

TOKYO FINANCE LIMITED



ANNUAL REPORT 2004-2005

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 (East), Mumbai - 400 059.

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

ELEVENTH ANNUAL GENERAL MEETING	CONTENTS
Date : 29th September, 2005	Notice..... 1
Time : 3.30 P.M.	Directors' Report..... 2
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Mumbai - 400 057.	Schedules to the Account..... 14
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ELEVENTH ANNUAL REPORT 2004 - 2005**NOTICE**

NOTICE is hereby given that the Eleventh 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, 2005 at 3.30 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 31.03.2005 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 reappointment.
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

Place : Mumbai
Date : 30th June 2005

HARESH V. SHAH
Director

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. **The Register of members and share transfer books will remain closed from September 27, 2005 to September 29, 2005 (both days inclusive)**

3. **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 :

Item No.2 of the Notice :

Name : Mr. Haresh V. Shah
Age : 31 years
Qualification : Diploma in Plastic Engineering.
Expertise : 11 years as Manufacturers of Plastics.
Date of Appointment : 1st July 1996.

Mr. Haresh V. Shah is a member of Audit Committee, Remuneration Committee and Investor Relation Committee and not having chairmanship of any Committee in the Company. He is having directorship of Tokyo Plast International Limited, where he is a member of Remuneration Committee, Audit Committee and Investor Relations Committee and not having chairmanship of any Committee.

4. **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.**
5. **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.**
6. **Members/proxies are requested to kindly bring duly filled in attendance slip at the meeting.**

By Order of the Board
HARESH V. SHAH
Director

TOKYO FINANCE LIMITED**DIRECTOR'S REPORT**

To The Members,

Your Directors have pleasure in presenting the Eleventh Annual Report and Audited Accounts of the Company for the year ended March 31, 2005.

FINANCIAL OPERATIONS :

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

	2004-05 (Rs. in Lacs)	2003-04 (Rs. in Lacs)
Interest and Dividend Income	112.83	104.99
Profit after taxation	37.01	30.86

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 stagnant trend, 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 does not have any activities which entail the consumption of energy and technology absorption.

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

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 that :

1. in the preparation of the annual accounts for the year ended 31st March 2005, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
2. the directors had selected such accounting policies and applied consistently and made judgments and estimates that were 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 ended 31st March, 2005 and of the profit of the Company for the year under review;
3. 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. the annual accounts for the year ended 31st March, 2005 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.

ELEVENTH ANNUAL REPORT 2004 - 2005**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.

ACKNOWLEDGEMENTS:

Your Board takes this opportunity to thank the customers, 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.

On behalf of the Board

Place : Mumbai

Date : June 30, 2005.

Haresh V. Shah **Kamlesh Khirani**
Director Director

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 shareholders in Annual General Meeting held on 29th September 1999.

MANAGEMENT DISCUSSION AND ANALYSIS**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.

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 3 years exposed the company to various risks.

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.

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.

Discussion on Financial Performances :

During the year the turnover of your company increased by 7.47% from 104.99 Lacs to 112.83 Lacs and the net profit increased by 19.93% from 30.86 Lacs to 37.01 Lacs.

Human Resources :

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

TOKYO FINANCE LIMITED**REPORT ON CORPORATE GOVERNANCE****1. Company's Philosophy :**

The Company believes in adopting and adhering to all recognized corporate governance practices and 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 Directorships held in other companies	No. of Committee positions held in other companies. Membership/ Chairmanship.	No. of Board Meetings Attended	Whether attended AGM held on 28.09.2004
1	Mr. Velji L. Shah	Executive, Non-Independent	3	2/-	3	No
2	Mr. Haresh V. Shah	Executive, Non-Independent	3	3/-	4	Yes
3	Mr. Kamlesh Khirani	Non-Executive, Non-Independent	--	-/-	4	Yes
4	Mr. Paresh R. Chheda	Non-Executive, Independent	1	1/2	4	Yes

b) Meetings and attendance record of each Director :

The Board of Directors had held 4 meetings during the year ended on 31st March, 2005, held on 30.06.2004, 31.07.2004, 30.10.2004 and 29.01.2005.

3. Audit Committee:

The Audit Committee reviews financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible. The Committee reviewing the adequacy of 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.

During the year under review, the Audit committee met 4 times on 30.06.2004, 31.07.2004, 30.10.2004 and 29.01.2005. The composition, names of the members, chairperson, particulars of the meetings of the members during the year are as follows:

Name of Directors	Category	No. of Meeting Held During the F.Y. ended 31st March, 2005.	No. of Meeting Attended during the F.Y. ended 31st March, 2005
Mr. Paresh R. Chheda (Chairman)	Independent, Non-Executive	4	4
Mr. Haresh V. Shah	Non-Independent, Executive	4	4
Mr. Kamlesh Khirani	Non-Executive, Non-Independent	4	4

ELEVENTH ANNUAL REPORT 2004 - 2005**4. Remuneration Committee:**

It reviews and approves the annual remunerations, performance commission, service agreements and other employment conditions for executive directors.

During the year, the Remuneration Committee held its Meeting on 15th March 2005. The Composition, names of the members, chairperson, particulars of the Meeting and attendance of the members during the year are as follows.

Name of Directors	Category	No. of Meeting Held During the F.Y. ended 31st March, 2005.	No. of Meeting Attended during the F.Y. ended 31st March, 2005
Mr. Paresh R. Chheda (Chairman)	Independent, Non-Executive	1	1
Mr. Velji L. Shah	Non-Independent, Executive	1	1
Mr. Haresh V. Shah	Non-Independent, Executive	1	1
Mr. Kamlesh Khirani	Non-Independent, Non-Executive	1	1

5. Investor Relations Committee:

This Committee was constituted specifically look into the transfer/transmission of shares, issue of duplicate share certificate, review of shares dematerialized, all other matters related to shares and to redress shareholders and investors complaints like transfer of shares, non-receipt of dividends, non-receipt of Annual Report, etc. The members of the Investor Relations Committee are as follows:

Name of Directors	Category	No. of Meeting Held During the F.Y. ended 31st March, 2005.	No. of Meeting Attended during the F.Y. ended 31st March, 2005
Mr. Kamlesh Khirani (Chairman)	Non-Independent / Non-Executive	2	2
Mr. Velji L. Shah	Non-Independent / Executive	2	1
Mr. Haresh V. Shah	Non-Independent / Executive	2	1
Mr. Paresh R. Chheda	Independent / Non-Executive	2	2

During the year the committee met two times on June 25, 2004 and February 15, 2005

Name and designation of the compliance officer – Mrs. Beena Desai

Number of Shareholder complaints received – 3.

Number of complaints not solved to the satisfaction of Shareholders - Nil

Number of Pending Transfers – Nil