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COMFORT INTECH LIMITED

CERTIFIED TRUE COPY

For COMFORT INTECH LIMITED.

Director.

COMFORT

TENTH ANNUAL REPORT & ACCOUNTS

2003-2004

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COMFORT INTECH LIMITED

REGISTERED OFFICE :
106, Avkar, Algani Nagar,
Kalaria, DAMAN - 369 210 (U.T.)

CORPORATE OFFICE :
228, Nataraj Market,
S.V. Road, Malad (West),
Mumbai - 400 064.

SHARE DEPARTMENT :
Bigshare Services Pvt. Ltd.,
E-2/3, Ansa Industries Estate,
Saki Vihar Road, Saki Naka,
Andheri (E), Mumbai - 400 072.

Email : comfortin@vsnl.com

BOARD OF DIRECTORS :

Shri Anil Agrawal	**Chairman**
Shri Janak Mehta	**Director**
Shri Bharat Shiroya	**Executive Director**
Smt. Annu Agrawal	**Director**

AUDITOR :
Messers. Ashok & Ashok
Chartered Accountants
26, Kakad Corner,
Below Hotel Sun-N-Sheel,
Kondivita Lane,
Andheri (East),
Mumbai - 400 059.

BANKERS :
The Saraswat Co-op. Bank Ltd.
American Express Bank Ltd.
Bank of India.
HDFC Bank

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NOTICE

NOTICE is hereby given that the TENTH ANNUAL GENERAL MEETING of COMFORT INTECH LIMITED will be held at 106, Avkar, Algani Nagar, Kalaria, DAMAN (U.T.) 396 210, on Saturday, 25th September, 2004 at 4.30 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To consider, approve and adopt the Audited Balance Sheet as at 31st March 2004 and the Profit & Loss Account of the Company for the year ended on that date together with the Directors' Report and Auditor's Report thereon.

2. To appoint a Director in place of Smt. Annu Agrawal who retires by rotation and being eligible, offers herself for re-appointment.

3. To re-appoint Messers ASHOK & ASHOK, Chartered Accountants, as the auditors of the Company and fix their remuneration.

4. To consider and, if thought fit, to pass with or without modification, the following resolution as ordinary resolution:

   "RESOLVED THAT the Salary and Conveyance Allowances to be paid to Mr. Bharat Shiroya, Executive Director be increased as under:

1) Salary from Rs. 96,000/- to Rs. 1,08,000/- per annum.
2) Conveyance Allowance Rs. 6,000/- as per last year.
   Other benefits as per the rules of the Company.

Place : Mumbai

FOR AND ON BEHALF OF THE BOARD

Dated : 28th August, 2004

ANIL AGRAWAL
Chairman

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NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

2. PROXY FORM AND ATTENDANCE SLIP ARE ENCLOSED, PROXIES IN ORDER TO BE VALID MUST REACH AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

3. The Register of Members and Share Transfer Books of the Company will remain closed from 21st September, 2004 to 24th September, 2004 (both days inclusive.)

4. Members are requested to notify immediately changes in their respective address, if any, to the Company's Registered Office quoting their Folio No.

5. Company's shares are traded in Dematerialized format only.

6. AS A MEASURE OF ECONOMY, COPIES OF THE ANNUAL REPORT WILL NOT BE DISTRIBUTED AT THE GENERAL MEETING. MEMBERS ARE THEREFORE REQUESTED TO BRING THEIR COPIES OF ANNUAL REPORT AT THE MEETING.

ANNEXURE TO THE NOTICE:

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

The relative Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956, in respect of item no 4 is as follows:

Item No. 4

Mr. BHARAT SHIROYA was appointed as Executive Director of the Company in the Third Annual General Meeting.

The main terms of appointment of Mr. Bharat Shiroya, as Executive Director are to be changed as under:

1. Salary from Rs. 96,000/- to Rs. 1,08,000/- per annum.
2. Conveyance Allowance Rs. 6,000/- as per last year.
   Other benefits as per the rules of the Company.

No Directors except Mr. Bharat Shiroya are concerned and/or interested in the aforesaid resolution.

FOR AND ON BEHALF OF THE BOARD

ANIL AGRAWAL
Chairman

Place : Mumbai
Dated : 28th August, 2004

Registered Office:
106, Avkar, Algani Nagar,
Kalaria, DAMAN (U.T.) 396210

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DIRECTORS' REPORT

To the Members of the Company,

Your Directors have pleasure in presenting the Tenth Annual Report on the business and operation of your Company with Audited Accounts for the year ended 31st March, 2004. The financial results of the Company are summarised below :

1. FINANCIAL RESULTS :

	(Rs in Lacs)	
	Year ended 31st March 2004	Year ended 31st March 2003
Income from Operations	**663.90**	201.84
Profit for the year before Depreciation & Tax	**11.36**	5.19
Less : Depreciation	**1.39**	1.95
: Provision for Taxation (Including deferred Taxation)	**0.60**	1.83
Balance available for appropriation	**9.37**	1.41

2. DIVIDEND :

In view of the smallness of the profits your Directors express their inability to recommend any dividend this year.

