

ANNA FINANCE LIMITED

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12th ANNUAL REPORT
2003-2004

ANNA FINANCE LIMITED

Board of Directors

Directors	Ashok Mittal	(Chairman)
	Ramesh Chand Agarwal	
	Rakesh Mittal	
	Anil Kumar Agarwal	
	Dr. Shambhu Dayal Agarwal	
	Madan Mohan Agarwal	
	Ramesh Chand Gupta	
	Shalabh Singh	

Auditors	Mehra Sanjay & Co
	Chartered Accountants
	Agra

Bankers	Canara Bank
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Registered Office	16-B/9, Dev Nagar, D.B. Gupta Road, Karolbagh, New Delhi – 110005. Tel. : 011-25784322.
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Corporate Office	E-14/6, Shanta Tower, 1 st Floor, Sanjay Place, Agra – 282002. Tel. : 0562-2526650, 2527004, 2527062. E-mail : afl@sanchernet.in
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Registrar & Share Transfer Agent	Beetal Financial & Computer Services Pvt. Ltd. 321-S, Chirag Delhi, New Delhi –110017. Tel. : 011-29251990, 29250390. E-mail : beetal@beetal.com
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ANNA FINANCE LIMITED

NOTICE

Notice is hereby given that the Twelve Annual General Meeting of the Shareholders of Anna Finance Limited will be held at the Registered Office of the Company at 16-B/9, Dev Nagar, D.B. Gupta Road, Karolbagh, New Delhi on Tuesday, 17th August, 2004 at 10 A.M. to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004 and the Profit & Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Sri Madan Mohan Agarwal who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri Ramesh Chand Gupta who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sri Shalabh Singh who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company and to fix their remuneration. M/s Mehra Sanjay & Co., Chartered Accountants, the retiring Auditor are eligible for re-appointment.

SPECIAL BUSINESS

6. On dated 28.09.2000 the Company has passed a Special Resolution regarding commencement of Real Estate Business as one of the main object of the Company, now over the period of 4 years the Company has started several projects under its Real Estate Division. To maintain the identity of the said Division, the Board of Directors of the Company at a meeting held on 25th June 2004 has passed the following Resolution subject to approval from the Shareholders of the Company in the forthcoming General Meeting.
"RESOLVED THAT the Real Estate Division of the Company to be known under the Brand Name as ANNA ESTATES. The Anna Estates will remain the wholly owned Division of the Anna Finance Limited. The nature of business and activities of the Anna Estates will continue to be the same as for erstwhile Real Estate Division of the Company."

Notes

1. The Explanatory Statement, as required by section 173 of the Companies Act, 1956 in respect of the business under item no. 6 are annexed hereto.
2. A member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. A proxy form is sent herewith. Proxy Form duly completed must be received by the Company at the Registered /Corporate Office of the Company not less than 48 hours before the time of the meeting.
3. Members are requested to bring their copy of the Annual Report along with them at the Annual General Meeting. No Copy of the report will be distributed at the meeting.
4. Members are requested to notify immediately change in their address, if any, to the Company.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 16th August 2004 to 17th August 2004 (both days inclusive) in terms of Section 154 of the Companies Act, 1956.
6. Members can avail of the Nomination Facility by filling form No. 2B (in duplicate) with the Company.
7. All Unpaid/Unclaimed Dividends in respect of financial year 1996-97 & 1997-98 are pending in the Unclaimed Dividend Accounts with the Scheduled Bank. Members who have not encashed their dividend warrants for the aforesaid financial years may claim the duplicate dividend warrant to the Registered / Corporate Office of the Company at earliest. Members may further note that in accordance with the amended Section 205A of the Companies Act, 1956, Unpaid/Unclaimed Dividend in respect of financial year 1996-97 would be transferred to the Investor Education and Protection Fund (IEPF) in October 2004. Once the amount is transferred to IEPF, those members, who have not encashed their dividend warrants in respect of that year, would not be able to claim the amount.

Place : New Delhi
Date : 25th June 2004

By Order of the Board
Ashok Mittal
Chairman

EXPLANATORY STATEMENT

Explanatory Statement under Section 173(2) of the Companies Act, 1956, Annexed to notice dated 25.06.2004.

