

TOKYO

FINANCE

LIMITED

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For TOKYO FINANCE LIMITED,


Director

ANNUAL REPORT

2002 -2003

BOARD OF DIRECTORS

Shri. Velji L. Shah
Chairman

Shri. Haresh V. Shah

Shri. Kamlesh Khirani

AUDITORS
Swamy & Chhabra
Chartered Accountants

BANKERS
Bombay Mercantile Co-op. Bank Ltd.

REGISTERED OFF:
Tokyo House,
9/49, Marol Co-Op. Industrial Estate, Sakinaka,
Andheri (East), Mumbai – 400 059.

ADMINISTRATIVE OFF:
102, Thosar House,
Hanuman Cross Road No.1,
Vile Parle (East), Mumbai– 400 057.

REGISTRAR AND TRANSFER AGENT
Choksh Infotech Ltd.
106, Mhada Shopping Complex,
New Link Road, Oshiwara,
Jogeshwari (West), Mumbai - 400 102.

Ninth Annual General Meeting

Date : 29th September 2003

Time : 11.30 A.M.

Venus : Gomantak Sevasangh Hall,
1st Floor, Malviya Road,
Vile Parle (E),
Mumbai - 400057

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ANNUAL REPORT 2002-2003**NOTICE**

NOTICE is hereby given that the Ninth Annual General Meeting of the shareholders of Tokyo Finance Limited will be held at Gomantak Seva sangh Hall, 1st floor, Malviya Road, Vileparle (East) Mumbai - 400057 on September 29, 2003 at 11.30 A.M. to transact the following business:

ORDINARY BUSINESS:

To Pass the following resolution as ordinary resolution

1. To receive, consider and adopt the audited Balance Sheet as at 31.3.2003 and Profit & Loss account of the year ended on that date together with the Report of the Directors and Auditors.
2. To appoint a Director in place of Shri Haresh V. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting

By Order of the Board

HARESH V. SHAH
Director

Place : Mumbai
Date : 30th June, 2003.

Registered Off:

Tokyo House,
9/49, Marol Co-Op. Industrial Estate,
Sakinaka, Andheri (East),
Mumbai - 400 059.

Administrative Off:

102, Thosar House,
Hanuman Cross Road No.1,
Vile Parle (East),
Mumbai - 400 057.

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING 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 share transfer books will remain closed from Sept. 29, 2003 to Sept. 30, 2003 (both days inclusive)
3. Members are requested to notify the change of address, if any, to the company's registrar and share transfer agent, Choksh Infotech Ltd., 106, Mhada Shopping Complex, New Link Road, Oshiwara, Jogeshwari (west), Mumbai 400 102.
4. For the convenience of the members and for the proper conduct of the meeting, entry to the place of meeting will be regulated by attendance card, which is attached herewith.
5. Members are requested to kindly bring their copies of annual report to the meeting.

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting the Ninth Annual Report and Audited Accounts of the Company for the year ended March 31, 2003.

FINANCIAL OPERATIONS :

The working results of the company for the year under report are as under :

	2002-03 (Rs. in Lacs)	2001-02 (Rs. in Lacs)
Interest and Dividend Income	93.31	71.63
Profit after taxation	23.64	28.33

TOKYO FINANCE LIMITED

DIVIDEND :

In order to conserve resources for future operations, your directors have decided not to recommend any dividend for the year.

BUSINESS PROSPECTS:

The company's funds are invested mostly in advances to known parties. With the interest rate structure scenario in the country witnessing a downward revision, the company's income / profit levels are expected to be more or less stagnant in the immediate future.

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

The Company has no activities relating to conservation of energy and technology absorption .

There was no foreign exchange earning or outgo of the company during the period .

PARTICULARS OF THE EMPLOYEES :

There are no employees falling within the purview of Section 217 (2A) of the Companies Act , 1956 .

DIRECTORS:

Mr. Haresh V. Shah, Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

As required under section 217(2AA) of the Companies Act, 1956 the Directors hereby confirm

1. That in preparation of the Annual Accounts for the year ended 31st March, 2003, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
2. That the directors had selected such accounting policies and applied consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end

of the financial year ended 31st March, 2003 and the profit of the Company for the year under review;

3. That proper and sufficient care has been taken 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;
4. That the annual accounts for the year ended 31st March, 2003 have been prepared on a 'going concern basis'.

AUDITORS:

The Statutory Auditors of your Company M/s Swamy & Chhabra, Chartered Accountants, retire at the conclusion of the forth coming Annual General Meeting and being eligible offer themselves for re-appointment. The company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956.

DEPOSITS:

The company has not accepted any fixed deposits from the public during the year.

AUDITORS REPORT:

The Auditors qualifications are noted and the company is taking effective steps to remedy the situations.

CORPORATE GOVERNANCE :

A Report on Corporate Governance along with a Report from the auditors of the Company regarding compliance of the conditions of Corporate Governance pursuant to Clause 49 of the Listing Agreement is annexed.

DISCLOSURE UNDER SECTION 274 (1) (g)

None of the Directors of the Company have been disqualified under Section 274 (1) (g) of the Companies Act, 1956.

DEPOSITORY SYSTEM:

The Company has entered into agreement with the National Securities Depository Limited (NSDL) as well as the Central Depository Services (India) Limited (CDSL) to enable shareholders to hold shares in a dematerialized form. The Company also offers simultaneous dematerialization of the physical shares lodged for transfer.