3. REVIEW OF OPERATIONS :

The gross income from operations has recorded a substantial increase in the year under reference. Your directors hope to translate the increase into increased profits in the coming year.

4. OUTLOOK :

Company's diversified business mix and our relations with our business associates entitle us to be optimistic regarding the Company's future. The Company is holding a certificate from RBI as Non Banking Finance Company.

5. DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association, Smt. Annu Agrawal retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment

6. DIRECTORS' RESPONSIBILITY STATEMENT :

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

(i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;

(ii) Appropriate accounting policies have been selected and the directors have 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 2003-2004 and of the profit and loss of the Company for the period;

(iii) Proper and sufficient care has been taken 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) The annual accounts have been prepared on a going concern basis.

7. COMMENTS ON AUDITOR'S REPORT :

As regards not making provision for retirement benefits of employees, the same has not been done in view of the small staff strength.

As regards Para 7 of the annexure to the Auditors report, the directors are looking after the day-to-day business of the Company and expenditure on formal internal audit system is not warranted.

8. AUDITORS :

M/S. ASHOK & ASHOK, Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment as an Auditor of the Company. They have furnished the necessary certificate of their eligibility under section 224 (1) of the Companies Act, 1956.

9. ACKNOWLEDGEMENT :

Your directors take this opportunity to place on record their warm appreciation of the valuable contribution, unstinted efforts and the spirit of dedication by the employees and officers at all levels in the progress of the Company during the year under review.

Your directors also express their deep gratitude for the assistance, co-operation and support extended to your company by the bankers, customers as well as the investing community and look forward to their continued support.

FOR AND ON BEHALF OF THE BOARD

Place : Mumbai
Dated : 28th August, 2004

ANIL AGRAWAL
Chairman

ANNEXURE TO DIRECTORS' REPORT

Information Under Section 217(1)(e) of the companies Act, 1956, Read with companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 forming part of the Directors' Report for the year ended, 31st March, 2004.

FOREIGN EXCHANGE EARNINGS AND OUT GO:

	Amount in Rs.
Foreign exchange used	59,626/-
Foreign exchange earned	2,42,188/-

FOR AND ON BEHALF OF THE BOARD

Place : Mumbai
Dated : 28th August, 2004

ANIL AGRAWAL
Chairman

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MANAGEMENT DISCUSSION & ANALYSIS REPORT :

1) **Industry Overveiw**

Non-Banking Finance Companies (NBFCs) are one of the major institutional providers of credit in India. Traditionally both banks and NBFC's have extended short-term / medium-term credit. NBFC's have displayed flexibility in meeting credit needs of specific sectors like Equipment Leasing, Hire Purchase, Housing Finance and Consumer Finance, where gaps between the demand and supply of funds have been high and where Scheduled Commercial Banks were earlier not easily accessible to borrowers. NBFCs in India offer a wide verity of financial services and play an important role in providing credit to the unorganized sector and to small borrowers at the local level. As compared with many Scheduled Commercial Banks, they have the ability to take quicker decisions, assume greater risks, and customise their services and charges closer to the needs of the clients.

2) **Business Review**

Over the last one year, the Company has concentrated on Arbitrage business of stock market & taking the advantage of price difference of Capital Market Segment & Derivatives Market Segment. Company has also financed long term & short term loans against Shares & Securities & Properties like Flats, Office Premises & other Industrial premises and also given some unsecured loans to reputed parties.

3) **Segment wise Performance**

The Company has only single activity of Finance & Investment hence no segment wise information is required to be given.

4) **Risk & Concerns**

NBFCs face competition from each other & from Banks, Change in Government's Policy & Reserve Bank of India's credit policy may affect the business/profit ability of the company. Major activities of the company's are Investment in Shares & Securities so profitability of the company dependent on the Stock Market trend.

5) **Internal Controls**

The Company has an Adequate System of Internet Controls that ensures that all assets are protected against unauthorized access & in conformity with generally accepted accounting principles.

6) **Finance & Operational Performance**

During the Year ended 31st March, 2004 the company has achieved Profit (After Tax) of Rs.9,37,013/- as compared to previous year's Profit (After Tax) of Rs. 1,40,806/-

Highlights

(Amount in Rs.)

	2003-2004	2002-2003	% Changes
Income from Operations	6,63,89,501	2,01,84,153	228.92%
Profit before Depreciation, Extraordinary Items and Tax	11,33,099	5,18,968	118.34%
Depreciation	1,70,848	1,94,595	(12.20%)
Extraordinary item (Loss on adjustment & depreciation discarded) and prior period Income/ (Loss)	34,919	-	-
Net profit before Tax	9,97,170	3,24,373	207.41%
Tax Provisions	60,157	1,83,567	(67.23%)
Net Profit after Tax	9,37,013	1,40,806	565.47%
Earnings Per Share	0.23	0.04	475%

7) **Manpower**

The Company's employee strength as on the 31st March, 2004 was quite enough according to the volume & transactions of Business & employee relations continue to be cordial during the year.

