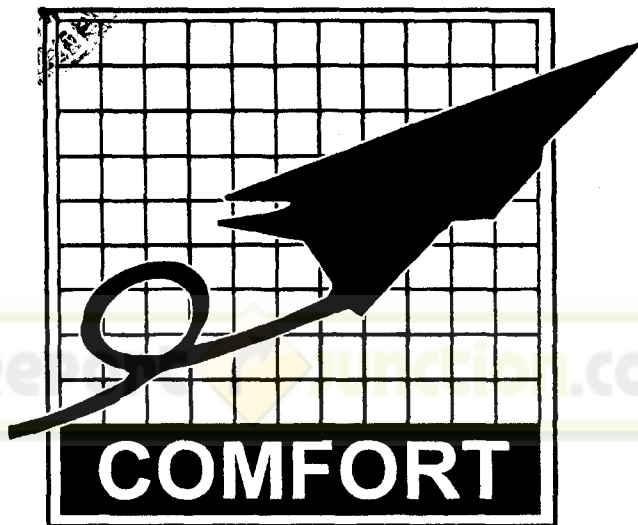


# **COMFORT INTECH LIMITED**



## **TWELFTH ANNUAL REPORT & ACCOUNTS 2005 - 2006**



## COMFORT INTECH LIMITED

**REGISTERED OFFICE :**

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

**CORPORATE OFFICE :**

228, Natraj 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

**BANKERS :**

The Saraswat Co-op. Bank Ltd.  
The Malad Sahakari Bank Ltd.  
Bank of India  
HDFC Bank

**BOARD OF DIRECTORS :**

Shri Anil Agrawal	Chairman
Shri Bharat Shiroya	Executive Director
Shri Janak Mehta	Director
Shri Jugal Thacker	Director
Smt. Annu Agrawal	Director
Shri Anand Agarwal	Director

**AUDITOR :**

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

**COMPANY SECRETARY :**

Rama Devi Gundeti

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**NOTICE**

**NOTICE** is hereby given that the TWELFTH ANNUAL GENERAL MEETING of **COMFORT INTECH LIMITED** will be held at 106, Avkar, Algani Nagar, Kalaria, DAMAN (U.T.) 396 210, on Saturday, 12<sup>th</sup> August, 2006 at 4.30 P.M. to transact the following business:

**ORDINARY BUSINESS:**

1. To consider, approve and adopt the Audited Balance Sheet as on 31st March 2006 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 declare the dividend on Equity shares
3. To appoint a Director in place of Mr. Anil Agrawal 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 Ordinary Resolution:

**"RESOLVED THAT** Mr. Anand H Agarwal, who was appointed as an Additional Director on 29th December 2005 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 under section 257 of the Companies Act, 1956 has been received from a member of Company, be and is hereby appointed as 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 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. 1,26,000/- to Rs. 1,50,000/- per annum.
- 2) Conveyance Allowance Rs. 6,000/- as per last year.

Other benefits as per the rules of the Company."

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

**"RESOLVED THAT** pursuant to the provisions of Companies Act, 1956, Securities Contract (Regulation) Act, 1956 and the rules framed there under, Listing Agreements, Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereinafter) and all other applicable laws, rules, regulations and guidelines and subject to all such condition and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company and subject to the approval of the members of the Company, the Company's Ordinary (Equity) Shares be and are hereby delist voluntarily from the Madhya Pradesh Stock Exchange Limited."

**"RESOLVED FURTHER THAT** Mr. Anil Agrawal and Mr. Bharat Shiroya be and are hereby authorised to execute all documents, papers and to do all such acts which is necessary for delisting the securities from the above stock exchange."

**By Order of the Board**

Place : Mumbai

Dated : 30.06.2006

**RAMA DEVI GUNDETI**  
**Company Secretary**

**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, 6 and 7 set out above is annexed hereto
4. The Register of Members and Share Transfer Books of the Company will remain closed from 10.08.2006 to 12.08.2006 (both the days inclusive.)
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 Dematerialized 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 ACTS, 1956.**

The following Explanatory Statement sets out the material facts relating to the business under items 5, 6 and 7 of the accompanying Notice:

**Item No. 5**

Mr. Anand H Agarwal is appointed as an Additional Director by the Board of Directors of the Company. As per Section 260 of the Companies Act, 1956 Mr. Anand H Agarwal 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. Anand H Agarwal for the office of Director.

Mr. Anand H Agarwal 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. Anand H Agarwal, it will be in the interest of the Company that he continues as a Director of the Company.

Your Directors recommend the resolution for the approval of the members.

Mr. Anand H Agarwal 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 Executive Director of the Company in the Third Annual General Meeting and also re-appointed for the next 5 years in the meeting of the Board of Directors held on 31st October, 2002.

