ANNUAL REPORT

FOR THE YEAR ENDED

31ST MARCH 2004

A. J. BROTHERS LIMITED

DIRECTORS' REPORT

To,
The Members,

Your Directors hereby present their Twenty Fourth Annual Report alongwith the audited statements of accounts for the year ended 31st March, 2004.

FINANCIAL HIGHLIGHTS:

	(Amount Rs.) Year ended 31.03.2004	Year ended 31.03.2003
Profit before Depreciation & Tax	1,818,338	21,300,919
Less: Depreciation (Excluding Depreciation transferred from Revaluation Reserves)	1,709,340	2,753,737
Profit before Taxation	108,998	18,547,182
Provision for tax	-	-
Profit after Taxation	108,998	18,547,182

DIVIDEND

Your Directors have not recommended any dividend.

OPERATIONS

Your Directors regret to state that the Company could not commence manufacturing and entire Plant remained ideal through out the year.

The Company received a sum of Rs.18.50 lacs from M/s Sidharth Indstries against its claims . After providing depreciation and fixed expenses, there remains a loss of Rs. 1.75 lacs

FINANCE

Due to continued suspension of production, the Company could not meet its obligations to the Bank and financial institutions.

DIRECTORS

To comply with the requirement of the Companies Act, 1956 and the Articles of Association, Mr. L.D. Mishra has offered himself for retirement by rotation. Ravi Arya is eligible for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies Act, 2001, the Board of Directors hereby states-

i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

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For A J Brothers Ltd.

Director.

ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) that the directors had prepared the annual accounts on a going concern basis.

CONSERVATION OF ENERGY, ETC.:

In absence of any manufacturing activity, information as required under Section 217(1) (e) of the Companies Act, 1956 read with the relevant rules made thereunder, is not given. During the year, the Company did not earn nor spent any foreign exchange.

EMPLOYEES:

The Company had no employee drawing salary exceeding Rs.2,00,000/- per month or Rs.24,00,000/- per annum during the year. Hence, particulars as required under the Section 217(2A) of the Companies Act, 1956 read with the relevant rules are no furnished.

AUDIT COMMITTEE:

Kanoongo & Maheshwari, Chartered Accountants, Auditors of your Company, shall retire at the forthcoming Annual General Meeting. However, they are eligible for reappointment. Members are requested to appoint auditors and fix their remuneration.

For & On Behalf of the Board

(RAVI ARYA)
CHAIRMAN & MANAGING DIRECTOR

Place: MUMBAI
Date: 17.05.2004

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For A.J. Brothers Ltd.
Director.

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE REPORT OF EVEN DATE OF THE AUDITORS TO THE MEMBERS OF **M/S. A.J. BROTHERS LIMITED** ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2004.

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Fixed Assets.

   (b) All the Assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.

   (c) During the year, the company has not disposed off any part of the Fixed Assets.

2. (a) The Inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

   (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

   (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

3. (a) The company had taken loan from two shareholders covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1000000/- and the year-end balance of loans taken from such parties was Rs. 750000/-. The company has granted loan to one other company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved is Rs. 13,00,000/- and the year end balance of loan granted is Rs. Nil.

   (b) In our opinion, rate of Interest and other terms and conditions on which loans given to and taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not *prima facie*, prejudicial to the interest of the company.

   (c) The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.

(d) There is no overdue amount of loans taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act. 1956.

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 the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

5. (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year.

6. In our opinion and according to the information and explanations given to us, the company has not accepted deposit from the public. Therefore, the provisions of clause 4(vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

7. The company has no formal internal audit system as such but its control procedure ensures reasonable internal checking of its financial and other records.

8. In our opinion and according to the information and explanations given to us, the company is not covered by the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956. Therefore, the provisions of clause 4(viii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

9. (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, cess and other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2004 for a period of more than six months from the date they became payable.