : 10/08/2012  
Place : Ahmedabad

Sandip B Padsala  
Chairman & Managing Director

**CERTIFICATE**

**To the Members of  
International Housing Finance Corporation Limited**

We have examined the compliance of the conditions of Corporate Governance by International Housing Finance Corporation Limited (the Company) for the year ended on 31st March, 2012 as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges in India.

The Compliance of the conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to the procedure and implementation there of, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanation given to us the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement subject to disclouser regarding the loans and advances of Rs. 9,25,98,774/- outstanding as on 31-3-2012 from the Associates, Key Managerial Personnel and Relatives of Key Managerial Personnel and more particularly mentioned in the Para-3 of Annexure to the Auditor's Report and also mentioned under the heading "Disclosuer in the Report on Corporate Governance".

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 RAJESH PAREKH & CO.  
Company Secretary**

**Date : 10/08/2012  
Place : Ahmedabad**

**RAJESH PAREKH  
Proprietor**

**AUDITOR'S REPORT**

To  
The Members,  
International Housing Finance Corporation Ltd.,  
Ahmedabad

We have audited the attached balance sheet of International Housing Finance Corporation Ltd ('the company') as at 31<sup>st</sup> March, 2012, and also the profit and loss account 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.

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.

As required by the Companies (Auditors' Report) Order, 2003 and the Companies (Auditor's Report) (Amendment) Order 2004 issued by the Central Government of India 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 and 5 of the said Order.

Further to our comments in the Annexure referred to above we report that:

- (a) We have obtained all information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit;
- (b) In our opinion, proper books of accounts as required by law have been kept by the company, so far as it appears from our examinations of these books; however subsequently company is not a housing finance co. and the object is changed to be a real estate developer co.
- (c) The balance sheet, profit and loss account dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the balance sheet, profit and 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.
- (e) On the basis of the written representations received from directors of the company as at 31<sup>st</sup> March 2012, and taken on record by the Board of Directors, we report that no director is disqualified as on 31<sup>st</sup> March 2012 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 best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in 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 31<sup>st</sup> March 2012;
  - (ii) In the case of the profit and loss account, of the loss for the year ended on that date; and
  - (iii) Cash Flow Statement of Cash Flows for the year ended on that date.

**For Naigam H Shah & Co  
Chartered Accountants**

**Date : 10/08/2012  
Place : Ahmedabad**

**Naigam H Shah  
Proprietor  
Membership No.: 117236**

## ANNEXURE TO THE AUDITOR'S REPORT

With reference to the Annexure referred to in paragraph 3 of the report of the Auditors' to the Members of International Housing Finance Corporation Ltd on the accounts for the year ended 31<sup>st</sup> March 2012, we report that:

1. (a) The company has maintained proper records showing full particulars, Including quantitative details and situation of fixed assets.
- (b) The company has a programme for physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. No material discrepancies were noticed on such verification.
- (c) In our opinion, the company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not effected.
2. (a) The inventory has been physically verified by management during the current year. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures for the physical verification of inventory followed by management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The Company has maintained proper records of inventory. No material discrepancies were noticed on physical verification of inventory.
3. According to the information and explanations given to us, there are no companies, firms or other parties of the nature required to be covered in the register maintained under /section 301 of the Companies Act, 1956, except loan of Rs. 9,25,98,774/- to the parties listed in the Register maintain under section 301 of the act.
4. 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 nature of its business for the purchase of inventory and fixed assets and for the sale of goods. In our opinion, and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control.
5. In our opinion, and according to the information and explanations given to us, there are transactions that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956 have been entered.
6. Section 58A of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the company as the company has not accepted any deposit from the public.
7. In our opinion, the company has no internal audit system commensurate with the size and the nature of its business.
8. Maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956.
9. (a) The Provident Fund Act, 1952 is not applicable to the company hence the question of depositing Provident Fund & Employees State Insurance Dues with the appropriate authorities does not arise.
- (b) According to the information and explanations given to us, there are no amounts in respect of income tax/ customs duty/wealth tax/cess that have not been deposited with the appropriate authorities on account of any dispute outstanding as on 31-03-2012 for a period of mote than six months from the date they became payable, except