The main terms of appointment of Mr. Bharat Shiroya, as Executive Director are to be changed as under: Salary from Rs.1,26,000/- to Rs. 1,50,000/- per annum.

Conveyance Allowance Rs. 6,000/- as per last year.

Other benefits as per the rules of the Company.

Your Directors recommend 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.

**Item No. 7**

The Company's Ordinary (Equity) shares are presently listed on the following Stock Exchanges in India :

1. The Stock Exchange, Mumbai (BSE)
2. Jaipur Stock Exchange Limited
3. Madhya Pradesh Stock Exchange Limited.



Consequent to the recent rapid changes in the capital market and with the availability of nationwide trading facility coupled with wide and extensive networking of centers on BSE, investors have access to online dealings in the company's securities across the country and substantial volume of trading is carried out through BSE. Accordingly, the trading volumes at the Madhya Pradesh Stock Exchange Limited have gradually diminished and do not justify the payment of listing fees to them. The Company believes that no particular benefit is available to the shareholders of the company by continuing the listing of Ordinary (Equity) shares.

As per the recent Delisting of Securities Guidelines, 2003 issued by Securities and Exchange Board of India (SEBI), an exit opportunity need not be provided to the shareholders of the Company on delisting of its Ordinary (Equity) shares from the Madhya Pradesh Stock Exchange Limited, provided the Ordinary (Equity) shares of the Company continue to be listed at BSE. The proposed voluntary delisting of the company's Ordinary (Equity) shares from the Madhya Pradesh Stock Exchange Limited will, apart from the saving resulting from the non payment of annual listing fees, it will also reduce a lot of administrative work. The delisting will not adversely affect any investors including the Shareholders located in the regions of Madhya Pradesh Stock Exchange.

Pursuant to the guidelines issued by SEBI on voluntary delisting by companies of their securities from the Stock Exchange, it is now proposed to seek the Shareholder's approval by way of a Special Resolution for voluntary delisting the company's Ordinary (Equity) shares from the Madhya Pradesh Stock Exchange Limited.

Your Directors recommend the resolution for the approval of the members.

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

**By Order of the Board**

Place : Mumbai

Dated : 30.06.2006

**RAMA DEVI GUNDETI**

**Company Secretary**

**Registered Office:**

**106, Avkar, Algaani Nagar,**

**Kalaria, DAMAN (U.T.) 396210**



## **DIRECTORS' REPORT**

**To the Members of the Company,**

Your Directors have pleasure in presenting the Twelfth Annual Report on the business and operations of your Company with Audited Accounts for the year ended 31st March 2006. The financial results of the Company are summarised below:

### **1. FINANCIAL RESULTS:**

	<b>(Rs. In Lacs)</b>	
	<b>YEAR ENDED 31<sup>ST</sup> MARCH 2006</b>	<b>YEAR ENDED 31<sup>ST</sup> MARCH 2005</b>
Income from Operations	2830.48	311.46
Profit Before Depreciation and Taxes	78.27	45.51
Less: Depreciation	(2.07)	(1.82)
Less : Provision for		
(a) Income tax	(19.00)	(3.36)
(b) Deferred tax	(1.75)	—
© Fringe Benefit tax	(0.42)	—
Profit for the Year	55.03	40.33
Add: Brought forward from last year	54.12	44.67
Distributable Profits	109.15	85.00
<b>Appropriated as under :</b>		
Transfer to Special Reserve	(11.00)	(8.07)
Proposed Equity Dividend	(39.65)	(20.00)
Tax on Distributed Profits	(5.57)	(2.81)
Balance Carried Forward to Balance sheet	52.93	54.12

### **2. DIVIDEND:**

Your directors are pleased to recommend the dividend for the financial year 2005-06 on Equity Shares of Rs.10/- each at 0.40 paise per share equivalent to 4% aggregating to Rs. 39,65,241/-.

### **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:**

Your 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.

### **5. DIRECTORS:**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association, Mr. Anil 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 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 2005-2006 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. VOLUNTARY DELISTING OF THE SHARES FROM THE MADHYA PRADESH STOCK EXCHANGE LIMITED:**

Your Company has proposed Voluntary Delisting of its Equity Shares from Madhya Pradesh Stock Exchange Limited. In view of recent SEBI (Delisting of Securities) Guidelines, 2003, an EXIT opportunity need not be given in cases where securities continue to be listed in a Stock Exchange having nation wide terminals. Your Company's shares are listed and traded with Stock Exchange having nation wide terminals. Your company's shares are listed and traded with Stock Exchange, Mumbai (BSE). Hence, your Directors propose to seek approval from members by way of Special Resolution pursuant to Clause 6 of the SEBI (Delisting of Securities) Guidelines, 2003.

Details of the fact of Delisting from the above Stock Exchange together with a statement of reasons and justification thereof, has been given in Explanatory Statement to the Item No. 6 of the Notice of Annual General Meeting of even date.

