

20th Annual Report and Accounts
for the year ended
31st March, 2005

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KAYTON TRADE & FINANCE LIMITED

KAYTON TRADE & FINANCE LIMITED

DIRECTORS : SHRI NIRMAL KUMAR 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 Twentieth 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 Thursday, the 29th September, 2005 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, 2005 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. Nirmal Kumar Kothari 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 :

- (i) To consider and if thought fit, to pass, with or without modification(s), the following resolutions as Ordinary Resolution :-
4. To appoint Practicing Company Secretary for issue of Compliance Certificate and to fix their remuneration.
5. Appointment of Shri Vinay Maloo as Director.

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri Vinay Maloo, who was appointed by the Board of directors as an Additional director of the Company and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. Appointment of Shri Rajesh Malik as Director.

"RESOLVED THAT in accordance with the provisions of Section 257. and all other applicable provisions, if any, of the Companies Act, 1956, Shri Rajesh Malik, who was appointed by the Board of directors as an Additional director of the Company and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation,"

7. "RESOLVED THAT pursuant to Section 94 and other applicable provisions, if any of the Companies Act, 1956 the existing Authorised Share Capital of the Company be and is hereby increased from Rs. 1,00,00,000/- (Rupees One Crores only) divided into 10,00,000 (Ten Lacs) Equity

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Shares of Rs. 10/- each, to Rs. 5,00,00,000/- (Rupees Five Crores only) divided into 50,00,000 (Fifty lacs) Equity Shares of Rs. 10/- each, and consequently the existing Clause-V of the Memorandum of Association of the Company be and is hereby deleted and the following new Clause-V be and is hereby substituted in its places :

The Authorised Share Capital of the Company is Rs. 5,00,00,000/- (Rupees Five Crores only) divided into 50,00,000 (Fifty lacs) Equity Shares of Rs. 10/- each, with the rights, privileges and conditions attaching thereto as are provided by the Articles of Association of the Company ("Articles") and with the power to (a) increase or reduce the Capital of the Company (b) divide the Shares in the Capital for the time being into several classes and attach thereto respectively such preferential, qualified or special rights, privileges and conditions as may be permissible by law and as may be determined by or in accordance with the provisions of the Articles (c) to vary, modify or abrogate the same in accordance with the relevant provisions of the said Articles and the legislative provisions for the time being in force in this behalf."

B. (ii) To Consider and if thought fit, to pass, with or without modification(s), the following resolutions as **Special Resolution** :

8. "RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, ("the Act") (including any statutory modification or re-enactment thereof, for the time being in force), the Articles of Association of the Company be and are hereby altered in the manner and to the extent set out below :

The existing Article 3 of the Articles of Association of the Company be deleted and the following new Articles 3 be and is hereby substituted in its place :

The Authorised Share Capital of the Company is Rs. 5,00,00,000/- (Rupees Five Crores only) divided into 50,00,000 (Fifty lacs) Equity Shares of Rs. 10/- each, subject to be increased or reduced in accordance with the regulations of the Company and the legislative provisions for the time being in force in this behalf and with the power to divide shares in the capital of the Company for the time being into several classes and to attach thereto respectively any preferential, qualified or special rights, voting or non-voting rights, privileges and conditions and also to acquire, purchase, hold, re-sell, any of its own fully/partly paid shares and/or Preference Shares whether redeemable or not and to make any payment out of capital or out of the funds at its disposal, for and in respect of such purchase, subject to the provisions of the Act in force from time to time."

9. "RESOLVED THAT pursuant to section 17 of the Companies Act, 1956, the situation of the Registered Office of the Company be changed/shifted from V.C.A. Complex, 1st floor, Civil Lines, Nagpur-440001 to 153 Maker Chamber III, Nariman Point, Mumbai-400021 for administrative convenience and smooth operation of the business of the Company within the same State of Maharashtra and under the same Jurisdiction of Registrar of Companies, Maharashtra."

For and on behalf of the Board

Place : Nagpur

Dated : 1st September, 2005.

NIRMAL KUMAR KOTHARI

Director

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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 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, 2005 (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 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 STATEMENT :

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.

ITEM NO. 5

Shri Vinay Maloo, was appointed additional Director by the Board with effect from 1st September, 2005 in terms of Section 260 of the Companies Act, 1956. Mr. Vinay Maloo holds office till the forthcoming Annual General Meeting but is eligible for re-appointment. The Company has received a notice from a member as required under section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Mr. Vinay Maloo. The Board considers it-desirable that the Company should continue to avail of his service and recommends the resolution under item no. 5 for acceptance by the Members of the Company.

Except Shri Vinay Maloo no other Director is in any way concerned or interested in the proposed resolution.

