

19th Annual Report and Accounts
for the year ended
31st March, 2004



KAYTON TRADE & FINANCE LIMITED

KAYTON TRADE & FINANCE LIMITED

DIRECTORS : SHRI NIRMAL KOTHARI
SHRI MANOHAR LAL NANGALIA
SHRI ASHOK KUMAR PAL

AUDITORS : JAIN BAID & COMPANY

Chartered Accountants

313-TODI CHAMBERS

2, LAL BAZAR STREET

KOLKATA-700 001.

BANKERS : ICICI BANK LTD.

ABN AMRO BANK

REGISTERED OFFICE : VCA COMPLEX, 1ST FLOOR,
CIVIL LINES, NAGPUR-440 001

KAYTON TRADE & FINANCE LIMITED

NOTICE

TO THE SHAREHOLDERS

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Share Holders of KAYTON TRADE & FINANCE LIMITED will be held at Registered Office of the Company at 1st Floor, V.C.A. Complex, Civil Lines, Nagpur-440 001 on Wednesday, the 29th September, 2004 at 11.00 A.M. to transact the following business :

A. ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004 and Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in the place of Mr. Manohar Lal Nangalia who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and authorise the Board of Directors to fix their remuneration.

B. SPECIAL BUSINESS :

4. To appoint Practicing Company Secretary for issue of Compliance Certificate and to fix their remuneration.

For and on behalf of the Board

Place : Nagpur
Dated : 29th June, 2004

NIRMAL KOTHARI
Director

NOTES :

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 27th September to 29th September, 2004 (both days inclusive).
3. All request received from Members for change of address will be entertained only when shareholders signatures on the letter intimating change of address tally with the specimen signatures recorded with the Company. While notifying change in address please ensure that

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the address is complete and the pin code number is clearly mentioned. Incorrect/incomplete address may lead to non-delivery of documents/ communications sent to you by the Company.

4. Members are requested to quote Folio Numbers in all correspondence. Members holding share in identical order of names in more than one folio are requested to write to Company to consolidate their holding in one folio.
5. Shareholder intending to require information about accounts to be explained at the meeting are requested to furnish queries to the Company at least 10 (ten) days advanced of the Annual General Meeting.

EXPLANATORY STATLMENT :

In terms of Section 173 (2) of the Companies Act, 1956 the Explanatory Statement sets out all material facts relating to item No. 4 of the Notice.

ITEM NO. 4

The Companies (Amendments) Act, 2004 has inserted a provision to sub-section (1) of section 383A of the Companies Act, 1956 which provided that every company not required to employ a whole time company secretary under section 383A (1) and having a paid-up capital of Rs. 10 lacs and more shall file with the Registrar a Certificate from a secretary in whole time practice. In order to obtain such certificate it is necessary to appoint a company secretary in whole time practice.

No Director is in any way concerned or interested in the Reslution at Item No. 4 of the Notice.

For and on behalf of the Board

Place : Nagpur
Dated : 29th June, 2004

NIRMAL KOTHARI
Director

KAYTON TRADE & FINANCE LIMITED

Directors' Report

TO THE SHAREHOLDERS

Your Directors are pleased to present the 19th Annual Report together with the Audited Statement of Accounts of the Company for the year ended on 31st March, 2004.

	Year Ended 31.3.2004 Rs.	Year Ended 31.3.2003 Rs.
1. FINANCIAL RESULT :		
Sales	12857366.74	64371829.92
Other Income	414350.00	448983.97
Profit before Tax and Interest	4746910.94	(26588941.18)
Less : Interest	4649176.00	762640.00
Profit before Tax	97734.94	(27351581.18)
Add : Provision for Taxes	7329.00	—
Deferred Tax	3306270.00	9283080.00
Profit after Tax	3396675.94	(18068501.18)
Deferred tax on initial adoption	—	289273.00
Excess tax provision written back	—	1295.00
Brought forward balance of Previous year	(16620255.74)	1155677.44
Balance carried to Balance Sheet	(13223579.80)	(16622255.74)
Earning per share	0.12	(37.21)

2. PERFORMANCE

During the year under review, there has been a turnaround and a small profit has been earned.

