

# **TOKYO FINANCE LIMITED**

**ANNUAL REPORT 2010-2011**

**TOKYO FINANCE LIMITED**

**BOARD OF DIRECTORS**

Shri. Velji L. Shah  
Chairman

Shri. Haresh V. Shah

Shri Tassadduq A. Khan

Shri Chimanlal A.Kachhi

**AUDITORS**

Swamy & Chhabra  
Chartered Accountants

**BANKERS**

The Cosmos Co-Op. Bank Ltd.

**REGISTERED OFFICE**

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

**REGISTRAR AND TRANSFER AGENT**

Ajel Infotech Ltd.  
106, Oshiwara Link Plaza Commercial Complex,  
2nd Floor, New Link Road, Oshiwara,  
Jogeshwari (West)  
Mumbai - 400 102.

<b>SEVENTEENTH ANNUAL GENERAL MEETING</b>	<b>CONTENTS</b>
Date : 30th September, 2011	Notice..... 1
Time : 3.30 P.M.	Directors' Report..... 2
Venue : Utkarsh Mandal Hall,	Auditors Report..... 9
Ground Floor, Malviya Road,	Balance Sheet..... 12
Vile Parle (East),	Profit and Loss Account..... 13
Mumbai - 400 057.	Schedules to the Account..... 14
	Cash Flow Statement..... 20

**NOTICE**

**NOTICE** is hereby given that the Seventeenth Annual General Meeting of the shareholders of Tokyo Finance Limited will be held at Utkarsh Mandal Hall, Ground Floor, Malviya Road, Vile Parle (East) Mumbai – 400057 on September 30, 2011 at 3.30 p.m to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at 31.03.2011 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, Director who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri .Tassaduq Ali Khan, Director who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors M/s. Swamy & Chhabra, Chartered Accountants to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to authorize the Board of Directors to fix their remuneration

**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 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 28, 2011 to September 30, 2011 (both days inclusive)
3. Members are requested to notify the change of address in address or bank details to their respective Depository Participants in respect of their shareholding in Demat mode and in respect of their physical shareholding to the company's Registrar and Share Transfer Agent, Ajel Infotech Ltd., 106, Oshiwara Link Plaza Commercial Complex, 2nd Floor, New Link Road, Oshiwara, Jogeshwari (West), Mumbai - 400 102.
4. 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.
5. Members/proxies are requested to kindly bring duly filled in attendance slips at the meeting.

**By Order of the Board**

**Date : Mumbai**  
**Date : 30th May 2011**

**VELJI L. SHAH**  
**Chairman**

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

## TOKYO FINANCE LIMITED

### DIRECTOR'S REPORT

To The Members,

Your Directors have pleasure in presenting the Seventeenth Annual Report and Audited Accounts of the Company for the year ended March 31, 2011.

### FINANCIAL OPERATIONS:

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

	2010-11 (Rs. in Lacs)	2009-10 (Rs.in Lacs)
Interest and Dividend Income	146.14	132.13
Profit after taxation	(46.23)	41.67

### DIVIDEND:

As the Company made loss during the year, your directors have not recommended 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 marginal uptrend the company's income/profit levels are expected to marginally improve in 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.

### DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the company, Shri. Haresh V. Shah, Director and Shri. Tassadduq A. Khan, Independent Director of the Company retires by rotation, and being eligible offer themselves 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 2011, 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, 2011 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, 2011 have been prepared on a 'going concern basis'.

**DEPOSITS:**

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

**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.

**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.

**PARTICULARS OF THE EMPLOYEES:**

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

**DISCLOSURE UNDER SECTION 274 (1) (g)**

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

**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 Stock Exchange, Ahmedabad as approved by the share holders in Annual General Meeting held on 29th September 1999.

**ACKNOWLEDGEMENTS:**

Your Board takes this opportunity to thank the customers, shareholders and Bankers for the faith reposed in the Company.

**On behalf of the Board of Directors**

**Place: Mumbai**  
**Date: May 30, 2011.**

**Velji L. Shah**  
**Chairman**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**1 Industrial Structure and Development :**

The interest rate is showing a marginal uptrend. Your company is expected to benefit from the scenario in the future.

**2. Opportunity and threats :**

The Finance industry offers exciting opportunities for growth and expansion. There are varied products that are developed over a period of time with varied risk profiles. The whole game is of balancing the risk and return aptitudes. Your directors have preferred to keep the risk to the minimum. However we would continue to look at the varied opportunities and would commit ourselves to new areas when appropriate.

## TOKYO FINANCE LIMITED

### 3. Outlook :

The interest rates are showing up an uptrend and your company would benefit from the same in future.