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ITEM NO. 6

Shri Rajesh Malik, was appointed additional Director by the Board with effect from 1st September, 2005 in terms of Section 260 of the Companies Act, 1956. Mr. Rajesh Malik holds office till the forthcoming Annual General Meeting but is eligible for re-appointment. The Company has received a notice from a member as required under section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Mr. Rajesh Malik. The Board considers it desirable that the Company should continue to avail of his service and recommends the resolution under item no. 6, for acceptance by the Members of the Company.

Except Shri Rajesh Malik no other Director is in any way concerned or interested in the proposed resolution.

ITEM NO. 7 & 8

The net worth of the Company has become negative and further RBI has asked the Co. to stop conducting NBFC activities till the net worth reaches the desired levels.

In view of the above and to take advantage of robust economy the Company is required to increase the Authorised Capital. The Authorised Share Capital is proposed to be increased to Rs. 5,00,00,000/- and the relevant Capital clause in the Memorandum of Association of the Company is to be altered accordingly as set out under resolution at Item No. 7 of the Notice. The existing Article 3 of the Articles of Association of the Company shall also be required to be changed on increase of Authorised Capital as mentioned in the resolution under Item No. 8.

Copies of the Memorandum of Association and Articles of Association of the Company is available for inspection at the Registered Office of the Company on any working day upto the date of the 20th Annual General Meeting at 11.00 A.M.

Your Directors recommend the resolutions for your approval.

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

ITEM NO. 9

In order to have administrative convenience and smooth operation of the Company's Business it is necessary to shift the Registered Office to the City of Mumbai from existing place. It is thought prudent to have main office at Mumbai and take advantage of growing business activities in the financial & other markets.

The Board recommends passing of the Resolution as an Special Resolution.

None of the Directors are deemed to be interested or concerned in the resolution.

For and on behalf of the Board

Place : Nagpur

Dated : 1st September, 2005

NIRMAL KUMAR KOTHARI

Director

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Directors' Report

TO THE SHAREHOLDERS

Your Directors are pleased to present the 20th Annual Report together with the Audited Statement of Accounts of the Company for the year ended on 31st March, 2005.

	Year Ended 31.3.2005 Rs.	Year Ended 31.3.2004 Rs.
1. FINANCIAL RESULT :		
Sales	—	12857366.74
Other Income	29500.00	414350.00
Profit before Tax and Interest	(15959.49)	4746910.94
Less : Interest	2895726.00	4649176.00
Profit before Tax	(2911685.49)	97734.94
Add : Provision for Taxes	—	7329.00
Deferred Tax	980125.00	3306270.00
Profit after Tax	(1931560.49)	3396675.94
Security Transaction Tax	130.00	—
Brought forward balance of Previous year	(13223579.80)	(16620255.74)
Balance carried to Balance Sheet	(15155270.29)	(13223579.80)
Earning per share	(20.62)	0.12

2. PERFORMANCE

The activity was at a very low ebb and the Company has suffered a loss. This was however largely owing to interest charges.

3. DIVIDEND

In view of the losses incurred by the Company your Directors have not recommended any dividend for the year ended 31st March, 2005.

4. PROSPECTS

The Company has chalked out strategies to turn around the performance of the company. The company expects to perform better during the current year as the market is very favorable to the Company's line of business.

5. INCREASE IN CAPITAL

As the Company's Net worth become negative and further as the RBI had asked the Co. to stop the NBFC activities the Director thought prudent to increase the Capital of the Company and thereby improve the net worth. This would enable the company to start it operations.

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6. 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.

7. DIRECTORS

In Order to strengthen the Board, SHRI VINAY MALOO & SHRI RAJESH MALIK were appointed as additional Directors w.e.f. 01.09.2005.

Shri Ashok Pal ceased to be a Director of the Company from 01.09.2005. The Board of Directors placed on record their appreciation for the valuable service rendered by him.

Shri Manohar Lal Nangalia, Director of the Company retires by rotation and being eligible, other himself for re-election.

8. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956 your Directors state 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 of the Company at the end of the financial year and of the loss 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.

9. AUDITORS

M/s. Jain Baid & Co., Chartered Accountants, auditors of the Company holds office till the conclusion of the ensuing Annual General Meeting and are 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 auditors, if made, would be within the limits u/s. 224 (1-B) of the Companies Act, 1956.

10. 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.

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11. 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.

12. 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, 2005, is enclosed and marked as Annexure .

13. 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.

14. CHANGE OF SITUATION OF REGISTERED OFFICE

The Situation of the Regd. Office of the Company is proposed to be changed from VCA Complex, 1st floor, Civil Lines, Nagpur-440001 to 153, Maker Chamber III, Nariman Point, Mumbai-400021 for administrative convenience and smooth operation of the business of the Company.

15. 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 : 1st September, 2005.

NIRMAL KUMAR KOTHARI
Director