ANNUAL REPORT 2002-2003**ACKNOWLEDGEMENTS:**

Your Board takes this opportunity to thank the customers, vendors, shareholders and Bankers for the faith reposed in the Company. Your directors also place on record their sincere appreciation of the contribution of its employees, who through their competence, hard work and co-operation have enabled the Company to achieve consistent growth.

On behalf of the Board
Hareesh V. Shah Kamlesh Khirani
 Directors

Place : Mumbai
 Date : June 30, 2003.

Registered Off:

Tokyo House,
 9/49, Marol Co-Op. Industrial Estate,
 Sakinaka, Andheri (East),
 Mumbai - 400 059.

Administrative Off:

102, Thosar House,
 Hanuman Cross Road No.1,
 Vile Parle (East),
 Mumbai - 400 057.

DISCLOSURE REQUIRED UNDER CLAUSE 31 OF THE LISTING AGREEMENT

The shares of the company are listed at the following Stock Exchanges:

1. The Stock Exchange, Mumbai
 Phiroze Jeejeebhoy Towers, Dalal Street,
 Mumbai - 400 001.

There are no arrears of listing fees payable to the above Stock Exchange. The Company has applied for de-listing of the equity shares from the The Stock Exchange, Ahmedabad as approved by the share holders in Annual General Meeting held on 29th September, 1999.

MANAGEMENT DISCUSSION AND ANALYSIS**a) Industrial Structure and Development :**

The continued slow down in the economy led to interest cut, putting pressure on the interest spread of financial companies. Despite the ongoing overall weak economic environment, your company continued to invest its fund in advances.

b) Opportunity and threats :

The sluggish credit demand led to intense competition among financing companies for better quality loan assets at lower lending rates. Competition forced the company to enhance their efficiency by cutting down administrative cost and improving credit qualities.

The steep fall in the interest rates witnessed over the last 2 years exposed the company to various risks. Loan assets get re-priced at lower rates.

c) Outlook :

In the ensuing year the company expect to have a reasonably good credit growth and improved profit ability.

d) Risk and Concerns :

The main risk faced by the company is the downward revision of interest rate structures in the country and the underperformance of borrowers. The best safeguard against credit risks arising from any worsening of economic conditions is careful borrower selection and supervision.

e) Internal Control System and their adequacy :

There is scope for improvement in the internal control system and your company is taking efforts in this directions.

f) Discussion on Financial Performances :

During the year the turnover of your company increased by 30% from 71.63 Lacs to 93.31 Lacs but the net profit decreased from 28.33 Lacs to 23.64 Lacs due to higher interest expenses.

g) Human Resources :

Harmonious industrial relations continued to prevail in the company during the year. Relations with the employees are very cordial.

REPORT ON CORPORATE GOVERNANCE**1. Company's Philosophy on Corporate Governance :**

Your company believes in transparency, empowerment, accountability, motivation and fair business and corporate practices with all its shareholders. These practices being followed since inception have helped the Company in its sustained growth.

The Securities & Exchange Board of India has introduced a code of Corporate Governance for Implementations by all the listed companies vide an amendment to the Listing Agreement. As per this requirement, the compliance of this code is required to be disclosed in the Directors' Report. The same is presented below:

TOKYO FINANCE LIMITED

2. Board of Directors :

a) Composition and Category of Directors :

The Board is headed by the Chairman, Mr. Velji L. Shah and is composed of Executive and Non-Executive Directors. The details are as given below :

Sr. No.	Name of Directors	Category	No. of Outside Directorships held	No. of Membership/ Chairmanship on the Committees of the Board
1	Mr. Velji L. Shah	Promoter - Executive	4	1/2
2	Mr. Haresh V. Shah	Executive	4	2/1
3	Mr. Kamlesh Khirani	Non-Executive	-	3/-

b) Meetings and attendance record of each Director :

The Board of Directors had held 9 meetings during the year ended on 31st March, 2003 held on 29.06.2002, 30.06.2002, 31.07.2002, 31.10.2002, 14.12.2002, 31.01.2003, 01.03.2003, 25.03.2003 and 31.03.2003

The attendance record of the Directors at the Board Meetings during the year ended on 31st March, 2003 and at the last Annual General Meeting (AGM) is as under :-

Sr. No.	Name of Directors & Designation	No. of Board Meetings Attended	Annual General Meeting on 23.09.2002
1	Mr. Velji L. Shah - Chairman	5	No
2	Mr. Haresh V. Shah - Director	9	Yes
3	Mr. Kamlesh Khirani - Director	9	No

3. Audit Committee :

The Audit Committee was constituted on 31.03.2003. The Audit Committee reviews financial reporting systems, Internal Control system and procedures and ensure compliance with the regulatory guidelines. The Committee also monitors the Annual Audit Plan and recommends appointment and fixes remuneration of external auditors. The Members of the Audit Committee are as follows :

Mr. Velji L. Shah - Chairman
Mr. Haresh V. Shah - Member
Mr. Kamlesh Khirani - Member

The committee had a meeting on 31.03.2003 during the year in which the Chairman and other 2 members had attended.

4. Remuneration Committee :

The Remuneration Committee was constituted on 31.03.2003 and it reviews and approves the annual salaries, performance commission, service agreements and other employment conditions for executive directors. The members of the Remuneration Committee are as follows :-

Mr. Velji L. Shah - Chairman
Mr. Haresh V. Shah - Member
Mr. Kamlesh Khirani - Member