### 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.

The interest scenario is currently showing an uptrend.

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

The Company has an adequate system of internal controls to ensure accuracy of accounting records, compliance with all laws and regulations and compliance with rules, processes and guidelines prescribed by the management.

### 5. Discussion on Financial Performances :

During the year the turnover of your company increased from 132.13 Lacs to 146.14 Lacs and the net profit decreased from 41.67 Lacs to loss of Rs. (46.23) Lacs

### 6. Human Resources :

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

## 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:

The Board of Directors of the Company ("The Board") is well represented by and has adequate representation of Executive, Non Executive and Independent directors. The Board has constituted various committees of Directors, for the matters requiring special attention and their proper, effective & efficient disposal. The details are as given below:

Name of Directors	Category	Meeting held during respective tenure of Directors	No. of Board Meetings Attended	Whether attended AGM held on 19.08.2010	No. of Directorships in other Public Companies as on 31.03.2011	No. of Committee positions held in other Public Companies	
						As Chairman	As Member
Mr. Velji L. Shah	Non- Executive, Non-Independent	6	6	No	3	--	1
Mr. Haresh V. Shah	Executive, Non-Independent	6	6	Yes	3	--	1
Mr. Tassadduq Ali Khan	Non-Executive, Independent	6	6	Yes	1	2	--
Mr. Chimanlal Andarji Kachhi	Non-Executive, Independent	6	4	No	1	1	2

The Board of Directors had held six meetings during the year on 31.05.2010, 14.08.2010, 30.10.2010, 13.11.2010, 13.01.2011, and 09.02.2011..

**3. Audit Committee:**

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements and also it meets the requirements under section 292A of the Companies Act 1956. The Audit Committee presently comprises of two independent Directors and one non independent non executive director.

The Audit Committee reviews Internal control systems and their compliance thereof, oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible. The Committee reviews with the Management the quarterly unaudited financial statements and annual financial statements before submission to the Board. 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 31.05.2010, 14.08.2010, 13.11.2010, and 09.02.2011. The composition, names of the members, chairperson, particulars of the meetings of the members during the year are as follows:

Name of Members	Category	No. of Meeting Held During the F.Y. ended 31st March, 2011.	No. of Meeting Attended during the F.Y. ended 31st March, 2011
Mr. Tassadduq Ali Khan (Chairman)	Non-Executive, Independent	4	4
Mr. Chimanlal Andarji Kachhi	Non-Executive, Independent	4	3
Mr. Velji L. Shah	Non-Executive, Non-Independent	4	4

**4. Remuneration Committee:**

It reviews and approves the annual remunerations, service agreements and other employment conditions.

During the year, no meeting of the Remuneration Committee was held. The Composition, names of the members, chairperson, particulars of the Meeting and attendance of the members during the year are as follows.

Name of Members	Category	No. of Meeting Held During the F.Y. ended 31st March, 2011.	No. of Meeting Attended during the F.Y. ended 31st March, 2011.
Mr. Tassadduq Ali Khan (Chairman)	Non-Executive, Independent	-	-
Mr. Chimanlal Andarji Kachhi	Non-Executive, Independent	-	-

## TOKYO FINANCE LIMITED

### 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 Members	Category	No. of Meeting Held During the F.Y. ended 31st March, 2011.	No. of Meeting Attended during the F.Y. ended 31st March, 2011.
Mr. Chimanlal Andarji Kachhi (Chairman)	Independent Non-Executive	1	1
Mr. Haresh V. Shah	Executive	1	1

During the year the committee met on 9th February 2011

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

Number of Shareholder complaints received – One

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

### 6. General Body Meeting:

i. Location and time where last three AGMs held:

Financial Year	Location	Date	Time
2007-08	Gomantak Seva Sangh Hall 1st floor, Malviya Road, Vile Parle (East) Mumbai - 400 057.	28th September, 2008	3:30 PM
2008-09	Gomantak Seva Sangh Hall Ground floor, Malviya Road, Vile Parle (East) Mumbai - 400 057.	29th September, 2009	3.30 PM
2009-10	Utkarsh Mandal Hall Ground floor, Malviya Road, Vile Parle (East) Mumbai - 400 057.	19th August, 2010	4.00 PM

Other than the Annual General Meeting, there was no General Meeting of the shareholders of the Company held during the year ended on 31st March 2011.

ii. Postal Ballot: No Postal Ballot was conducted during the year.

iii. Special resolution: No special resolution has been passed in the previous Annual General Meeting.

iv. No special resolution is proposed to be conducted through postal ballot.