3. DIVIDEND

In view of insufficiency of profit your Directors do not recommend any dividend for the year ended 31st March, 2004.

4. PROSPECTS

In Company has chalked out strategies to turn around the performance of the company by hedging the risks involved in the securities market. For the said purpose a relock at the portfolio of the company's holding is being carried. The company expects to perform better during the current year.

5. FIXED DEPOSITS

The Company has not accepted any fixed Deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereunder during the year under review.

KAYTON TRADE & FINANCE LIMITED

6. DIRECTORS

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956 your Directors states as under :

- i) That in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation.
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs to the Company at the end of the financial year and of the profit of the Company for that period.
- 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, 1956 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.

8. AUDITORS

M/s. Jain Baid & Co., Chartered Accountants, auditor of the Company holds office till the conclusion of the ensuing Annual General Meeting and is eligible for re-appointment. The Company has received a letter from M/s. Jain Baid & Co., Chartered Accountants to the effect that their appointment as auditor, if made, would be within the limits u/s. 224 (1-B) of the Companies Act.

9. CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement with Stock Exchange a Report on Corporate Governance together with Auditors' Certificate on Compliance of conditions of Corporate Governance form part of the Annual Report.

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

Details of conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is not applicable to the Company.

11. COMPLIANCE CERTIFICATE :

In accordance with the requirements of Section 383A of the Companies Act, 1956, Certificate from Practicing Company Secretary certifying regarding compliance with the legal requirements, in respect of the Company for the year ended 31st March, 2004, is enclosed and marked as Annexure .

12. PARTICULARS OF EMPLOYEES :

During the year under review there were no employees receiving remuneration of or in excess of limits prescribed as per the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

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13. ACKNOWLEDGEMENTS :

Your Directors express their thanks and record appreciation for the co-operation they received from various Government authorities, financial institutions, bankers, suppliers and customers of company. The Directors also place on record their sincere appreciation for the devoted services rendered by the employees at all levels of the Company and look forward to their continued co-operation.

For and on behalf of the Board

Place : Nagpur

Dated : 29th June, 2004

NIRMAL KOTHARI

Director



KAYTON TRADE & FINANCE LIMITED

CORPORATE GOVERNANCE**Report on Corporate Governance :**

- I) Your Company's corporate philosophy is to conduct business in accordance with highest applicable, legal and ethical standards, the highest product quality and services to the customers with a view to create value that can be sustained continuously for the benefit of the customers, shareholders, and the associates.
- II) As reported earlier, the Company is in the process of implementing all mandatory corporate governance requirements as contained in clause 49 of the Listing Agreements with Stock Exchanges.
- III) The existing Board consisting of three Directors has a combination of non-executive and independent Directors, According to Company's Policy non-executive Directors are drawn from amongst eminent professionals with experience in various field of business.

The Composition of the Board of Directors of the Company as on 31st March, 2004 is as under :

Name	Status	No. of Board Meetings of the Company		Whether attended the last AGM
		Held during the year	Attended during the year	
Sri Nirmal Kothari	Non-Executive	5	3	YES
Sri Manohar Lal Nangalia	Non-Executive	5	4	YES
Sri Ashok Kumar Pal	Non-Executive	5	4	YES

- IV) Your Company has constituted an Audit Committee pursuant to section 292A of the Companies Act, 1956. The three members of the committee are non-Executive and Independent Directors. The Audit committee regularly interacts with the Auditors to review audit plans, observations and implementation of corrective action.

The Audit Committee, interalia provides re-assurance to the Board on the existence of an effective internal control environment that ensures :-

- efficiency and effectiveness of operations
- safeguarding of assets and adequacy of provisions for all liabilities
- reliabilities of financial and other management information and adequacy of disclosures.
- compliance with all relevant status.

- V) During the year 2003-2004 Board meetings were held on 30.04.2003, 30.06.2003, 29.07.2003, 29.10.2003, 28.01.2004.