Sr. No.	Nature of Undisputed Statutory Dues	Amount (Rs)	Remarks
1.	Income Tax	14,84,918/-	ITAT
2.	Income Tax	16,52,244/-	ITAT
3.	Income Tax	2,10,565/-	ITAT

10. The Company has accumulated losses of Rs 1,69,47,631/- till the immediately preceding Financial Year and earned a loss of Rs 1,72,64,940/- during the Financial Year under this Report.
11. According to the information and explanation given to us, we report that the company has not taken any term loans.
12. According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund/nidhi/mutual benefit fund/society.
14. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. The company has invested its surplus in shares on long term basis. Proper records in respect of shares securities and other investments are maintained and timely entries are made therein. All shares securities have been held by the company in its own name.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanation given to us, we report that the company has not taken any term loans.
17. According to the information and explanations given to us, the company has not raised any funds on short term basis which have been used during the year for long term investment and vice versa.
18. According to the information and explanation given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company did not have outstanding debentures during the year. Accordingly, no securities have been created.
20. The company has not raised any money by public issues during the year.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

**For Naigam H Shah & Co  
Chartered Accountants**

**Date : 10/08/2012  
Place : Ahmedabad**

**Naigam H Shah  
Proprietor  
Membership No.: 117236**

## BALANCE SHEET AS ON 31ST MARCH, 2012

(Amount in Rs.)

Particulars	Note No.	2011-12 Rs.	2010-11 Rs.
<b>A. EQUITY AND LIABILITIES :</b>			
<b>1. Shareholders' funds :</b>			
Share capital	1	163,274,900	163,274,900
Reserves and surplus	2	(3,970,312)	(3,514,940)
<b>2. Current liabilities :</b>			
Short-term provisions	4	3,942,509	3,722,759
Trade Payables	3	480,009	368,261
<b>TOTAL</b>		<b>163,727,106</b>	<b>163,850,980</b>
<b>B. ASSETS :</b>			
<b>1. Non-current assets :</b>			
Tangible	5	339660	339660
Non-current investments	6	11427879	11427879
Long-term loans and advances	7	151,648,942	151,735,397
<b>2. Current assets :</b>			
Inventories	8	250,000	250000
Cash and cash equivalents	9	60,625	98,044
<b>TOTAL</b>		<b>163,727,106</b>	<b>163,850,980</b>
<b>See accompanying notes forming part of the financial statements</b>	12		

In terms of our report attached  
**For Naigam H. Shah & Co.**  
Chartered Accountants

**For and on behalf of the Board of Directors**

**Proprietor**  
Membership No. 117236

**(S. B Padsala)**  
**Managing Director**

**( K R Dhanopia)**  
**Director**

Place : Ahmedabad  
Date : 10/08/2012

Place : Ahmedabad  
Date : 10/08/2012

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(Amount in Rs.)

Particulars	Note No.	2011-12 Rs.	2010-11 Rs.
1. Other Income	10	0	0
2. <b>Total revenue</b>		<b>0</b>	<b>0</b>
3. <b>Expenses :</b>			
Other expenses	11	455,372	317,309
4. <b>Total expenses</b>		<b>455,372</b>	<b>317,309</b>
5. <b>(Loss) before tax</b>		(455,372)	(317,309)
6. <b>Tax expense :</b>			
Current Tax		0	0
Deferred Tax		0	0
7. <b>(Loss) for the year</b>		(455,372)	(317,309)
8. <b>Earnings per share (of Rs. 10/- each) :</b>			
Basic		0	0
<b>See accompanying notes forming part of the financial statements</b>	12		

In terms of our report attached  
**For Naigam H. Shah & Co.**  
Chartered Accountants

**For and on behalf of the Board of Directors**

**Proprietor**  
Membership No. 117236

**(S. B Padsala)**  
**Managing Director**

**( K R Dhanopia)**  
**Director**

Place : Ahmedabad  
Date : 10/08/2012

Place : Ahmedabad  
Date : 10/08/2012

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(Amount in Rs.)

