



BOARD OF DIRECTORS

Mr. Balveer S. Choudhary Managing Director
Mr. Shailendra Tiwari
Mr. Devendra S. Choudhary
Mr. Sudhir Chandalia
Mr. Vimlesh Bansal
Ms. Meena S. Vaswani

REGISTERED OFFICE

301, Camy House,
Dr. C. H. Street,
Marine Lines,
Mumbai - 400 002.

AUDITORS

Jain & Sultania
Chartered Accountants
Mumbai

Report  Junction.com

BANKERS

Punjab National Bank
Oriental Bank of Commerce

Registrar & Share Transfer Agent

Big Share Services Pvt. Ltd.
E-2/3, Ansa Industrial Estate,
Saki-Vihar Road, Saki Naka,
Andheri (E), Mumbai - 400 072.

LEGAL ADVISORS

Mahavirprasad B. Agarwal
204, Camy House,
Dr. C. H. Street,
Marine Lines,
Mumbai - 400 002.

NOTICE

NOTICE IS HEREBY GIVEN THAT the Twelfth Annual General Meeting of the Members of Facts Securities Limited will be held at the Registered office of the Company at 301 Camy House, Dhuswadi, Marinelines, Mumbai 400 002 on 30th September 2005 at 4.00 p.m. to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended March 31st, 2005 and the Balance Sheet as on that date, together with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of **Mr. Shailendra Tiwari** who retires by rotation and being eligible, offers himself for re- appointment.
3. To appoint a Director in place of **Mr. Vimlesh Bansal** who retires by rotation and being eligible, offers himself for re- appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

BY ORDER OF THE BOARD

DIRECTOR

MUMBAI
30th June 2005

NOTES

1. ANY MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINTED TO APPOINT A PROXY TO ATTEND AND VOTE HIS INSTEAD AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

2. The Proxy Form duly completed and signed should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

3. An Explanatory Statement as required under Section 173 of the Companies Act, 1956 for the items of Special Business is annexed to this notice.

4. Members are requested to bring their copies of the Annual Report to the Meeting.

5. Members who would like to ask ANY QUESTION(S) ON ACCOUNTS ARE REQUESTED TO SEND THEIR QUESTION(S) TO THE REGISTERED OFFICE AT LEAST 7 DAYS BEFORE THE ANNUAL GENERAL MEETING for the satisfactory answer(s) to their question(s).

6. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday September 26th 2005 to Friday September 30th 2005 (both days inclusive)

7. All the documents referred to in the Notice are open for inspection at the Registered Office of the Company during business hours on any of the working days from Monday to Friday, up to the date of the Annual General Meeting.

8. Members holding shares in identical order of names in more than one folio are requested to write to the Company to enable them to consolidate their holdings in a single folio.

DIRECTORS' REPORT

To

The Members,

FACTS SECURITIES LIMITED

Your Directors have pleasure in presenting the Twelfth Annual Report of the Company together with the Audited Statement of Accounts for the accounting period ended 31st March 2005.

1. FINANCIAL RESULTS

Financial results of the Company for the year under review are summarised below:

| | Current Year 2004-2005 | Previous Year 2003-2004 |
|--------------------------------------|-----------------------------------|------------------------------------|
| Total Income | 21,62,829 | 53,54,323 |
| Profit before Depreciation | 1,51,860 | 1,42,378 |
| Less: Depreciation | 8,333 | 23,019 |
| Profit before taxation | 1,43,527 | 1,19,359 |
| Less: Provision for taxation | 11,300 | 9,400 |
| Profit available for appropriation | 5,55,407 | 5,55,407 |
| Transferred to General Reserve | — | — |
| Balance carried forward for the year | 6,86,634 | 5,55,407 |

2. AUDIT COMMITTEE

Pursuant to Section 292(A) of the Companies Act, 1956 the Board had constituted as Audit Committee.

The present composition of the Audit committee is as follows

1. Ms. Meena Vaswani - Non Executive Director and Chairman
2. Mr. Vimlesh Bansal - Non Executive Director and Member
3. Mr. Sudhir Chandila - Non Executive Director and Member

The Audit Committee met Four times during the year.

The Audit Committee also monitors the redressal of Shareholders/Investors grievances.

3. DIRECTORS RESPONSIBILITY STATEMENT

Your Company is fully committed to good corporate governance practices and adheres to all the major stipulations laid down by the SEBI Corporate Governance Practices

Your Company's Statutory Auditors Certificate dated 30th June 2005 confirming the above compliance is annexed to and forms part of the Director's Report.

As required under Section 217(2AA) of Companies (Amendment) Act, 2000 your Directors confirm that :-

- I. In the preparation of the annual accounts, the applicable accounting standards have been followed.
- II. The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as it give a true & fair view of the state of affairs of the company at the end of the financial year and of the profit & loss of the company for that period.
- III. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- IV. The Directors have prepared the annual accounts on going concern basis.

4. CORPORATE GOVERNANCE

A separate report on Corporate Governance together with Auditors Certificate on its compliance are included elsewhere in this Annual Report.

5. DEMATERILISATION OF SHARES

The Company's equity shares are held in dematerialized form by the National Securities Depository Limited (NSDL) & the Central Depository Services (India) Limited (CDSL) under ISIN INE923D01019.

6. DIRECTORS

Mr. Shailendra Tiwari and Mr. Vimlesh Bansal retire by rotation, and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment. The Board of Directors in their meeting held on 1st June 2004 accepted the resignation of Mr. Padam Jain who has rendered valuable service to the Company during the tenure of his director-ship. The Board of Directors takes this opportunity to thank Mr. Padam Jain for his contribution to the Company.