#### **10. POSTAL BALLOT :**

Your Company has already informed you all about the Postal Ballot held on 25th March, 2006 for alteration of object Clause and for commencement of new business as per the Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

#### **11. RIGHTS ISSUE :**

Your Company has already informed you all, about the Rights issue of 60,00,150 Equity shares of Rs. 10/- each at par on a rights basis to the existing equity shareholders of the company in the ratio of 3 (three) equity shares for every 2 (two) equity shares held aggregating Rs. 600,01,500/-. The process has been completed and the paid up capital of the company has been increased to Rs. 99,131,020/- from Rs.40,001,000/-

#### **12. 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.

#### **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, 2006.

#### **FOREIGN EXCHANGE EARNINGS AND OUT GO:**

	<u>Amount in Rs.</u>
Foreign exchange used	Nil
Foreign exchange earned	Nil

Place : Mumbai

Dated: 30.06.2006

**FOR AND ON BEHALF OF THE BOARD**

**ANIL AGRAWAL**  
**CHAIRMAN**





## 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 variety 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 customize their services and charges closer to the needs of the clients.
- 2) **Business Review:** - Over the two years, 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 Internal 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, 2006 the company has achieved Profit (After Tax) of Rs. 55,03,125/- as compared to previous year's Profit (After Tax) of Rs. 40,32,502/-

### Highlights: -

(Amount in Rs.)

	2005-2006	2004-2005	% Changes
Income from Operations	28,3048,921	3,11,46,054	808.78%
Profit before Depreciation, Extraordinary Items and Tax	78,27,391	45,50,490	72.01%
Depreciation	2,07,565	1,82,011	14.04%
Extraordinary item (Loss on adjustment & depreciation discarded) and prior period Income/ (Loss)			
Net profit before Tax	76,19,826	43,68,479	74.43%
Tax Provisions	21,16,701	3,35,977	530.01%
Net Profit after Tax	55,03,125	40,32,502	36.47%
Earnings Per Share	0.63	1.00	(37.00%)

- 7) **Manpower:** - The Company's employee strength as on the 31st March, 2006 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 vary from those express or implied, depending upon economic conditions, Government Policies and other incidental factors.





## 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 Six Members. The Company has One "Executive" and five "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 Director
Mr. Anand H Agarwal	-	Non-Executive Director*

\* The Board has appointed Mr. Anand H Agarwal as an Additional Director with effect from 29th December 2005.

The name 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 / Chairmanships held by them in Indian Public Companies (including the Company) as on March 31st, 2006 are given below :

Name of Director	Category of Directorship	Attendance at		*No. of Directorships	Committee	
		Board Meeting	Last AGM		Positions Member	Chairman
Mr. Anil Agrawal (Chairman)	Non Executive Promoter	9	Yes	2	2	2
Mrs. Annu Agrawal	Non Executive	8	Yes	2	1	-
Mr. Bharat Shiroya	Executive	9	Yes	1	1	-
Mr. Janak Mehta	Non Executive	8	Yes	1	2	-
Mr. Jugal C Thacker	Non Executive	9	Yes	1	1	-
Mr. Anand H Agarwal**	Non Executive	1	No	1	1	-

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

\*\* The Board has appointed Mr. Anand H Agarwal as an Additional Director with effect from 29th December 2005.

During the year ended 31st March, 2006, nine Board Meetings were held on the following dates:

23rd April 2005, 30th June 2005, 7th July 2005, 30th July 2005, 12th September 2005, 27th September 2005, 28th October, 2005, 30th December 2005 & 28th January 2006.

### 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: -

- (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 five times during the financial year ended 31st March 2006 i.e. on 22nd April 2005, 30th June 2005, 30th July 2005, 28th October 2005 and 28th January 2006. All the committee members were present at all the meetings.

Name of the Member	Meeting Attendance
Mr. Anil Agrawal (Chairman)	5
Mrs. Annu Agrawal	5
Mr. Janak Mehta	5
Mr. Jugal C Thacker	5

The Statutory Auditors are invitees to the Meeting. The Company Secretary of the Company is Secretary to 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.1,26,000/- 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 normally meets once in a month as required, and there were five meetings during the year.

The Committee met on 30th April 2005, 30th June 2005, 30th July 2005, 28th October 2005 and 28th January 2006.

There are five complaints received from shareholders during the year 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
2002-2003	106, Avkar, Daman	16th Aug, 2003	4.30 P.M.
2003-2004	106, Avkar, Daman	25th Sep, 2004	4.30 P.M.
2004-2005	106, Avkar, Daman	6th Aug, 2005	4.30 P.M.

#### **7. POSTAL BALLOT:**

Two Special Resolutions were passed at the Postal Ballot held on 25th March, 2006 for alteration of object Clause and for commencement of new business as per the Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

#### **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.