Particulars	31/3/2012	31/3/2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit Before Interest	(455,372)	(317,309)
Adjustments :		
Interest income	-	-
	-	-
Operating Profit Before Working	(455,372)	(317,309)
Capital Changes		
Adjustment for :		
Trade & Other Receivables	86,455	325,850
Trade Payables	331,498	517
Misc. Exp.	417,953	326,367
Cash Generated from operating Activity	(37,419)	9,058
Tax Paid	-	-
Extraordinary Items	-	-
<b>Net Cash Flow from Operating Activities</b>	<b>(37,419)</b>	<b>9,058</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES :</b>		
Sale of Fixed Assets	-	-
Interest Received	-	-
<b>Net Cash Used in Investing Activities</b>	<b>-</b>	<b>-</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITY :</b>		
Increase (decrease) in borrowings	-	-
Net Cash Flow from Financing Activity	-	-
Net Increase in Cash & Cash Equivalents	(37,419)	9,058
Cash & Cash Equivalent as at (Op. Balance)	98,044	88,986
<b>Cash &amp; Cash Equivalent as at (Cl. Balance)</b>	<b>60,625</b>	<b>98,044</b>

As per our attached report of even date

For Naigam H. Shah & Co.  
Chartered Accountants

Proprietor  
Membership No. 117236

Place : Ahmedabad  
Date : 10/08/2012

For and on behalf of the Board of Directors

(S. B Padsala)  
Managing Director

(K R Dhanopia)  
Director

Place : Ahmedabad  
Date : 10/08/2012

## NOTES FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED 31.03.2012

(Amount in Rs.)

Particulars	2011-12		2010-11	
	Number of shares	Rs.	Number of shares	Rs.
<b>NOTE 1 : SHARE CAPITAL :</b>				
<b>Authorised :</b>				
Equity shares of Rs. 10 each with voting rights	20,000,000	200,000,000	20,000,000	200,000,000
<b>Total</b>	<b>20,000,000</b>	<b>200,000,000</b>	<b>20,000,000</b>	<b>200,000,000</b>
<b>Issued, Subscribed and Fully Paid up :</b>				
Equity shares of Rs. 10 each with voting rights	17,964,500	179,645,000	17,964,500	179,645,000
Less : Share Allotment Money Receivable		16,370,100		16,370,100
<b>Total</b>	<b>17,964,500</b>	<b>163,274,900</b>	<b>17,964,500</b>	<b>163,274,900</b>

## 1.1 The Details of Shareholders holding more than 5% Shares :

Particulars	2011-12		2010-11	
	Number of shares		Number of shares	
B. Nanji Construction P Ltd	6,912,500		6,912,500	
Sandeep B Padsala	1,250,400		1,250,400	

Particulars	2011-12 Rs.	2010-11 Rs.
<b>NOTE 2 : RESERVES AND SURPLUS :</b>		
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(17,264,940)	(16,947,631)
Add : (Loss) for the year	(455,372)	(317,309)
Closing balance	<b>(17,720,312)</b>	<b>(17,264,940)</b>
<b>General Reserve :</b>		
Opening balance	13,750,000	13,750,000
Add : (Loss) for the year	--	--
Closing balance	<b>13,750,000</b>	<b>13,750,000</b>
<b>TOTAL</b>	<b>(3,970,312)</b>	<b>(3,514,940)</b>
<b>NOTE 3 : SHORT-TERM PROVISIONS :</b>		
TDS Payable	23,875	2,665
Income Tax Payable	3,445,609	3,445,609
Hemendra C. Shah & Co.	5,000	5,000
Naigam H. Shah & Co.	23,083	23,083
Sakar Sharma & Co.	444,942	246,402
<b>TOTAL</b>	<b>3,942,509</b>	<b>3,722,759</b>

## NOTES FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED 31.03.2012

(Amount in Rs.)