### 7. Disclosures :

(I) Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management or their relatives etc. that may have potential conflict with the interest of company at large - Note 10.2 forming part of Notes to Accounts contains the list of Related Party relationships and the transactions as required by the Accounting Standard 18 on "Related Party Disclosures" issued by Institute of Chartered Accountants of India.



- (ii) Details of non-compliance by the Company, Penalties, and Strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years: Nil

**8. Means of Communication:**

The Company quarterly and annual results are normally published in Newspapers which includes Free Press Journal (English) & Navshakti (Marati). The copies of the results are forwarded to concerned stock exchanges immediately after approved by the board for publication in their website. Management Discussion & Analysis Report is a part of Annual Report.

**9. General Shareholder Information:**

- i. AGM : Date, time and Venue: 17th Annual General Meeting, Date: 30th September, 2011 at 3.30 p.m., Utkarsh Mandal Hall, Ground Floor, Malviya Road, Vile Parle (East) Mumbai – 400057.
- ii. Financial Year ending: March, 31
- iii. Date of Book Closure: 28th September, 2011 to 30th September, 2011.
- iv. Dividend Payment Date: No dividend declared during the year
- v. Listing on Stock Exchanges: The Stock Exchange, Mumbai.
- vi. Stock Code: BSE – 31644
- vii. Market price data:

Month	High (Rs)	Low (Rs)
April, 2010	4.75	3.80
May, 2010	5.00	3.85
June, 2010	4.05	3.51
July, 2010	4.34	3.51
August, 2010	5.51	4.00
September, 2010	6.00	5.03
October, 2010	5.70	4.30
November, 2010	5.11	4.14
December, 2010	4.92	3.80
January, 2011	4.52	3.87
February, 2011	4.67	4.00
March, 2011	4.93	3.92

- viii. Registrar and Share Transfer Agents:  
Ajel Infotech Ltd. 106, Oshiwara Link Plaza Commercial Complex, 2nd Floor, New Link Road, Oshiwara, Jogeshwari (west), Mumbai 400 102. Tel. 022 26303348
- xi. Share Transfer System: Shares lodged for transfer at the Company's Registered Office address or the share Transfer Agent's address is processed within 21 days from the date of lodgment, if the documents are clear in all respects. All requests for dematerialization of Shares are processed and the confirmation is given to the depositories within 15 days.
- a. Distribution of Shareholding as on March 31, 2011.:

Range of Shares	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
1-500	1477	63.40	392235	5.63
501-1000	470	20.16	339780	4.87
1001-2000	133	5.71	204354	2.93
2001-3000	65	2.79	168955	2.42
3001-4000	41	1.76	149944	2.15
4001-5000	33	1.42	159225	2.28
5001-10000	52	2.23	395810	5.66
Above 10000	59	2.53	5159797	74.03
<b>Total</b>	<b>2330</b>	<b>100.00</b>	<b>6970100</b>	<b>100.00</b>

## TOKYO FINANCE LIMITED

b. Categories of shareholders as on 31st March, 2011

Sr. No.	Category	No. of Shares Held	Percentage of Shareholding
1	Promoters	2729385	39.17
2	Private Corporate Bodies	53376	0.77
3	Indian Public	4183339	60.01
4	NRI/OCBs	4000	0.05
<b>Total :</b>		<b>6970100</b>	<b>100.00</b>

- x Dematerialization of shares and liquidity: The Company's equity shares are under compulsory demat trading. As on March 31, 2011 electronic holding by Members comprising 49.60% of the total equity of the Company through the National Securities Depository Limited (30.67%) and Central Depository Services (India) Limited (18.93%).
- xi Outstanding GDRs / ADRs / Warrants or any Convertible instruments , conversion date and likely impact on equity: Nil
- xii Address for correspondence:102,Thosar House, Hanuman Cross Road No.1, Vile Parle (East) Mumbai-400 057  
Tel: 6145 3300, Fax: 6691 4499.

### 10. Auditors compliance certificate:

To the Members of Tokyo Finance Limited

We have examined the compliance of the conditions of Corporate Governance by TOKYO FINANCE LIMITED for the year ended 31st March 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company, with the stock exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we state that the Registrars and Share Transfer Agents of the Company have maintained records to show the Investors Grievances against the Company and have certified that as on March 31, 2011 there were no investor grievances remaining unattended/pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For SWAMY & CHHABRA**  
**Chartered Accountants**  
**Firm Registration No: 113036W**

**C. Ayyaswamy**  
**(Partner)**  
**Membership No.21754**

**Date: 30th May, 2011.**

## AUDITORS' REPORT

To,  
The Shareholders of Tokyo Finance Limited

1. We have audited the attached Balance Sheet of Tokyo Finance Limited, as at 31st March 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph (3) above, we report that:-
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit ;
  - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of such books ;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account ;
  - (d) In our opinion, the Balance Sheet, profit & loss account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub -section (3C) of section 211 of the Companies Act, 1956;
  - (e) On the basis of the written representations received from the Directors as on 31st March 2011, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on March 31, 2011 from being appointed as a Director in terms of section 274(1) (g) of the Companies Act, 1956.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India :
    - i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
    - ii. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - iii. in the case of the cash flow statement, of the cash flows for the year ended on that date.

