HASTI FINANCE LIMITED

16th Annual Report

2009 - 2010

CERTIFIED TRUE COPY
Hasti Finance Limited

R. Nsomani

Director

BOARD OF DIRECTORS

Mr. NITIN PRABHUDAS SOMANI
Mrs. SONAL NITIN SOMANI
Mr. SALIM ISMAIL SHAIKH
Mr. CHANDRAKANT BABURAO TUPE

REGISTERED OFFICE :

No.14, Imperial Hotel Complex,
Whannels Road , Egmore,
Chennai Tamil Nadu - 600008

AUDITORS :

SANDEEP RATHI & ASSOCIATES
Chartered Accountants
304, Saba Palace, 4th Road,
HKhar (wes), Mumbai – 40 052.

BANKERS :

Indian Bank
Bharat Co-op Bank (Mumbai) Ltd.

REGISTRARS AND TRANSER AGENTS :

CAMEO Corporate Services Ltd.,
'SUBARAMANIAM BUILDINGS'
No. 1, Club House Road,
Chennai – 600 002.
Phone : 28460390

HASTI FINANCE LIMITED
Registered Office: No. 14, Imperial Hotel Complex, Whannels Road,
Egmore, Chennai - 600008. Tamil Nadu.

NOTICE

NOTICE is hereby given that the 16th Annual General Meeting of the Company will be held on Thursday, 30th September 2010 at the Registered Office of the Company at 1.00 p.m. at 14, Imperial Hotel Complex, Whannels Road, Egmore, to transact the following business,

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2010, and Profit and Loss Account for the year ended 31st March, 2010 and the Reports of the Directors and Auditors thereon.

2. To appoint Auditors of the Company and to fix their remuneration. The retiring Auditors M/s. Sandeep Rathi & Associates, Chartered Accountant, Mumbai are eligible for re-appointment. In this connection to consider and if thought fit, to pass, with or without modifications the following resolution as an Ordinary Resolution.

   "**RESLOVED THAT** M/s. Sandeep Rathi & Associates., Chartered Accountants, Mumbai be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the Conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board in consultation with the Auditors."

3. To reappoint a Director in place of Mr. Chandrakant Baburao Tupe who retires by rotation and being eligible, offers himself for re-appointment

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. Such proxy need not be a member of the Company. The instruments appointing proxy in order to be valid should reach the Registered Office of the Company not less than 48 hours before the commencement of the meeting. A blank proxy form is annexed to the annual report.

2. Member who holds shares in dematerialized form are requested to indicate without fail their DP ID and client ID Number in the attendance slip.

3. Nomination for physical shares :
Member holding shares in physical form is encouraged to nominate a person to whom his shares in the Company shall vest in the event of his Death.

4. Holding Shares in Identical order of Names:
Members holding shares in identical order of Names in more than one folio are requested to write to Registrars and Share Transfer Agents to consolidate their holding in one Folio.

5. The Register of Members and Share Transfer Books of the Company will remain closed from 29.09.2010 to 30.09.2010 (both days inclusive).

6. The Shareholders are requested to intimate immediately any change in their address to Registrar of the Company.

7. It will be helpful if your Registered Folio Numbers/client ID number is quoted in all your correspondence with the Company.

8. The Document referred to in this notice / explanatory statement are open for inspection by any members at the Registered office of the Company during the Company's business hours on any working day up to the last date of Annual General Meeting.

9. Cameo Corporate Services Limited (Cameo) is the Registrar & Share Transfer Agent of the Company. All investor related communication may be addressed to Cameo at the following address:

Cameo Corporate Services Limited
Subaramaniam Buildings,
Club House Road,
Chennai – 600 002,
Tamil Nadu.
Tel: 28460390

10. Members/Proxies are requested to kindly take note of the following:
    i. Copies of Annual Report will not be distributed at the venue of the meeting;
    ii. Attendance Slip, as sent herewith, is required to be produced at the venue duly filled-in and signed, for attending the meeting;
    iii. Entry to the hall will be strictly on the basis of the entrance pass, which shall be provided at the counters at the venue, in exchange for duly completed and signed Attendance Slips; and
    iv. In all correspondence with the Company and/or Cameo, Folio No. or DP & Client ID No., as the case may be, must be quoted.

11. Members are requested to send their queries, if any on the operations of the Company, to reach the Company Secretary at the Company's Registered Office,

atleast 5 days before the meeting, so that the information can be compiled in advance.

12. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

13. Members may please note that briefcase, bag, mobile phone and/or eatables shall not be allowed to be taken inside the hall for security reasons.

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Hasti Finance Limited

N Somani

Director

For & On behalf of the Board

Sd/-
Nitin P. Somani
(Director)

Chennai, Dated 28th August, 2010

DIRECTORS' REPORT

TO
THE MEMBER
OF HASTIFINANCE LIMITED

Your Directors are pleased to present their Sixteenth Annual Report together with the audited statements of accounts for the yare ended 31st March, 2010.

1. **FINANCIAL RESULTS**

The Directors state that the Company has made a profit of Rs.642,270/- after providing for depreciation and taxes on income as compared to Rs.88,978/- in previous year. The company has balance in the Profit & Loss account brought forward from the previous year of Rs. 51,12,080/-. During the year the company has transferred Rs.1,32,000/- to Statutory Reserve as per section 45-IC of the Reserve Bank of India Act, 1934. The balance available in the Profit & Loss account is Rs. 56,22,350 as against Rs. 51,12,080 in the previous year.

2. **DIVIDEND:**

In order to take advantage of borrowing capital market, the Directors have decided to plough back the profit and do not recommend any Dividend.

3. **DEPOSITORY SYSTEM:**

The Company's Shares are available for Dematerialization with NSDL and CDSL. In view of the numerous advantages offered by the Depository System, members holding shares in physical mode are requested to avail the facility of dematerialization on either of the Depositories.

4. **PUBLIC DEPOSITS:**

Your Company has not accepted / invited any deposits from the Public during the current financial year u/s section 58 of the Companies Act, 1956.

5. **OPERATION:**

The company is a Non-banking Finance company. Interest Income earned during the financial year by the company comprise of Rs. 1,142,421 from Vehicles Loans and Rs. 412,234/- from Other loans as compared to Rs. 356,473/- and Rs. 1,503,610 respectively in previous year. Despite of overall slow down in Industry, international recession, competition, financing at lower interest by Banks, Institutions, restriction by government, the company successfully manage its target of Income. Also the company earned profit from sale of assets of Rs. 111,444/- and Sale of Shares of Rs. 3113/- during the year. During the year under review there was change in management. Your new management has successfully made the company able to enter into new dimensions of financing business.

6. DIRECTORS:

Mr. Chandrakant Baburao Tupe retire from the Board by rotation and is eligible for re-appointment in the forthcoming Annual General Meeting. The notice conveying the Annual General Meeting includes the proposal for the re-appointment.

7. PARTICULARS OF EMPLOYEES:

At present there are no employees drawing a salary of more than Rs.2,00,000/- per month and hence a statement under Section 217(2A) of the Company Act 1956, is not furnished.

8. DISCLOSURE UNDER SEC.217 (1) (E)

Conservation of energy, Technology absorption, adoption, innovation etc. are not applicable to the Company, as the Company is a Non- Banking Finance Company.

9. **OTHER DISCLOSURE:**

The members of the company have met on 30th June 2010 for the Extra Ordinary General meeting held at its registered office and have taken following significant decisions.

a. Increased in authorized capital of the company from Rs.3.50 crores to Rs. 5.00 crores.
b. To allot 20,00,000 equity shares each at a premium of Rs.17/- on preferential basis to the alottees named in the notice for EGM.
c. To shift the registered office of the company from Chennai to Mumbai subject to the approval of Company Law Board.

In pursuant to the above decisions and the authority assigned to them by the members, Directors have initiated and successfully completed following procedures, formalities and/or compliances.

1. Increased authorized capital of the company.
2. Obtained in-principal approval from Bombay Stock Exchange for allotment of shares on preferential basis.
3. Allotted 20,00,000/- equity shares in the board meeting held on 27th August 2010.
4. Started procedure to file a petition with the Company Law Board, Chennai to change the registered office address of the company.

10. **AUDITOR'S REPORT.**

The Auditors report to the Shareholders does not contain any qualifications.

11. **DIRECTORS' RESPONSIBILITY**

The Board of Directors of the Company confirms:

i) That In the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure:

ii) That the selected accounting policies were been applied consistently and the directors made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as 31st March 2010, and of the profit of the Company for the year end on that date:

iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956, for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.

12. CORPORATE GOVERNANCE:
A detailed note on Company's Corporate Governance is annexed hereto as part of the report.

13. COMPLIANCE CERTIFICATE
The Company has obtained Compliance Certificate under Section 383A of the Companies Act, 1956 from the Practicing Company Secretary and copy whereof is attached herewith forming part of this Report.

