

ANNUAL REPORT

AS ON 31ST MARCH 2005

OF

A. J. BROTHERS LIMITED

Reg. no. 11-76973

NOTICE

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the members of A. J. Brothers Limited will be held at 1.00 P.M. on the 30th Sept 2005 at B-38/2/2, M.I.D.C. , Murbad, Dist. Thane, Maharashtra, to transact the following business:

ORDINARY BUSINESS

- 1) Receive, consider and adopt the audited Balance sheet as at 31st March 2005 and Profit & Loss Account for the year ended on that date together with Directors' Report and Auditors' Report thereon.
- 2) To appoint a Director in place of Mr. Manoj Arya, who retires by rotaion, but being eligible offers himself for reappointment.
- 3) To appoint auditors and fix their remuneration.

For & On Behalf of the Board



(Ravi Arya)

Chairman & Managing Director

Place: Mumbai

Date: 16/08/2005

Regd. Office:

B-38/2/2, M.I.D.C.,

Murbad, Dist. Thane

Maharashtra

NOTES:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF AND THAT SUCH PROXIES NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.

DIRECTORS' REPORT

To.

The Members.

Yours Directors hereby present their Twenty Fifth Annual Report alongwith the audited statements of accounts for the year ended 31st March, 2005.

FINANCIAL HIGHLIGHTS:

	(Amount in Rs.)	
	Year ended 31.03.2005	Year ended 31.03.2004
Profit (Loss) before Depreciation & Tax	(73,031.50)	18,18,338.25
Less : Depreciation (Excluding Depreciation transferred from Revaluation Reserves)	14,18,561.00	16,43,164.00
Profit (Loss) before Taxation	(14,91,592.50)	1,75,174.24
Provision for tax	-	-
Loss after Taxation	(14,91,592.50)	1,75,174.24

DIVIDEND

Your Directors have not recommended any dividend.

OPERATIONS

The Company could not do any business through-out the year. The Company incurred a loss of Rs.14,91,592.50/- and accumulated loss as at the end of the financial year stood at Rs.7,70,08,309.23/-.

The Company's reference to the Board for Industrial & Financial Reconstruction, New Delhi, is under consideration and the final verdict of the Honorable Board is expected.

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. Manoj Arya has offered himself for retirement by rotation. He 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;
- 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.100000/- per month or Rs.12,00,000/- 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.

AUDITORS:

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: 16/08/2005

AUDITORS' REPORT TO THE MEMBERS OF THE COMPANY.

1. We have audited the attached Balance Sheet of M/s. A.J. Brothers Limited as at 31st March, 2005, the Profit and Loss Account and also the cash flow statement 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.
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 enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. As stated in note No.2 in schedule 14, the accounts have been prepared on going concern basis. Because of no operation during the year and continuing operating losses, we are unable to form an opinion as to whether the going concern basis is appropriate basis for the presentation of the accounts of company.
5. As stated in Note No. 7 in Schedule 14, the company has not accounted for interest payable on Cash Credit from Bank of Baroda. The Management is under One Time Settlement with the Bank and Management is in opinion that the liability of the Company toward Bank will not be more than what was stated in the Book of Accounts.
6. Further to our comments in the Annexure referred to 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 purpose 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 those books;
 - (iii) The Balance Sheet, Profit & Loss Account and cash flow statement dealt with by this report are in agreement with the books of account;

- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and cash flow statement 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 31st March, 2005 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2005 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 in conformity with the accounting principles generally accepted in India:
 - (a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2005;
 - (b) in the case of the Profit and Loss Account, of the loss 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 KANOONGO & MAHESHWARI
Chartered Accountants



C.P. MAHESHWARI
Proprietor

MUMBAI
DATED : 16/08/2005