**For SWAMY & CHHABRA**  
**Chartered Accountants**  
**Firm Registration No: 113036W**

**C. AYYASWAMY**  
**Partner**  
**Membership No: 21754**

**Mumbai, Dated: 30th May 2011.**

## TOKYO FINANCE LIMITED

### ANNEXURE TO AUDITOR'S REPORT

Referred to in Paragraph 1 of our Report of even date.

1. (a) The Company has maintained proper records to show full particulars including quantitative details and situation of Fixed Assets.  
  
(b) As explained to us these Fixed Assets have been physically verified by the Management once during the year and no serious discrepancies have been noticed on such verification.  
  
(c) None of the fixed assets have been disposed off during the year.
2. The Provisions relating to inventory are not applicable since the Company is a Finance Company.
3. (a) The Company has granted unsecured loans to one party listed in the register maintained under section 301 of the companies Act, 1956. This loan is in the nature of running accounts and the year-end and the maximum balance due amounts to Rs.714.49 lakhs.  
  
(b) The rate of interest of such loans granted is prima facie not prejudicial to the interest of the Company. **However there are no covenants in regards to other terms and conditions of such loans.**  
  
(c) **In respect of loans given by the company, no stipulations have been made regarding repayment of the principal amount.**  
  
(d) Since there is no stipulation made regarding repayment of principal amount, the question of there being an overdue amount of more than one lakh does not arise. **However based on the information available to us, we are unable to comment on any reasonable steps taken by the company for recovery of interest.**  
  
(e) The Company has taken an unsecured loan from one party listed in the register maintained under section 301 of the Companies Act, 1956. The year-end and the maximum balance due amounts to Rs.796.97 Lakhs.  
  
(f) The rate of interest of such loans taken is prima facie not prejudicial to the interest of the Company. **However there are no covenants in regards to other terms and conditions of such loans.**  
  
(g) **In respect of loans taken by the company, no stipulations have been made regarding repayment of the principal amount.**
4. In our opinion, the company has an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of fixed assets and providing of services. However the Company does not have any transactions of purchase of inventory and sale of goods.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions made in pursuance of contracts or arrangements that needed to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.  
  
(b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the public during the year within the meaning of section 58A and 58AA of Companies Act, 1956 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
7. The Company's internal audit system needs to be strengthened to be commensurate with its size and nature of its business.
8. The Central Government has not prescribed the maintenance of the cost records under section 209(1) (d) of the Companies Act, 1956.
9. (a) During the year, the Company has not made any deductions in respect of the Provident Fund and Employees State Insurance of its employees. The company has also been regular in depositing undisputed Statutory dues including Income Tax, wealth Tax, Sales Tax, Customs duty, Excise Duty, Service Tax, Cess and any other material statutory dues applicable to it and there is no amount outstanding as at March 31, 2011, for a period of more than six months from the date they became payable  
  
(b) According to the records of the company, there are no dues outstanding of sales tax, income tax, wealth tax, service tax, customs duty, excise duty, cess on account of any dispute as on March 31, 2011.
10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit, and in the immediately preceding financial year.
11. The Company has not taken any loans from financial institutions or banks or debenture holders.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit funds, nidhi or mutual benefit society does not apply to the Company.
14. During the year the Company has not dealt with or traded in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company has not taken any term loan during the year.
17. According to the information and explanations given to us and based on an overall examination of the Balance Sheet and Cash Flow Statement of the Company, in our opinion there are no funds raised on short term basis have been used for long term investment.
18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