7. PARTICULARS OF EMPLOYEES

The Company does not have any employees whose particulars are required to be give pursuant to the provisions of the Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

8. AUDITORS

M/s. Jain & Sultania, Chartered Accountants, retire as Auditors of the Company at the forthcoming Annual General Meeting. And being eligible offer themselves for reappointment. The Company has received as eligibility certificate from the said M/s. Jain & Sultania, under Section 224 (1) (b) of the Companies Act, 1956.

9. AUDITORS' REPORT

Observations made in the Auditors' Report are self explanatory, and therefore, do not call for comments under Section 217(3) of the Companies Act, 1956.

10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption are not applicable to the Company and there was no foreign exchange earnings or outgo by way of either imports, exports or expenses during the Year

11. ACKNOWLEDGMENT

The Board of Directors wishes to place on record their sincere appreciation and acknowledges with gratitude to the Company's valued Clients, Bankers, Securities and Exchange Board of India, and Shareholders for their continued support. The Directors also record their appreciation of the Company's Employees at all their appreciation, commitment and hardwork, without which the results achieved by your Company would not have been possible and look forward to their continued support.

For and on behalf of the Board

Balveer S. Choudhary
Managing Director

Shailendra Tiwari
Director

Place: Mumbai

Date : 30th June, 2005

ANNEXURE TO DIRECTORS REPORT

REPORT ON CORPORATE GOVERNANCE

The Report on Corporate Governance for the year ended 31st March 2005 pursuant to Clause 49 of the listing Agreement is given below.

1. Company's philosophy on Code of Corporate Governance

Our corporate governance policy recognizes the accountability of the Board of Directors (the Board) and the impact of the decisions made by the Board on the Company including the investors and employees. The corporate governance policy recognizes the need for adding value to the shareholders who are the ultimate stakeholders of beneficiaries of the economic activities of the Company. Several steps have been taken including the setting up of sub-committees of the Board, which consists only of non-executive Directors, to oversee the critical functions of the Company.

2. Board of Directors

2.1 Composition of the Board

The Company's Board comprises one Executive Director and Five Non-Executive Directors -- Three of whom are Independent Directors. The Chairman of the Board is a Non-Executive Director. Accordingly, the composition of the Board meets the requirement of having not less than fifty percent of its members as Non-Executive Directors. Its composition also meets the requirement of having at least one-third of its members as Independent Directors. Further, the Company is following the requisite board procedures.

The following Changes have taken place in the Board of Directors of the Company since last report :

| Name of the Director | Category | Date of Appointment | Date of Cessation |
|----------------------|-------------|---------------------------------|---------------------------|
| Padam Jain | Independent | 30 th September 2003 | 1 st June 2004 |

The composition of the Board of Directors as on 31st March 2005 is as follows:

| Name of the Director | Category | Number of Directorships held in other Companies | Number of Committee Memberships held in other Companies |
|--|---------------------------|---|---|
| Balveer Singh Choudhary Managing Director | Executive | Four | - |
| Devendra Singh Choudhary | Non-Executive | Three | - |
| Shailendra Tiwari | Non-Executive | Six | - |
| Padam Jain | Non-Executive Independent | Three | - |
| Vimlesh Bansal | Non-Executive Independent | One | - |
| Sudhir Chandilla | Non-Executive Independent | One | - |
| Meena Vaswani | Non-Executive Independent | Nil | - |

2.2 Board Meetings and Attendance:

During the year ended 31st March 2005, the Board of Directors met Seven times. The meetings were held on the following dates : 20/04/2004, 01/6/2004, 18/06/2004, 19/08/2004, 30/10/2004, 31/01/2005 and 31/03/2005.

Attendance of Directors at Board meetings and General Meetings:

| Name of Director | No. of Board Meetings held during the year in tenure of the Director | No. of Board Meetings attended | Whether attended the Annual General Meeting held on 30 th August 2004 |
|--------------------------|--|--------------------------------|--|
| Shailendra Tiwari | Seven | Seven | Yes |
| Balveer Singh Choudhary | Seven | Seven | Yes |
| Devendra Singh Choudhary | Seven | Seven | Yes |
| Padam Jain | One | One | No |
| Vimlesh Bansal | Seven | Seven | Yes |
| Sudhir Chandilla | Seven | Four | Yes |
| Meena Vaswani | Six | Five | Yes |

3. Audit Committee

Pursuant to the provisions of the Listing Agreement and Section 292 A of the Companies Act, 1956, the Audit Committee of the Board, with terms of reference as are defined in the aforesaid provisions, was functioning under the stewardship of Mr. Padam Jain Director. However after his resignation Mr. Vimlesh Bansal took over as Chairman of the committee. He is a Chartered Accountant, and has vast experience and sound knowledge in financial and allied matters. All the members of the Committee are independent Directors.

The terms of reference of the Audit Committee include, inter-alia, overseeing financial reporting processes; reviewing with the management the financial statements including half yearly and annual accounts and ensuring their compliance with accounting standards and legal requirements including those of stock exchanges; reviewing the internal control systems and assessing their adequacy in consultation with the internal and external auditors; ensuring compliance with internal controls; and reviewing findings of internal audit and ensuring follow-up action on significant findings. Further, the Committee is empowered, inter-alia, to investigate into any matter within its purview and if required, seek external legal or other professional advice.