Particulars	2011-12 Rs.	2010-11 Rs.
<b>NOTE 4 : TRADE PAYABLES :</b>		
Micro, Small and Medium Enterprise	0	0
Others	480,009	368,261
<b>TOTAL</b>	<b>480,009</b>	<b>368,261</b>

**NOTE 5 : FIXED ASSETS :**

Tangible Assets		Gross Block				Depreciation/Amortisation			Net Block	
Sr. No.	Particulars	As at 1/4/11 Rs.	Additions Rs.	Disposals/ Adjustments Rs.	As at 31/3/12 Rs.	As at 1/4/12 Rs.	For the year Rs.	Up to 31/3/12 Rs.	As at 31/3/12 Rs.	As at 31/03/11 Rs.
1.	Furniture and Fixtures	339,660	0	0	339,660	0	0	0	339,660	339,660
	<b>Total</b>	<b>339,660</b>	<b>0</b>	<b>0</b>	<b>339,660</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>339,660</b>	<b>339,660</b>
	Previous year	339,660	0	0	339,660	0	0	0	339,660	339,660

**NOTE 6 : NON-CURRENT INVESTMENTS :**

	2011-12			2010-11		
	Quoted Rs.	Unquoted Rs.	Total Rs.	Quoted Rs.	Unquoted Rs.	Total Rs.
<b>Investments (At cost) :</b>						
<b>Trade :</b>						
<b>In Equity Shares fully paid up</b>						
610800 shares of BNE Ltd. of Rs. 10 each	11427879	–	11,427,879	11427879	0	11427879
<b>Total</b>	<b>11427879</b>	<b>–</b>	<b>11,427,879</b>	<b>11427879</b>	<b>–</b>	<b>11,427,879</b>
<b>Other :</b>						
<b>In Equity Shares fully paid up</b>						
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>	<b>11427879</b>	<b>–</b>	<b>11,427,879</b>	<b>11427879</b>	<b>–</b>	<b>11,427,879</b>

Particulars	2011-12 Rs.	2010-11 Rs.
<b>NOTE 7 : LONG-TERM LOANS AND ADVANCES :</b>		
<b>Secured and considered good</b>	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>Unsecured and considered good :</b>		
Intercompany Loans	102,147,759	92,623,774
Others	49,501,183	59,111,623
<b>Total</b>	<b>151,648,942</b>	<b>151,735,397</b>
<b>Total</b>	<b>151,648,942</b>	<b>151,735,397</b>

## NOTES FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED 31.03.2012

(Amount in Rs.)

Particulars	2011-12 Rs.	2010-11 Rs.
<b>NOTE 8 : INVENTORIES :</b> (At lower of cost and net realisable value)		
Stock in trade	250,000	250,000
<b>TOTAL</b>	<b>250,000</b>	<b>250,000</b>
<b>NOTE 9 : CASH AND CASH EQUIVALENTS :</b>		
Cash on hand	60,625	65,404
Balances with HDFC Bank Ltd.	-	32,640
<b>TOTAL</b>	<b>60,625</b>	<b>98,044</b>
<b>NOTE 10 : OTHER INCOME :</b>		
Other Income	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>
<b>NOTE 11 : OTHER EXPENSES :</b>		
Legal, Professional and Listing Fees	232,600	236,660
Payments to auditors (Refer Note (i) below)	25,000	25,000
Registration Service Charges	99,264	--
Postage & Telegram expenses	11,698	11,499
Advertisement expenses	2,800	--
Listing Fees expenses	77,210	--
Stamp Paper expenses	300	--
Printing & Stationery expense	6500	44,150
<b>TOTAL</b>	<b>455,372</b>	<b>317,309</b>
<b>Notes : Payments to the auditors comprises :</b>		
Statutory Audit Fees	25,000	25,000
<b>TOTAL</b>	<b>25,000</b>	<b>25,000</b>

**NOTE 12 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS :****Note : 12.1 : Significant Accounting Policies :****1. Method of Accounting :**

The accounts are prepared on accrual basis under the historical cost convention and on going concern concept.

**2. Revenue Recognition :**

- (i) Revenue in respect of sales of goods is recognised on transfer of property in the goods to the buyers, which generally coincides with the delivery of goods.
- (ii) The revenue in respect of other income is recognised when no significant uncertainty to its realisation exists.

**Note 12.2 : Previous Year's Figures :**

The Revised Schedule VI has become effective from 1 April, 2012 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

**Note 12.3 :**

The balance of sundry creditors and loans and advances are subject to confirmation of respective parties, any adjustment, if required, will be made on receipt of the same.