Item No. 6

In the meeting of the Board of Directors held on 25th June 2004, Resolved that the Real Estate Division of the Company to be known under the Brand Name as ANNA ESTATES. The Anna Estates will remain the wholly owned Division of the Anna Finance Limited. This is required for identity of the Real Estate Business of the Company because the Company has started its Real Estate Business 4 years back now it is necessary to give some brand name for the Real Estate activities of the Company.

Your Directors, therefore recommend the resolution for your approval.

None of the Directors of the Company is in any way concerned or interested in the resolution.

Place : New Delhi
Date : 25th June 2004

By Order of the Board
Ashok Mittal
Chairman

Registered Office : 16-B/9, Dev Nagar, D.B. Gupta Road, Karolbagh, New Delhi – 110005.
Corporate Office : E-14/6, First Floor, Shanta Tower, Sanjay Place, Agra – 282 002.

ANNA FINANCE LIMITED

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the Twelfth Annual Report on the business operation of your company and the Audited Financial Accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS

The financial results of the company are given below:-

	As At 31.03.2004 (Rs.)	As At 31.03.2003 (Rs.)
Profit before Tax, Interest & Depreciation	20,79,133	22,69,609
Less : Depreciation	1,51,008	1,67,954
Less : Finance Charges	1,11,763	2,00,294
Profit before Tax	23,41,904	19,01,361
Provision for Tax	4,77,000	6,94,435
Profit after Tax	18,64,904	12,06,926
Add : Balance B/f from last year	1,33,94,645	1,24,26,006
Add : Adjustment relating to previous year	(3,34,862)	3,713
Profit available for appropriation	1,49,24,687	1,36,36,645
Appropriations:		
Special Reserve for Deposits	3,73,000	2,42,000
Balance carried to Balance Sheet	1,45,51,687	1,33,94,645
	1,49,24,687	1,36,36,645

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(a) Industry Structure & Developments

Your Company is a Registered NBFC and has duly complied with the guidelines issued by Reserve Bank of India on Prudential Accounting Norms covering inter alia income recognition, investment accounting and provisioning for non-performing assets. As I have informed in my earlier communications that due to continuous recessions in the Non Banking financial business, your company has diversified into Real Estate Business. Gradually company is increasing its focus in Real Estate Business from the NBFC Business.

(b) Opportunities & Challenges

There are excellent opportunities for growth in Real Estate Business in the country. As Housing Loans are going cheaper day by day so the public at a large are interested to buy its own house.

Anna Finance Limited is well positioned to take advantage of emerging growth opportunities in the Indian economy.

The present depression in financial services sector poses a grave threat to the investment activities as whole. However, Anna Finance Limited is adopting appropriate business strategies to perform satisfactorily despite adverse conditions.

(c) Outlook

Anna Finance Ltd. is likely to maintain its focus on Real Estate Business activity and will also seek opportunities in other areas in the financial services sector.

(d) Adequacy of Internal Control

The Company has adequate internal control and systems commensurate with the size and nature of the business. The Company adheres to all internal control policies and procedures as well as complies with regulatory guidelines. The Audit Committee of the Board of Directors reviews the efficacy of internal controls.

(e) Human Resource Development

Your Company continued to have cordial and harmonious relations with all its employees.

DIVIDEND

In order to strengthen the Reserves of the Company the Directors do not recommend any dividend.

DEPOSITS

Fixed Deposit outstanding as on 31st March, 2004 stood at Rs. NIL (Previous Year: Rs. NIL). There are Deposits amounting to Rs. NIL, which remained unclaimed and unpaid as on 31.03.2004 (Previous Year :Rs. NIL). The Company has complied with all the requirements of Reserve Bank of India Directions .

AUDITORS REPORT

Report and observations of auditors are self explanatory or are suitably explained in notes to accounts. Further, the auditors have given a report to the Directors as directed by the Reserve Bank of India which is general in nature and does not call for any further comments.

DIRECTORS

In accordance with the provision of the Companies Act, 1956 and Articles of Association of the company Shri Madan Mohan Agarwal, Shri Ramesh Chand Gupta and Shri Shalabh Singh, Directors of the Company retire by rotation and being eligible offer themselves for reappointment. The necessary resolutions for their reappointment are placed before you for approval.