**For SWAMY & CHHABRA  
Chartered Accountants  
Firm Registration No: 113036W**

**C.AYYASWAMY  
Partner  
Membership No: 21754**

**Mumbai, Dated : 30th May 2011**

**TOKYO FINANCE LIMITED**

**BALANCE SHEET**

	Schedule No.	AS AT 31ST MARCH 2011 Rs.	AS AT 31ST MARCH 2010 Rs.
<b>SOURCES OF FUNDS :</b>			
<b>I. SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	1	69423500	69423500
(b) Reserves & Surplus	2	<u>45718153</u>	<u>50197023</u>
		115141653	519620523
<b>II. LOAN FUNDS</b>			
(a) Unsecured Loans from Others		79666879	51989783
<b>III. DEFERRED TAX LIABILITY (NET)</b>			
		-	173027
<b>TOTAL FUNDS EMPLOYED</b>		<u><u>194808532</u></u>	<u><u>171783333</u></u>
<b>APPLICATION OF FUNDS:</b>			
<b>I. FIXED ASSETS</b>			
(a) Gross Block	3	4608814	4608814
(b) Less: Depreciation		<u>1534043</u>	<u>1464261</u>
(c) Net Block		3074771	3144553
<b>II. INVESTMENTS</b>			
	4	6705300	6705300
<b>III. CURRENT ASSETS, LOANS AND ADVANCES</b>			
(a) Cash & Bank Balances	5	1478735	206180
(b) Loans & Advances	6	<u>196609195</u>	<u>174441569</u>
		<u>198087930</u>	<u>174647749</u>
<b>Less : CURRENT LIABILITIES AND PROVISIONS</b>			
(a) Current Liabilities	7	6942469	4758269
(b) Provision for Taxation		<u>6117000</u>	<u>7956000</u>
		<u>13059469</u>	<u>12714269</u>
<b>NET CURRENT ASSETS</b>		<u><u>185028461</u></u>	<u><u>161933480</u></u>
<b>TOTAL ASSETS (NET)</b>		<u><u>194808532</u></u>	<u><u>171783333</u></u>

Notes on accounts 10

As per our report of even date

**FOR SWAMY & CHHABRA**  
Chartered Accountants

**C. AYYASWAMY**  
(Partner)

Mumbai, Dated 30th May 2011

For and on behalf of the Board of Directors

**VELJI L. SHAH - CHAIRMAN**

**HARESH V. SHAH - DIRECTOR**

Mumbai, Dated 30th May 2011

**PROFIT AND LOSS ACCOUNT**

	Schedule	YEAR ENDED 31ST MARCH 2011 Rs.	YEAR ENDED 31ST MARCH 2010 Rs.
	No.		
<b>INCOME :</b>			
Interest received		14614172	13213351
Other income		-	-
<b>TOTAL:</b>		<b>14614172</b>	<b>13213351</b>
<b>EXPENDITURE :</b>			
Administrative & Other Expenses	8	11790582	2585444
Interest & Finance Charges	9	5496961	4700163
Depreciation		69782	69782
<b>TOTAL:</b>		<b>17357325</b>	<b>7355389</b>
<b>Profit For The Year</b>		<b>-2743153</b>	5857962
Provision For Taxation		2182000	1790000
Provision For Deferred Taxation		-	20989
Prior Years tax adjustment		-302045	-120045
<b>Profit After Tax</b>		<b>-4623108</b>	4167018
<b>Balance transferred to Reserves &amp; Surplus</b>		<b>-4623108</b>	4167018
Earnings per share		-0.66	0.60
Nominal value of share		10	10

Note on accounts 10

As per our report of even date

**FOR SWAMY & CHHABRA**  
Chartered Accountants

**C. AYYASWAMY**  
(Partner)

Mumbai, Dated 30th May 2011

For and on behalf of the Board of Directors

**VELJI L. SHAH - CHAIRMAN**

**HARESH V. SHAH - DIRECTOR**

Mumbai, Dated 30th May 2011

**TOKYO FINANCE LIMITED**

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As at 31-Mar-2011 Rs.	As at 31-Mar-2010 Rs.
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>A. AUTHORIZED CAPITAL</b>		
72,50,000 Equity Shares Of Rs.10 each	<b>72500000</b>	72500000
<b>Total :</b>	<b><u>72500000</u></b>	<b><u>72500000</u></b>
<b>B. ISSUED, SUBSCRIBED &amp; FULLY PAID UP</b>		
69,70,100 Equity Shares of Rs.10 each fully called up	<b>69701000</b>	69701000
Less: Calls in Arrears		
From Others	<b>277500</b>	277500
<b>Total :</b>	<b><u>69423500</u></b>	<b><u>69423500</u></b>
<b>SCHEDULE - 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>PROFIT &amp; LOSS ACCOUNT</b>		
Balance As Per Last Balance Sheet	<b>50341261</b>	46030005
Add : Profit During The Year	<b>-4623108</b>	4167018
<b>Total :</b>	<b><u>45718153</u></b>	<b><u>50197023</u></b>

