

COMFORT INTECH LIMITED



ELEVENTH ANNUAL REPORT & ACCOUNTS 2004-2005



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 Industrial Estate,
Saki Vihar Road, Saki Naka,
Andheri (E), Mumbai - 400 072.

Email : comfortin@vsnl.com
website : www.comfortintech.com

BOARD OF DIRECTORS :

Shri Anil Agrawal	Chairman
Shri Bharat Shiroya	Executive Director
Shri Janak Mehta	Director
Shri Jugal Thacker	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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ELEVENTH ANNUAL REPORT & ACCOUNTS 2004-2005**NOTICE**

NOTICE is hereby given that the ELEVENTH ANNUAL GENERAL MEETING of **COMFORT INTECH LIMITED** will be held at 106, Avkar, Algani Nagar, Kalaria, DAMAN (U.T.) 396 210, on Saturday, 6th August, 2005 at 4.30 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts for the financial year ended 31st March, 2005 alongwith the Reports of the Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Mr. Janak Mehta who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint M/s. ASHOK & ASHOK, Chartered Accountants, as the auditors of the Company and fix their remuneration.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Jugal C Thacker, who was appointed as an Additional Director on 8th October, 2004 and who hold office till the date of this Annual General Meeting under section 260 of the Companies Act, 1956 and for whose appointment as a Director, a notice in writing under section 257 of the Companies Act, 1956 has been received from a member of Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation”

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an 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. 1,08,000/- to Rs. 1,26,000/- per annum.
 - 2) Conveyance Allowance Rs. 6,000/- as per last year.
- Other benefits as per the rules of the Company.”

Place: Mumbai

Dated: 7th July, 2005

By Order of the Board

Bhuwnesh Bansal
Company Secretary



COMFORT INTECH LIMITED

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 Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the business under items 5 and 6 set out above is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company shall remain closed on 25th July, 2005.
5. Members are requested to notify immediately changes in their respective address, if any, to the Company's Registered Office quoting their Folio No.
6. Members who hold shares in the dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the Annual General Meeting.
7. Members / Proxies should bring their copy of the Annual Report and also the attendance slip duly filled in for attending the meeting.

ANNEXURE TO THE NOTICE:

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

The following Explanatory Statement sets out the material facts relating to the business under items 5 and 6 of the accompanying Notice:

Item No. 5

Mr. Jugal C Thacker is appointed as an Additional Director by the Board of Directors of the Company. As per Section 260 of the Companies Act, 1956 Mr. Jugal C Thacker will be hold office only up to the date of Annual General Meeting of the Company. The Company has received valid Notice and requisite deposit from a member of the Company under Section 257 of the Companies Act, 1956, proposing the candidature of Mr. Jugal C Thacker for the office of Director.

Mr. Jugal C Thacker is a Chartered Accountant by the profession and having more than 15 years experience in the field of finance and tax.

In view of the background and valuable experience of Mr. Jugal C Thacker, it will be in the interest of the Company that he continues as a Director of the Company.

Yours Directors commend the resolution for the approval of the members.

Mr. Jugal C Thacker is interested in the resolution as it relates to his appointment.

None of the other Directors of the Company are, in any way, concerned or interested in the resolution.

Item No. 6

Mr. Bharat Shiroya was appointed as an Executive Director of the Company in the third Annual General Meeting and also re- appointed for the next 5 years in meeting of the Board of Directors held on 31st October, 2002.

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

1. Salary from Rs.1,08,000/- to Rs. 1,26,000/- per annum.
2. Conveyance Allowance Rs. 6,000/- as per last year.

Other benefits as per the rules of the Company.

Yours Directors commend the resolution for the approval of the members.

Mr. Bharat Shiroya is interested in the resolution as it relates to his appointment.

None of the other Directors of the Company are, in any way, concerned or interested in the resolution.

By Order of the Board

BHUWNESH BANSAL
Company Secretary

Place: Mumbai
Dated: 7th July, 2005

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

ELEVENTH ANNUAL REPORT & ACCOUNTS 2004-2005**DIRECTORS' REPORT****To the Members of the Company,**

Your Directors have pleasure in presenting the Eleventh Annual Report on the business and operation of your Company with Audited Accounts for the year ended 31st March 2005. The financial results of the Company are summarised below:

FINANCIAL RESULTS:

	(Rs in Lacs)	
	Year ended 31 st March 2005	Year ended 31 st March 2004
Income from Operations	311.46	663.90
Profit for the year before		
Depreciation & Tax	45.51	11.36
Less : Depreciation	1.82	1.39
: Provision for Taxation	3.36	0.60
Net Profit for the year	40.33	9.37
Balance brought forward from last year	44.67	37.29
Distributable Profits	85.00	46.66
Appropriated as under:		
Transfer to Special Reserve	8.07	1.99
Proposed Equity Dividend	20.00	-
Tax on Distributed Profits	2.81	-
Balance Carried Forward	54.12	44.67

DIVIDEND:

Your Directors are pleased to recommend Dividend for the financial year 2004-2005 on equity shares of Rs.10/- each at Re.0.50 per share equivalent to 5% (Previous year Nil) aggregating to Rs.20.00 Lacs.