APPOINTMENT OF AUDITORS

M/s Mehra Sanjay & Co., Auditors of the Company, will retire at the ensuing Annual General Meeting and are eligible for re-appointment. M/s Mehra Sanjay & Co. have confirmed their appointment, if made, shall be within the limits under section 224(1B) of the Companies Act, 1956 . The Board of Directors recommend reappointment of auditors and fix their remuneration.

CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreement with the Stock Exchange, a Management Discussion & Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

ANNA FINANCE LIMITED

PARTICULARS OF THE EMPLOYEES

Provisions of section 217(2A) of the Companies Act, 1956 read with the companies (Particulars of Employees) Rules, 1975 are not applicable as there was no employee in receipt of or entitled to receive emoluments exceeding the limits prescribed under said section.

THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988.

In terms of the requirement of clause (e) of sub section (1) of section 217 of the Companies Act, 1956 read with the companies (disclosure of particulars in the report of Board of Directors) Rules, 1988 the particulars are given as follows:

The Company is engaged in the business of Financing, and Real Estate, hence provisions relating to Energy conservation and Technology absorption are not applicable. There is no foreign exchange earnings/outgo during the year.

DIRECTORS RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA) OF THE COMPANIES ACT, 1956

As required u/s 217 (2AA) of the companies Act, 1956, we hereby confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures;
- (ii) that 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 a true and fair view of the state of affairs of the company as at 31st March 2004 and the Profit & Loss for the year ended 31st March 2004;
- (iii) that 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 safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors wish to place on record our valued clients, Bankers, Shareholders for their continues support. The Directors also wish to express their sincere appreciation to all the staff members for their contribution to the performance of the company.

Place : New Delhi
Date : 25.06.2004

By order of the Board
ASHOK MITTAL
chairman



ANNA FINANCE LIMITED

CORPORATE GOVERNANCE REPORT

In Compliance with Clause 49 of the Listing Agreement with Stock Exchanges, the Company is pleased to submit this report on the matters mentioned in the said clause and the practices followed by the Company in this regard.

1. Company's philosophy on Code of Governance

Corporate Governance refers to systems by which the Company is managed, directed and controlled, keeping in view the long term interests of shareholders. It refers to various regulations which enable the Company to attract financial and human capital and to generally perform efficiently. Corporate Governance therefore generates long term economic value for its shareholders.

Anna Finance Ltd. believes that the implementation of Corporate Governance principles generates public confidence in the corporate system. With this belief, the Company has initiated significant measures for making disclosures in the Annual Report 2003-2004.

2. Board of Directors

- Composition

The Company has a Executive Chairman and the number of independent Directors are more than 50% of the total number of directors.

During the year, 2003-2004, the Board met 5 times on following dates, namely 1st April 2003, 27th June 2003, 30th July 2003, 30th October 2003 and 30th January 2004.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships and committee memberships held by them in other companies are given below :

Name	Category	Attendance Particulars		No. of Other Directorship and Committee Member /Chairmanship		
		Board Meeting	AGM	Other Directorship	Committee Membership	Committee Chairmanship
Ashok Mittal	Chairman, Executive, Not Independent	5	Yes	1	1	NIL
Rakesh Mittal	Director, Executive, Not Independent	5	Yes	1	NIL	NIL
Anil Kumar Agarwal	Director, Executive, Not Independent	5	Yes	1	2	NIL
Ramesh Chand Agarwal	Director, Non Executive, Independent	4	Yes	None	1	1
Ramesh Chand Gupta	Director, Non Executive, Independent	4	Yes	None	1	NIL
Dr. Shambhu Dayal Agarwal	Director, Non Executive, Independent	4	Yes	None	1	1
Madan Mohan Agarwal	Director, Non Executive, Independent	4	Yes	None	NIL	1
Shalabh Singh	Director, Non Executive, Independent	4	Yes	1	1	NIL

3. Audit Committee

The Audit Committee consisted of three Directors viz. Mr Madan Mohan Agarwal as Chairman, Dr. Shambhu Dayal Agarwal and Mr Shalabh Singh as members.