**SCHEDULE - 3**

**FIXED ASSETS**

Particulars	Gross Block				Depreciation			Net Block	
	Cost as on 1-Apr-2010	Additions	Deletions	Cost as on 31-Mar-2011	Upto 31-Mar-2010	Current Year	As on 31-Mar-2011	As on 31-Mar-2011	As on 31-Mar-2010
Office Premises	4265000	--	--	<b>4265000</b>	1121024	69520	<b>1190544</b>	<b>3074457</b>	3143976
Office Equipments	151500	--	--	<b>151500</b>	151500	--	<b>151500</b>	--	--
Computers	188170	--	--	<b>188170</b>	188170	--	<b>188170</b>	--	--
Furniture & Fixture	4144	--	--	<b>4144</b>	3567	262	<b>3829</b>	<b>315</b>	577
<b>TOTAL</b>	4608814	--	--	<b>4608814</b>	1464261	69782	<b>1534043</b>	<b>3074771</b>	3144553



**SCHEDULE - 4****INVESTMENT (At Cost)**

Long Term Investments

**Quoted :****Investments in shares of Companies under the same Management**4,77,200 Fully paid up Equity Shares of Rs.10/- each  
of Tokyo Plast International Ltd.**6705300**

6705300

**Total :****6705300****6705300**

Market Value of quoted investment as on 31.03.2011 is Rs.5826612/- (Previous Year Rs.4772000/-)

**SCHEDULE - 5****CASH AND BANK BALANCE**

Cash On Hand

**170609**

104263

Cash At Bank :

In Current A/cs with Scheduled Bank

**1308126**

101917

**Total :****1478735****206180****SCHEDULE - 6****LOANS & ADVANCES****Advances Recoverable in Cash or in Kind or for value to be received****5893741**

9372252

Advances to Others considered Unsecured

**130218883**

100325044

Less:- Provision for Doubtful Debts

**10952899****119265984**1105231

99219813

Advances to Companies under the same Management

Tokyo Construction Ltd (Maximum amount due during the year  
Rs.71449470/-, P.Y. Rs.69514355/-)**71449470**

65849504

**Total :****196609195****174441569****SCHEDULE - 7****CURRENT LIABILITIES & PROVISIONS****CURRENT LIABILITIES**

Sundry Creditors

Small Scale industrial undertakings ( Refer Note no 7 of Schedule 10)

**Nil**

Ni

Others

**1202083**

1125223

Advance

**5000000**

3000000

Other Liabilities &amp; Provisions

**740386**

633047

**Total :****6942469****4758269**

**TOKYO FINANCE LIMITED**

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT**

	<b>YEAR ENDED 31- Mar-2011 Rs.</b>	<b>YEAR ENDED 31- Mar-2010 Rs.</b>
<b>SCHEDULE - 8</b>		
<b>ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Employee Cost	<b>895182</b>	899367
Traveling & Conveyance	<b>21878</b>	19650
Postage, Telephone & Courier	<b>60000</b>	60000
Electricity	<b>60000</b>	60000
Professional fees	<b>19853</b>	19854
Registrar & Shares transfer fees	<b>82724</b>	82724
ROC Fees	<b>1500</b>	5000
Advertisements	<b>48946</b>	55762
Miscellaneous Expenses	<b>7918</b>	-
Auditors Remuneration	<b>110300</b>	110300
Printing & Stationery	<b>16095</b>	18801
Listing Fees	<b>49785</b>	49635
Bad Debts W/Off	<b>568733</b>	-
Property Tax / Water charges	-	99120
Provision for Substandard Loans	<b>9847668</b>	1105231
<b>Total :</b>	<b><u>11790582</u></b>	<b><u>2585444</u></b>

**SCHEDULE - 9**

**INTEREST & FINANCE CHARGES**

Interest Paid to Others	<b>5493064</b>	4695007
Bank Charges & Commission	<b>3897</b>	5156
<b>Total :</b>	<b><u>5496961</u></b>	<b><u>4700163</u></b>

## SCHEDULE NO - 10

## NOTES FORMING PART OF THE ACCOUNTS

## 1 SIGNIFICANT ACCOUNTING POLICIES :

a. **Basis of accounting :**

Income and Expenditure are accounted for on accrual basis.

b. **Revenue Recognition**

Interest Income is recognised in the profit and loss account as it accrues except in the case of non performing assets ("NPAs") where it is recognised, upon realisation, as per the Non Banking Financial Companies (NBFC) prudential norms of RBI.

c. **Advances & Provisioning**

Non performing assets ("NPAs") provisions are made based on management's assessment of the degree of impairment, subject to the minimum provisioning level in accordance with Non Banking Financial Companies (NBFC) prudential norms of RBI.

d. **Fixed assets :**

All fixed assets are stated at historical cost of acquisition less accumulated depreciation.

e. **Investments**

No provision has been made for diminution in the value of investment in the equity shares of Tokyo Plast International Ltd. as the diminution in the value of shares is considered as temporary. These investments are held as long term investments and hence valued at cost.

f. **Depreciation :**

Depreciation on fixed assets is provided for on the "Straight Line Method" as per the rates and in the manner prescribed by Schedule XIV of the Companies Act 1956.

g. **Taxation:**

Current Tax Provision has been made in accordance with the Income Tax Act, 1961.

