

# TOKYO FINANCE LIMITED

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Director

**ANNUAL REPORT  
2003 - 2004**

## TOKYO FINANCE LIMITED

### BOARD OF DIRECTORS

Shri. Velji L. Shah  
Chairman

Shri. Haresh V. Shah

Shri. Kamlesh Khirani

Shri. Paresh R. Chheda

AUDITORS  
Swamy & Chhabra  
Chartered Accountants

BANKERS  
Bombay Mercantile Co-op. Bank Ltd.

REGISTERED OFFICE  
Tokyo House  
9/49, Marol Co-Op. Ind. Estate, Sakinaka,  
Andheri (E), Mumbai - 400 059.

### REGISTRAR AND TRANSFER AGENT

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

### TENTH ANNUAL GENERAL MEETING

Date : 28th September, 2004  
Time : 3.00 P.M.  
Venus : Gomantak Sevasangh Hall,  
1st Floor, Malviya Road,  
Vile Parle (E),  
Mumbai - 400 057

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**ANNUAL REPORT 2003 - 2004****NOTICE**

**NOTICE** is hereby given that the Tenth Annual General Meeting of the shareholders of Tokyo Finance Limited will be held at Gomantak Seva Sangh Hall, 1<sup>st</sup> floor, Malviya Road, Vileparle (East), Mumbai - 400057 on September 28, 2004 at 3.00 P.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 31.3.2004 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. Kamlesh Khirani, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting

**Special Business :**

4. To Consider and if thought fit, to pass the following resolutions, with or without modifications, as an Ordinary resolution.

**"RESOLVED THAT** Paresh R. Chheda, who was appointed as an additional director of the company by the Board of Directors of the Company and who causes to hold office under section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing proposing his candidature for the office of director, be and is hereby appointed a director of the company liable to retirement by rotation.

**By Order of the Board**

**HARESH V. SHAH**  
Director

Place : Mumbai  
Date : 30<sup>th</sup> June 2004.

**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.**

A proxy form duly completed and stamped must reach the Registered office/ Administrative office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956 is annexed hereto.
3. The Register of members and share transfer books will remain closed from Sept. 24, 2004 to Sept. 28, 2004 (both days inclusive)

4. **INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:**

As required under the Listing Agreement, the particulars of the Directors who are proposed to be appointed/re-appointed are furnished below :

- i) Item No.2 of the Notice :

Name	: Mr. Kamlesh Khirani
Age	: 35 years
Qualification	: B.Com
Expertise	: 15 years in Plastic Trading
Date of Appointment	: 21 <sup>st</sup> July, 1995.

Mr. Kamlesh Khirani is not having directorship in any other Company and he is a member of Remuneration Committee, Audit Committee and Investor Relations Committee and not having chairmanship of any Committee.

- ii) Item No.4 of the Notice :

Name	: Mr. Paresh R. Chheda
Age	: 23 years
Qualification	: B.Com
Expertise	: 5 years in Bakelite Industry
Date of Appointment	: 1 <sup>st</sup> October, 2003

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He is a member of Audit Committee, Remuneration Committee and Investor Relations Committee of the Company. He is having directorship of Tokyo Plast International Ltd., and also he is a chairman of Audit committee, member of Remuneration Committee and Investor relation Committee.

5. 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.
6. Members desiring any information on the accounts are requested to write to the Company, which should reach the Company at least one week before the meeting so as to enable the management to keep the information ready. Replies will be provided only at the meeting.
7. Members/proxies are requested to kindly bring duly filled in attendance slip at the meeting.

### EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

#### Item No.4

The Board of Directors of the company appointed Mr. Paresh R. Chheda an additional director of the company on 1<sup>st</sup> October 2003. According to the provisions of Section 260 of the Companies Act, 1956 he holds office as a Director only up to the date of the annual general meeting. As required by Section 257 of the Act, a notice has been received from member signifying his intention to propose appointment of Mr. Paresh R. Chheda as a Director along with deposit of rupees five hundred. The Board considers it desirable that the company should continue to avail itself of his services.

By Order of the Board

**HARESH V. SHAH**  
Director

**ANNUAL REPORT 2003 - 2004****DIRECTORS' REPORT**

To The Members,

Your Directors have pleasure in presenting the Tenth Annual Report and Audited Accounts of the Company for the year ended March 31, 2004.

**FINANCIAL OPERATIONS :**

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

	2003-04 (Rs. in Lacs)	2002-03 (Rs. in Lacs)
Interest and Dividend Income	104.99	93.31
Profit after taxation	30.86	23.64

**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. Kamlesh Khirani, 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 the preparation of the Annual Accounts for the year ended 31<sup>st</sup> March 2004, 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 31<sup>st</sup> March, 2004 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 31<sup>st</sup> March, 2004 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 forthcoming 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 situation.

**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.

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### 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.

### 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, 2004 .

### DISCLOSURE REQUIRED UNDER CLAUSE 31 OF THE LISTING AGREEMENT

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

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

#### 1. Industrial Structure and Development :

The continued slow down in the economy led to interest cut, putting pressure on the interest spread of financial companies. This is expected to put continued pressure on the margins of the Company.

#### 2. 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.

#### 3. Outlook :

With the background of falling interest rate, your directors are cautiously optimistic about the future of the Company.

#### 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.

#### 4. Internal Control System and their adequacy :

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

#### 5. Discussion on Financial Performances :

During the year the turnover of your company increased by 12.51% from 93.31 Lacs to 104.99 Lacs and the net profit increased by 30.54% from 23.64 Lacs to 30.86 Lacs.

#### 6. Human Resources :

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

**ANNUAL REPORT 2003 - 2004****REPORT ON CORPORATE GOVERNANCE****1. Company's Philosophy on Corporate Governance :**

The Company believes in adopting and adhering to all recognized corporate governance practices & continuously benchmarking itself against each such practice. The Company understands and respects its fiduciary role and responsibility to the shareholders and strives to meet their expectations.

**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, Non Executive and Independent Directors. The details are as given below :

Sr. No.	Name of Directors	Category	No. of Out side Directorships held	No. of Membership/ Chairmanship on the Committees of the Board
1	Mr. Velji L. Shah	Promoter – Executive	3	2/1
2	Mr. Haresh V. Shah	Executive	3	2/1
3	Mr. Kamlesh Khirani	Non-Executive	—	3/-
4	Mr. Paresh R. Chheda	Independent	1	2/1

**b) Meetings and attendance record of each Director :**

The Board of Directors had held 5 meetings during the year ended on 31<sup>st</sup> March, 2004 held on 30.06.2003, 31.07.2003, 30.08.2003, 31.10.2003, 31.01.2004.

The attendance record of the Directors at the Board Meetings during the year ended on 31<sup>st</sup> March, 2004 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 29.09.2003
1	Mr.Velji L. Shah – Chairman	2	No
2	Mr.Haresh V. Shah – Director	5	Yes
3	Mr.Kamlesh Khirani – Director	5	No
4	Mr. Paresh R. Chheda	2	Yes