REVIEW OF OPERATIONS:

The Company has changed its strategy for business and has taken lower exposure in the equity markets. It is now concentrating on Corporate Financing, Advisory and Retail based finance. This has led to a substantially higher profit as compared to previous year.

OUTLOOK:

Company's diversified business mix and our relations with our business associates entitle us to be optimistic regarding the Company's future. Moreover the Corporate Finance Division is catering to corporate as well as retail customers.

The company is confident of generating substantial business in this division, which will increase profitability even further. Moreover with more funds becoming available to the company after its rights issue, it will be in a position to earn higher revenues.

DIRECTORS:

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

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 explanation 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 2004-2005 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.

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.



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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.

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 behalf of the Board of Directors

**Anil Agrawal
Chairman**

Place: Mumbai
Dated: 7th July, 2005

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, 2005.

FOREIGN EXCHANGE EARNINGS AND OUT GO:

	Amount in Rs.
Foreign exchange used	35,811/-
Foreign exchange earned	Nil

For and behalf of the Board of Directors

**Anil Agrawal
Chairman**

Place: Mumbai
Dated: 7th July, 2005

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ELEVENTH ANNUAL REPORT & ACCOUNTS 2004-2005**MANAGEMENT DISCUSSION & ANALYSIS****1) Industry Overview: -**

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 unorganised sector and to small borrowers at the local level, including micro finance. 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: -

In previous years, the Company has concentrated on Arbitrage business of stock market & taking the advantage of price difference of Capital Market Segment & Derivatives Market Segment. In the current year, the Company has changed its strategy more to finance and finance advisory activities. It has 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. One of the major activities of the company's is Investment in Shares & Securities so profitability of the company is dependent on the Stock Market trend.

5) Internal Controls: -

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

6) Finance & Operational Performance: -

During the Year ended 31st March, 2005 the company has achieved Profit (After Tax) of Rs.40, 32,502/- as compared to previous year's Profit (After Tax) of Rs. 9,37,013/-

Highlights: -**(Amount in Rs.)**

	2004-2005	2003-2004	% Changes
Income from Operations	3,11,46,054	6,63,89,501	(53.08%)
Profit before Depreciation, Extraordinary Items and Tax	45,50,490	11,33,099	301.60%
Depreciation	1,82,011	1,70,848	6.53%
Extraordinary item (Loss on adjustment & depreciation discarded) and prior period Income/ (Loss)		34,919	-
Net profit before Tax	43,68,479	9,97,170	338.09%
Tax Provisions	3,35,977	60,157	458.50%
Net Profit after Tax	40,32,502	9,37,013	330.36%
Earnings Per Share	1.00	0.23	334.78%

7) Manpower: -

The Company's employee strength as on the 31st March, 2005 was quite enough according to the volume & transactions of Business. Employee relations continued 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 vary from those express or implied, depending upon economic conditions, Government Policies and other incidental factors.



COMFORT INTECH LIMITED

CORPORATE GOVERNANCE

1. Company's philosophy:

Your Company has been practicing the principal of good corporate governance over the years. It is committed to follow sound systems to support healthy business growth. The Company has complied with the recommendations of the code of corporate governance. Your Company is also committed to adherence to highest standards of corporate governance both in letter and in spirit.

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

2. BOARD OF DIRECTORS

The Board of Directors of the Company comprises of a fair number of Independent professionally competent and acclaimed Non Executive Directors. The Board of Directors of the Company consists of Five Members. The Company has one "Executive" and four "Non Executive Directors".

Mr. Anil Agrawal.	-	Chairman (Non-Executive)
Mrs. Annu Agrawal.	-	Non-Executive Director
Mr. Bharat Shiroya.	-	Executive Director
Mr. Janak Mehta.	-	Non-Executive Director
Mr. Jugal C Thacker	-	Non-Executive (Additional) Director

The name and categories of the Directors on the Board, their attendance at Board Meetings during the years and at the last Annual General Meeting, as also the number of Directorships and committee Memberships / Chairmanships held by them in Indian public Companies (including the Company) as on March 31, 2005 are given below:

Name of Directors	Category of Directorship	Attendance at		* No of Directorships	Committee	
		Board Meeting	Last AGM		Positions Member	Chairman
Mr. Anil Agrawal (Chairman)	Non Executive Promoter	10	Yes	2	2	2
Mrs. Annu Agrawal	Non Executive	10	Yes	2	1	-
Mr. Bharat Shiroya	Executive	10	Yes	1	1	-
Mr. Janak Mehta	Non Executive	8	Yes	1	2	-
Mr. Jugal C Thacker	Non Executive	3	No	1	1	-

* Excluding directorships in private, foreign companies and companies which are granted license under section 25 of the Companies Act, 1956.