Deferred Tax resulting from 'timing difference' between book and taxable profit for the year is accounted for using the current tax rates. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be adjusted in future. However, in case of deferred tax assets representing unabsorbed depreciation or carry forward losses are recognised, if and only if there is a virtual certainty that there would be adequate future taxable income against which such deferred tax assets can be realised.

h. **Basis of Preparation:**

The Financial statements have been prepared to comply in all material respects with the Mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the Historical Cost convention on an Accrual basis except in case of assets for which provision for Impairment is made and Revaluation is carried out.

i. **Gratuity:**

The Liability is ascertained and provided for as per Actuarial Valuation

j. **Bonus:**

Bonus is accounted on accrual basis.

## TOKYO FINANCE LIMITED

### 2 Related Party Transactions:

The company has transactions with the following related parties:

Associates : Tokyo Plast International Limited, Tokyo Constructions Limited.

The summary of the transactions with the above related parties during the year is as follows:

Nature of Transactions	Rupees in Lakhs			
	Associates		Relatives of Key Management Personal	
	2010-11	2009-10	2010-11	2009-10
Loans/Advances Taken	275.57	64.87	-	-
Loans/Advances Given	56.00	-2.80	-	-
Investments	-	-	-	-
Others	1.20	1.20	-	-
<b>Amount Outstanding on 31 st march :</b>				
Loans/Advances Taken	796.67	519.90	-	-
Loans/Advances Given	719.49	658.50	-	-
Investments	67.05	67.05	-	-

### 3 Contingent liabilities not provided for :

Claims against the Company not Acknowledged as Debts as on 31st March 2011 amounting to Rs. Nil.

### 4 The Amount Remitted During The Year In Foreign

Currencies on account of dividends :

Number Of Non-Resident Shareholders  
Number of Shares Held By Them

Year Ended  
31- Mar-2011

Year Ended  
31- Mar-2010

Nil

Nil

6

7

4000

4550

### 5 Auditors Remuneration

As Audit Fees  
Taxation Services  
Service tax

90000

90000

10000

10000

10300

10300

**Total :**

**110300**

**110300**

- 6 a) Number Of Employees who are employed throughout the year and were in receipt of remuneration of Rs. 6000000 p.a. or  
b) Number Of Employees who are employed for a part of the year and who were in receipt of Rs. 500000 or more per month

Nil

Nil

Nil

Nil

### 7 Advances due from Directors :

- a) Amounts due from Directors or other officers of the company  
b) The maximum amount due by Directors or other officers of the company at any time during the year.

Nil

Nil

Nil

Nil

8 Company has not owed any sum to Small Scale industrial undertakings during the year.

9 Figures of the previous year have been regrouped / rearranged wherever necessary.

**10 Balance Sheet Abstract and Company's General Business Profile :**

**i Registration Details**

a. State Code	:	11
b. Registration No.	:	83155
c. Balance Sheet Date	:	31.03.2011

**ii Capital raised during the year (Amount in Rs. Thousands)**

a. Public Issue	:	NIL
b. Right Issue	:	NIL
c. Bonus Issue	:	NIL
d. Private Placement	:	NIL

**iii Position of mobilization and deployment of funds (Amount in Rs. Thousands)**

a. Total Liabilities	:	194809
b. Total Assets	:	194809

**Sources of Funds**

a. Paid Up Capital	:	69424
b. Reserve & Surplus	:	45718
c. Secured Loans	:	NIL
d. Unsecured Loans	:	79667
e. Deferred Tax Liability	:	NIL

**Application of Funds**

a. Net Fixed Assets	:	3075
b. Investments	:	6705
c. Net Current Assets	:	185028
d. Misc. Expenditure	:	NIL
e. Accumulated Losses	:	NIL

**iv Performance of Company**

a. Turnover	:	14614
b. Total Expenditure	:	17357
c. Profit Before Tax	:	-2743
d. Profit After Tax	:	-4623
e. Earning Per Share	:	-0.66
f. Dividend Rate (Proposed)	:	NIL

**v Generic Names of Three Principal Products Of The Company (as per Monetary Terms)**

Item Code No. (ITC Code)	:	N.A
Product/Service Description	:	Financial Activites

Signatures to Schedules '1' to '10'