14. AUDITORS
M/s. Sandeep Rathi & Associates, Chartered Accountants Mumbai, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. Certificate from the Auditors has been received to that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and pursuant to the amendments made to the Listing Agreement by the SEBI.

ACKNOWLEDGEMENT;

The Directors take this opportunity of thanking for the whole hearted and sincere and Co-operation received from all Bankers and other Governmental Agencies.

The Directors wish to place on record their sincere appreciation for the contribution made by every one who is associated with the Company and hope that they would continue their dedicated efforts for attainment of better working results in the years to come.

For and / or On behalf of the Board of Directors.

Sd/-	Sd/-
Nitin Prabhudas Somani	Sonal Nitin Somani
Director	Director

Chennai, Dated 28th August, 2010

ANNEXURE TO DIRECTOR'S REPORT:
NOTES ON CORPORATE GOVERNANCE

1. CORPORATE GOVERNANCE:
Corporate Governance is the application of best management practices, compliance of law and adherence to ethical standard to achieve the Company's objective of enhancing shareholder value and discharge of social responsibility. Corporate Governance in its true sense, is deeply embedded in the corporate philosophy of your Company, The Following is the report in this regard.

2. THE GOVERNANCE STRUCTURE:

The governance structure of the company comprises of the following:
a. Strategic Supervision – by the Board of Directors
b. Strategy & operational Management – by the divisional heads in each division.

3. THE ROLES OF VARIOUS CONSTITUENTS OF CORPORATE GOVERNANCE IN THE COMPANY:

a. Board of Directors (the Board): The directors of the company are empowered to oversee the management functions with a view to ensure its effectiveness and enhancement of shareholder value.
b. Chairman: Mr. Nitin P. Somani is the chairman of the Board and the Corporate Management. His primary role is to provide leadership to the Board in respect of strategic plan and business objectives.

4. BOARD OF DIRECTORS:

a. Composition of the Board:
As on date the Board comprises of Chairman and three executive directors.

b. Meetings of the Board:
The Board has met 8 times during the year under preview and the gap between any successive meetings did not exceeded four months.

c. Attendance of Meetings:

S. No.	Name of the Director	Category Directorship	No. of Board Meetings attended	Attendance at Last AGM
01	Nitin P. Somani	Chairman	9	Yes
02	Sonal N. Somani	Director	9	Yes
03	Chandrakant B. Tupe	Director	8	Yes
04	Salim I. Shaikh	Director	9	Yes

5. SHAREHOLDER / INVESTOR GRIEVANCE COMMITTEE :

Mr. Nitin Prabhudas Somani	Chairman
Mrs. Sonal Nitin Somani	Director
Mr. Salim Ismail Shaikh	Director

Share Transfer / Transmission are being Processed and approved promptly through Circular Resolution of the Share Transfer Committee ratified subsequently by the Board at its regular meetings

It is ensured that queries of shareholders are attended to within a maximum period of 7 days.

6. GENERAL BODY MEETING :

Financial Year	Date
2008-2009	30^{th} September 2009
EGM 2010	30^{th} June 2010

The following special resolutions were passed in the above mentioned meetings:

Annual General Meeting held on 30^{th} Septemberr 2009:

- To appoint Mr. Chandrakant Baburao Tupe as a director liable to retire by rotation.
- To appoint Mr. Salim Ismail Shaikh as a director liable to retire by rotation.

Extra Ordinary General Meeting held on 30^{th} June 2010:

- To appoint Mr. Nitin Prabhudas Somani as a director liable to retire by rotation.
- To appoint Mrs. Sonal Nitin Somani as a director liable to retire by rotation.
- To increase the authorized capital of the company from Rs.3.5 crores to Rs. 5 crores.
- To alter the Memorandum of the Association and Articles of the Association in order to give effect to the increase of authorized capital of the company.
- To allot 20,00,000 equity shares of Rs. 10/ each at a premium of Rs. 17/- on preferential basis to the persons as accepted by the members.
- To shift the registered office of the company from Chennai, State of Tamil Nadu to Mumbai, State of Maharashtra.

7. The Board is pleased to inform that during the Financial Year 2009 - 10 no penalties / strictures have been imposed in the Company by the Stock Exchange(s), Registrar of Companies, SEBI or any other Statutory Authority in any manner related to Capital Markets.

8. Book Closure :
The dates of Book Closure are Wednesday, September 29,2010 to Thursday, September 30,2010 (both days inclusive).