**Note 12.4 :** In The Opinion Of Board Of Directors :

- 1 The Current assets, loans and advances are approximately of the value stated, if realised in the ordinary course of business.
- 2 The provision for all known and ascertained liabilities are adequate and not in excess of the amount reasonably necessary.
- 3 Expenditure on Employment :  
The company had no employee during the year, who were in receipt of remuneration aggregating to :
  - (1) Not more than Rs. 60,00,000/- for the year, if employee through the financial year or
  - (2) Not more than Rs. 5,00,000/- per month, if employee for the part of the financial year
- 4 Expenditure in Foreign Currency Nil
- 5 Earning in foreign currency Nil
- 6 Amount remitted during the year in Foreign Currency Nil

**Note 12.5 :** Income and Expenditure :

The provision of all income and expenses of the year have been done except those which are uncertain.

**Note 12.6 :** Related party transactions :

Details of related parties Description of relationship	Names of related parties
Company in which KMP / Relatives of KMP  Significant Influence	Sankira Resorts P Ltd. N V Life Care P Ltd, B Nanji Construction P Ltd. B Nanji Enterprise Ltd, B Nanji Power Cable P Ltd. B Nanji Finance Ltd, Samal Investments P Ltd

**Note :** Related parties have been identified by the Management.

Details of related party transactions during the year ended 31 March, 2012 and balances outstanding as at 31 March, 2012 :	Entities in which KMP / relatives of KMP have significant influence
Balances outstanding at the end of the year	
Loans and advances	102191878 (102251878)

**Note :** Figures in bracket relates to the previous year.

**For Naigam H. Shah & Co.**

Chartered Accountants

**Proprietor**

Membership No. 117236

Place : Ahmedabad

Date : 10/08/2012

**For and on behalf of the Board of Directors**

**(S. B Padsala)**  
Managing Director

**( K R Dhanopia)**  
Director

Place : Ahmedabad

Date : 10/08/2012

**INTERNATIONAL HOUSING FINANCE CORPORATION LIMITED**

**PROXY FORM**

Members Folio No.: \_\_\_\_\_

DP ID : \_\_\_\_\_

Client ID : \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_  
being a INTERNATIONAL HOUSING FINANCE CORPORATION LTD, hereby appoint  
of \_\_\_\_\_ or failing him \_\_\_\_\_  
of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_  
as my/our Proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting  
of the Company to be held on Saturday, the 29th day of September, 2012 at Common Plot & Hall,  
7, Ashoknagar Co-Operative Housing Society Ltd. B/h. Sundervan, Ahmedabad-380015.

Signed this \_\_\_\_\_ Day of \_\_\_\_\_ 2012.

Signed by the said \_\_\_\_\_

of \_\_\_\_\_

Affix  
Revenue  
Stampe of  
Requisite  
Amount

Note : If a member is unable to attend the Meeting, he may sign this form and send it to the Company's Registered Office at : Moorti Bunglows", 5 Ashoknagar Co-op Housing Society Ltd., B/H. Sundervan, Satellite, Ahmedabad-380 015 so as to reach them not less than 48 hours before the Meeting

-----TEAR HERE-----

**INTERNATIONAL HOUSING FINANCE CORPORATION LIMITED**

**ATTENDANCE SLIP**

I hereby record my presence at the Annual General Meeting convened at Common Plot & Hall,  
7, Ashoknagar Co-Operative Housing Society Ltd. B/h. Sundervan, Ahmedabad-380015 on Saturday  
29th September, 2012.

Members Folio No.: \_\_\_\_\_

DP ID : \_\_\_\_\_

Client ID : \_\_\_\_\_

Name of the Member attending the Meeting

In case of proxy, Name of Proxy

(Signature of Member/Proxy)  
(To be signed at the time of  
handing over ths slip)

**Note** : Members/Joint members are requested to bring the attendance slip with them.

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**INTERNATIONALHOUSING FINANCE CORPORATION LIMITED**

**Registered Office :**

5, Moorti Bunglow, Ashok Nagar Co.Op. Hou. Soc. Ltd.,  
B/h. Sundar Nager, ISRO, Satellite, Ahmedabad-380015.