As per our Report Of Even Date

**FOR SWAMY & CHHABRA**  
Chartered Accountants

**C. AYYASWAMY**  
(Partner)

Mumbai, Dated 30th May 2011

For and on behalf of the Board of Directors

**VELJI L. SHAH - CHAIRMAN**

**HARESH V. SHAH - DIRECTOR**

Mumbai, Dated 30th May 2011

**TOKYO FINANCE LIMITED**

**CASH FLOW STATEMENT**

	As at 31st March, 2011		As at 31st March, 2010	
	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs
<b>A. Cash flow from operating activity:</b>				
Net Profit before tax and extraordinary items		-27.43		58.58
Adjustments for :				
Depreciation	0.70		0.70	
Provision for Substandard Loan	98.48		11.05	
Preliminary Expenses Written off	-		-	
		<u>99.18</u>		<u>11.75</u>
Operating profit before working capital changes		<u>71.75</u>		<u>70.33</u>
Adjustments for:				
Trade and other Receivables	-320.15		-64.29	
Inventories	-		-	
Current Liabilities	<u>21.84</u>	<u>-298.31</u>	<u>25.56</u>	<u>-38.73</u>
Cash generated from operations		<u>-226.57</u>		<u>31.60</u>
Direct Taxes paid/ Prior Year Taxation		<u>-37.19</u>		<u>-97.50</u>
Cash flow before extraordinary items		<u>-263.76</u>		<u>-65.90</u>
Extraordinary items		<u>-</u>		<u>-</u>
Net cash from operating activities		<u>-263.76</u>		<u>-65.90</u>
<b>B. Cash flow from investing activities:</b>				
Purchase of fixed assets	-		-	
Sale of Investments	-		-	
Purchase of investments	<u>-</u>		<u>-</u>	
Net cash used in investing activities		0.00		0.00
<b>C. Cash flow from financing activities</b>				
Proceeds from issue of share capital	-0.29		0.01	
Proceeds from borrowings	276.77		66.07	
Deferred Tax Liability				
Dividend paid	-		-	
Expenditure on raising capital	<u>-</u>		<u>-</u>	
Net cash used in financing activities		<u>276.48</u>		<u>66.08</u>
Net increase in cash and cash equivalents		<u>12.73</u>		<u>0.17</u>
Cash and Cash equivalents as at the beginning of the year		<u>2.06</u>		<u>1.89</u>
Cash and Cash equivalents as at the end of the year		<u>14.79</u>		<u>2.06</u>

This is cash Flow Statement referred to in our report of even

**FOR SWAMY & CHHABRA**  
Chartered Accountants

**C. AYYASWAMY**  
(Partner)

Mumbai, Dated 30th May, 2011

For and on behalf of the Board of Directors

VELJI L. SHAH - CHAIRMAN

HARESH V. SHAH - DIRECTOR

Mumbai, Dated 30th May, 2011

ATTENDANCE SLIP

**TOKYO FINANCE LIMITED**

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

Please complete the Attendance Slip and hand it over at the entrance of the Meeting Hall. Please also bring your copy of the enclosed Annual Report.

I hereby record my presence at the SEVENTEENTH ANNUAL GENERAL MEETING of the Company held on 30th September, 2011 at Utkarsh Mandal Hall, Ground Floor, Malviya Road, Vile Parle (E), Mumbai - 400 057 at 3.30 p.m.

REGD. FOLIO NO. \_\_\_\_\_ NO. OF SHARES \_\_\_\_\_

NAME OF THE SHAREHOLDERS (IN BLOCK LETTERS)

\_\_\_\_\_

\_\_\_\_\_  
SIGNATURE OF THE SHAREHOLDER OR PROXY

PROXY FORM

**TOKYO FINANCE LIMITED**

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

REGD. FOLIO NO. \_\_\_\_\_ NO. OF SHARES \_\_\_\_\_

I/We \_\_\_\_\_

of \_\_\_\_\_

hereby appoint \_\_\_\_\_ of \_\_\_\_\_

or falling him \_\_\_\_\_ of \_\_\_\_\_

or falling him \_\_\_\_\_ of \_\_\_\_\_

as my/our Proxy to attend and vote for me/us and on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held on 30th September 2011 and at any adjournment thereof.

AS WITNESS my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2011

Signed by the said \_\_\_\_\_

Rupee 1  
Revenue  
Stamp

Note : The Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the Meeting.

**BOOK - POST**

**To,**

*If undelivered, please return to :*

**TOKYO FINANCE LIMITED**

**Registered Off:**

102, Thosar House

Hanuman Cross Road No.1,

Vile Parle (East)

Mumbai - 400 057.