The terms of reference specified by the Board for the Audit Committee are as follows :

- to review the Company's financial reporting process and its financial statements.
- to review the accounting and financial policies and practices.
- to review the efficiency of the internal control mechanism and monitor risk management.
- Policies adopted by the company and ensure compliance with regulatory guidelines.
- To review report furnished by the Statutory Auditors and ensure suitable follow-up thereon.

All the three Committee members have attended all the three Audit Committee meetings held during the year.

4. Remuneration Committee

- Terms of Reference

- To review, assess and recommend the appointment of Whole Time Directors
- To periodically review the remuneration package of Whole Time Directors and recommend suitable revision to the Board.

- Composition

The Remuneration Committee consisted of four Directors viz. Dr. Shambhu Dayal Agarwal as Chairman, Mr Ramesh Chand Agarwal, Mr Ramesh Chand Gupta and Mr. Anil Kumar Agarwal as members.

ANNA FINANCE LIMITED

- Remuneration Policy

The remuneration policy is directed towards rewarding performance based on review of achievements. The remuneration paid to the Directors of the Company during the financial year 2003-2004 is as under :

Name of the Director	Salary & Perquisites	Sitting Fees	Remuneration	Total
Ashok Mittal	85713	Nil	Nil	85713
Rakesh Mittal	54000	Nil	Nil	54000
Anil Kumar Agarwal	249806	Nil	Nil	249806
Ramesh Chand Agarwal	Nil	2000	Nil	2000
Ramesh Chand Gupta	Nil	2000	Nil	2000
Dr. Shambhu Dayal Agarwal	Nil	2000	Nil	2000
Madan Mohan Agarwal	Nil	2000	15000	17000
Shalabh Singh	Nil	2000	Nil	2000

5. Shareholders and Investors Grievance Committee

Shareholders and Investors Grievance Committee which comprises of Mr. Ramesh Chand Agarwal as Chairman, Mr. Ashok Mittal and Mr. Anil Kumar Agarwal as Member. The Committee approves the Share Transfers and issue of duplicate shares certificates if any. The Committee also takes note of dematerialisation requests received from shareholders and Beetal Financial and Computer Services Pvt. Ltd. who are the Registrars and Share Transfer Agent of the Company. Details of Share Transfers/transmissions approved by the committee are placed at the Board Meetings from time to time.

- Compliance Officer

Mr. Anil Kumar Agarwal, Whole Time Director of the Company is compliance officer.

During the year ended 31st March 2004, the company has not received any complaint from the shareholders. No complaints were pending as on 31.03.2004.

- Pending Share Transfer

During the year ended 31st March 2004 the Company processed Nil Shares for Physical Transfer of Shares. Pursuant to the compulsory trading of shares of the Company in electronic mode company received demat requests for 3600 Shares and the same were dematerialized. There were no share transfers pending for registration for more than 30 days as on the said date.

6. General Body Meetings

The last three Annual General Meetings of the Company were held as under :-

Year	Location	Date	Time
2000-2001	Registered Office of the Company at New Delhi	30.07.2001	10 A.M.
2001-2002	Registered Office of the Company at New Delhi	09.09.2002	10 A.M.
2002-2003	Registered Office of the Company at New Delhi	14.08.2003	10 A.M.

The Shareholders passed all the resolutions including the special resolutions set out in the respective notices.

No Resolution requiring postal ballot was placed before the last Annual General Meeting. Similarly, no resolution requiring postal ballot is being proposed at the ensuing Annual General Meeting.

7. Disclosures

- Disclosure on materially significant related party transactions i.e. Transactions of the Company of material nature, with its promoters or the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large :
There are no materially significant related party transactions made by the Company with its promoters, Directors or the management.
The details of related party transactions are given in note no 12, in Schedule 'O' of the schedules forming part of the Balance Sheet and Profit & Loss Account.
- Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets during last three years.
---None---

8. Means of Communications

The Board of Directors of the Company approves and takes on record the unaudited financial results in the Performa prescribed by the Stock Exchange, Mumbai, within one month of close of the quarter/half year and announces forthwith results to all the Stock Exchanges where the shares of the Company are listed. Further, the quarterly results in the prescribed Performa are published within 48 Hours in The Financial Express & Jansatta. The annual Audited Results of the Company are likewise communicated in the prescribed Performa to all the Stock Exchanges where the shares of the Company are listed.