8) **Cautionary**

Statement in the Management Discussion and Analysis, describing the Company's objectives, projections and estimates are forward-looking statement and progressive within the meaning of Applicable Security laws and regulations. Actual result may very from those express or implied, depending upon economic conditions, Government Policies and other incidental factors.

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CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company's philosophy on Corporate Governance is aimed at assisting the management of the Company in the efficient conduct of its business and in meeting its obligations to stakeholders, and is guided by a strong emphasis on transparency, accountability and integrity.

Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

BOARD OF DIRECTORS

The Board comprises the following 4 members

Mr. Anil Agrawal.	- Chairman (Non-executive)
Mrs. Annu Agrawal.	- Non-executive Director
Mr. Bharat Shiroya.	- Executive Director
Mr. Janak Mehta.	- Non-executive Director

Attendance at Board Meetings

During the year, the Board met ten times. Dates of the meetings and attendance thereat are as under –

Date of Meeting	Directors Present	Absent
08.04.2003	Mr. Anil Agrawal Mr. Bharat Shiroya Mr. Janak Mehta Mrs. Annu Agrawal	
29.05.2003	Mr. Anil Agrawal Mr. Bharat Shiroya Mr. Janak Mehta Mrs. Annu Agrawal	
28.06.2003	Mr. Anil Agrawal Mr. Bharat Shiroya Mr. Janak Mehta	Mrs. Annu Agrawal
30.07.2003	Mr. Anil Agrawal Mr. Bharat Shiroya Mr. Janak Mehta	Mrs. Annu Agrawal
30.08.2003	Mr. Anil Agrawal Mr. Bharat Shiroya Mr. Janak Mehta Mrs. Annu Agrawal.	
30.09.2003	Mr. Anil Agrawal Mr. Bharat Shiroya Mr. Janak Mehta Mrs. Annu Agrawal.	
30.10.2003	Mr. Anil Agrawal Mr. Bharat Shiroya Mr. Janak Mehta Mrs. Annu Agrawal.	
30.01.2004	Mr. Anil Agrawal Mr. Bharat Shiroya Mr. Janak Mehta Mrs. Annu Agrawal.	
25.02.2004	Mr. Anil Agrawal Mr. Bharat Shiroya Mr. Janak Mehta Mrs. Annu Agrawal.	
16.03.2004	Mr. Anil Agrawal Mr. Bharat Shiroya Mr. Janak Mehta Mrs. Annu Agrawal.	

AUDIT COMMITTEE

The Audit Committee, comprises of three Non-Executive Directors, namely Mr. Anil Agrawal (Chairman of the Committee), Mr. Janak Mehta, & Mrs. Annu Agrawal.

The brief terms of reference of the Audit Committee include –

(a) Review of the Company's financial reporting process and financial statements.
(b) Review of accounting and financial policies and practices.
(c) Review of internal control systems.
(d) Discussion with Statutory Auditors on any significant findings and follow-up thereon.
(e) Reviewing the Company's financial and risk management policies.

The Committee has met three times during the financial year ended 31st March, 2004 i.e. on 28th June 2003, 30th October 2003, 30th January 2004. All the committee members were present at all the meetings.

REMUNERATION TO DIRECTORS

The Company has not set up a Remuneration Committee. Executive Director of the Company Mr. Bharat Shiroya gets a Salary of Rs.96000/-per annum & Allowances of Rs.6000/- p.a. No remuneration is paid to non-executive directors.

SHAREHOLDERS' COMMITTEE

The Share Transfer-cum-Investors Grievances Committee comprises of three Directors namely Mr. Anil Agrawal, Mr. Bharat Shiroya, and Mr. Janak Mehta.
The committee, in addition to considering share transfer matters, oversees redressal of shareholders and investors complaints/grievances and recommends measures to improve the level of investor's services.

The committee normally meets once in a month as required, and there were ten meetings during the year.

There are no complaints received from shareholders during the year and no complaint was outstanding as on 31st March 2004.

GENERAL BODY MEETINGS

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

YEAR	LOCATION	DATE	TIME
2000-2001	106, Avkar, Daman.	29TH SEP, 2001.	4.30 P.m
2001-2002	106, Avkar, Daman.	21ST SEP, 2002.	4.30 P.m
2002-2003	106, Avkar, Daman.	16th AUG.,2003.	4.30 P.m

During the year ended 31st March 2004, there have been no resolutions passed by the Company's shareholders by postal ballot. At the ensuing Annual General Meeting, there is no resolution proposed to be passed by postal ballot.

ATTENDANCE AT THE GENERAL MEETINGS

All the directors were present at the general meetings.

DISCLOSURES

No materially significant related party transactions were entered into by the company with its Promoters or Directors which could be deemed to be potentially conflicting with the interests of the company.

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