During the year ended 31st March, 2005, ten Board Meeting were held on the following dates:

5th April, 2004, 29th April, 2004, 10th June, 2004, 31st July, 2004, 28th August, 2004, 30th September, 2004, 8th October, 2004, 30th October, 2004, 17th November, 2004 & 28th January, 2005.

3. AUDIT COMMITTEE:

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

The brief terms of reference of the Audit Committee include :-

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

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The Committee has met five times during the financial year ended 31st March, 2005 i.e. on 28th April, 2004, 28th August, 2004, 30th October, 2004, 5th November, 2004 & 27th January, 2005.

Name of Members	Meeting attendance
Mr. Anil Agrawal	5
Mr. Janak Mehta	5
Mrs. Annu Agrawal	5
Mr. Jugal C Thacker	3

The Statutory Auditors are invitees to the Meeting. Mr. Bhuvnesh Bansal, Company Secretary is Secretary of the Committee.

4. 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.1,08,000/-per annum & Allowances of Rs.6000/- p.a.

The Company pays sitting fees to all the Non Executive Directors at the rate of Rs. 500/- per meeting.

5. 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 met on 27th April, 2004, 30th July, 2004, 25th October, 2004 & 28th January, 2005.

There are six complaints received regarding non- receipt of share certificates, all of which have been resolved. The Company has no transfers pending at the close of the financial year.

6. GENERAL BODY MEETINGS

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

YEAR	LOCATION	DATE	TIME
2001-2002	106, Avkar, Daman	21 ST SEP, 2002	4.30 P.M.
2002-2003	106, Avkar, Daman	16 th AUG, 2003	4.30 P.M.
2003-2004	106, Avkar, Daman	25 th SEP, 2004	4.30 P.M.

7. POSTAL BALLOT

None of the resolution passed at the last Annual General Meeting held on 25th September, 2004 was required to be passed by Postal Ballot, nor any resolution requiring a Postal Ballot is being proposed at the ensuing Annual General Meeting.

Extra Ordinary General Meeting was held on 27th October, 2004 at the registered office of the Company regarding approval of right issue of 60,00,150 equity shares of Rs. 10/- each in proportion of three equity shares of Rs. 10/- each, for every two fully paid equity shares of Rs. 10/- each held.

8. 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.

There was no reported case of non-compliance by the Company and/or levy of any penalties, imposition of strictures on the Company by the Stock Exchange or SEBI or any other statutory or other authority on any matter related to capital markets during the year under report.

9. MEANS OF COMMUNICATION

Financial Result	Unaudited/ Audited *	News Papers
First Quarter	Unaudited	Free Press & Nav Shakti
Second Quarter	Unaudited	Free Press & Nav Shakti
Third Quarter	Unaudited	Free Press & Nav Shakti
Fourth Quarter / Full Year	Audited	The Economics Times & Maharashtra Times.

* The Board of Directors of the Company approved and took on record the Unaudited / Audited financial results within one month of close of quarter / half year and communicated these results to all Stock Exchanges where the shares of the Company are listed and published in news papers as indicated above and also put on Security and Exchange Board of India's special website www.sebidifar.nic.in and Company's website www.comfortintech.com.

10. GENERAL SHAREHOLDER INFORMATION

- (i) Annual General Meeting
 - Date and Time : 6th August, 2005 at 4.30 p.m.
 - Venue : 106, Avkar, Alrani Nagar, Kalaria, Daman
- (ii) Financial Calendar 2005-06 (Tentative)
 - Results for the quarter ending 30th June, 2005 : Last week of July 2005
 - Results for the quarter ending 30th Sep, 2005 : Last week of Oct 2005
 - Results for the quarter ending 31st Dec, 2005 : Last week of Jan 2006
 - Results for the year ending 31st Mar, 2006 : Last week of Apr 2006
- (iii) Book Closure Date : Monday 25th July, 2005
- (iv) Registered Office : 106, Avkar, Alrani Nagar, Kalaria, Daman 396 210 (U.T.)
- (v) Equity shares listed on Stock Exchanges at
 - 1) The Stock Exchange, Mumbai.
 - 2) Jaipur Stock Exchange
 - 3) Madhya Pradesh Stock Exchange (Indore)