9. General Shareholders Information

(a)	Date, Time and Venue of the Annual General Meeting	August 17, 2004 at 10 A.M. Registered Office of the Company at New Delhi
(b)	Financial Year	April To March
(c)	Date of Book closure	16 th August, 2004 To 17 th August, 2004 (inclusive of both days)
(d)	Dividend Payment Date	Not Applicable
(e)	Listing on Stock Exchange	(i) The Stock Exchange Mumbai P.J. Towers, Fort, Mumbai. The Company has paid upto date listing Fees to the above Stock Exchange.
(f)	Stock Code	530799 on the Mumbai Stock Exchange INE336D01014 Demat ISIN No. in NSDL & CDSL
(g)	Market Price Data	There was no trading in Equity Shares of Company in the Stock Exchanges during the financial year 2003-2004.
(h)	Registrars and Share Transfer Agents	Beetal Financial & Computer Services Pvt. Ltd. 321-S, Chirag Delhi, New Delhi – 110017. Tel. : 011-29251990, 29250390, Fax : 011-29252146 E-mail : beetal@beetal.com
(i)	Address for Correspondence	Investor Correspondence may be addressed to any of the following :

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	Registrar and Share Transfer Agent : Beetal Financial & Computer Services Pvt. Ltd. 321-S, Chirag Delhi, New Delhi -110017. Tel. : 011-29251990, 29250390, Fax : 011-29252146 E-mail : beetal@beetal.com Or Corporate Office of the Company Anna Finance Limited E-14/6, Shanta Tower, First Floor, Sanjay Place, Agra - 2 Tel.: 0562-2526650, 2527004, E-mail: af@sanchernet.in
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10. Distribution of Shareholding as on 31.03.2004

Equity Shares Held	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares Held
Upto 5000	413	54.27	114900	3.0237
5001-10000	40	5.26	32500	0.8553
10001-20000	65	8.54	98000	2.5789
20001-30000	52	6.83	138500	3.6447
30001-40000	13	1.71	49440	1.3011
40001-50000	34	4.47	158600	4.1737
50001-100000	52	6.83	388920	10.2347
100001 and above	92	12.09	2819140	74.1879
Total	761	100.00	3800000	100.0000

11. Categories of Shareholders as on March 31, 2004

Category	No. of Shares	% Shareholding
Promoters	2210330	58.17
Banks/Mutual Fund/Financial Institution/FII	NIL	NIL
Bodies Corporate	2900	00.08
NRI/OCB's	NIL	NIL
Indian Public	1586770	41.76
Total	3800000	100

12. Dematerialisation of Shares

Trading in Equity Shares of the Company is permitted only in dematerialised form effective May 2001 as per notification issued by the Securities and Exchange Board of India (SEBI). As on March 31, 2004, 0.14% of the Share Capital stands dematerialized.

13. Profile of Directors retiring by rotation and eligible for re-appointment

- (i) Mr. Madan Mohan Agarwal (51), a Chartered Accountant practicing since 1981. He is having very rich experience in Accounts and Taxation.
- (ii) Mr. Ramesh Chand Gupta (63), retired from Indian Oil Corp. as a Refinery coordinator after 37 years of service.
- (iii) Mr. Shalabh Singh (37), a Law Graduate having experience in law and procedures.

AUDITORS' REPORT ON CORPORATE GOVERNANCE

To the Members of
Anna Finance Limited

We have reviewed the records concerning compliance of conditions of corporate governance by Anna Finance Limited, for the year ended March 31, 2004 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The Compliance of Conditions of corporate governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for review, and the information and explanations given to us by the Company.

Based on such a review, in our opinion, the Company has complied with conditions of corporate governance, as stipulated in clause 49 of the said Listing Agreement.

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 **MEHRA SANJAY & CO**
Chartered Accountants

Place : New Delhi
Dated : June 25, 2004

(**Sanjay Mehra**)
Proprietor