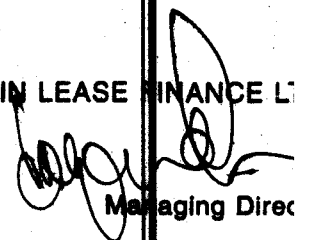


**13th
Annual
Report
2003-2004**



For NALIN LEASE FINANCE L


Managing Direc

NALIN LEASE FINANCE LIMITED



NALIN LEASE FINANCE LIMITED

13th ANNUAL GENERAL MEETING

Day : Saturday
 Date : 25th September, 2004
 Time : 4.00 P.M.
 Venue : Ground Floor,
 Gandhi Nursing Home Bldg.,
 Dr. Nalinkant Gandhi Road,
 Himmatnagar-383 001.

BOARD OF DIRECTORS

Mr. Mahendrakumar P. Shah	<i>Chairman</i>
Mr. Dilipkumar Nalinkant Gandhi	<i>Managing Director</i>
Mrs. Nipurnaben Nalinkant Gandhi	<i>Director</i>
Mrs. Pallaviben Dilipkumar Gandhi	<i>Director</i>
Mr. Narendrakumar Dalsukhdas Shah	<i>Director</i>

COMPANY SECRETARY

Mrs. Swatiben Parikh
Company Secretary

AUDITORS

M/s. Deepak R. Soni & Co.
Chartered Accountants
 Himmatnagar-383 001.
 Ph. : 242780

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NOTES :-

1. All correspondence relating to Shares of the Company may please be addressed to the Company's Registered Office.
2. Members are requested to bring their copy of the Annual Report to the Meeting, as copies of the Report will not be distributed at the Meeting.
3. Members seeking further information about the Accounts and/or Operations of the Company, are requested to send their queries to the Company at its Registered Office atleast TEN days before the date of the Meeting.

BANKERS

Bank of Baroda
 State Bank of India
 Union Bank of India
 The Manekchowk Co-op. Bank Ltd.
 Himmatnagar Nagrik Sahakari Bank Ltd.
 Dena Bank
 H.D.F.C. Bank Ltd. Ahmedabad.

REGISTERED OFFICE

Ground Floor,
 Gandhi Nursing Home Bldg.,
 Dr. Nalinkant Gandhi Road,
 Himmatnagar-383 001.
 Ph. : 241264, 242264
 Fax : 241264



13th ANNUAL REPORT 2003-2004

NOTICE

Notice is hereby given that the 13th Annual General Meeting of the Members of Nalin Lease Finance Limited will be held on Saturday the 25th September, 2004 at 4.00 p.m. at Ground Floor, Gandhi Nursing Home Bldg; Dr. Nalinkant Gandhi Road, Himatnagar - 383001 to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st March 2004, Profit & Loss Account for the year ended on that date together with the Reports of Board of Directors & Auditors thereon.
2. To appoint a Director in place of Smt. Nipurnaben Nalinkant Gandhi who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors of the Company who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By order of the Board of Directors

Registered Office:

Ground Floor,
Gandhi Nursing Home Bldg.,
Dr. Nalinkant Gandhi Road,
Himatnagar-383001.

Dated : July 1, 2004

M.P. Shah

Chairman

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 / herself and the proxy need not be a member of the company, proxy in order to be effective must be received by the company not less than 48 hours before the meeting.
2. All documents referred to in the accompanying notice are open at the registered office of the company during the office hours on all working days between 11.00 am to 1.00 pm up to the date of Annual General Meeting.
3. Members are requested to send their queries, if any at least 10 day before the date of meeting so that the information can be made available at the meeting.
4. The Register of Members and the Share Transfer Books will remain closed from Friday 24th September, 2004 to Saturday 25th September, 2004 (Both days inclusive).

**NALIN LEASE FINANCE LIMITED****DIRECTORS' REPORT**

To,
The Members,

Your Directors have pleasure in presenting to you the 13th Annual Report together with the audited statement of the Accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS :*(Rs. in Lacs)*

	<u>2003-2004</u>	<u>2002-2003</u>
Gross Profit (PBDT)	18.66	16.23
Less:- Depreciation	3.02	4.13
Profit Before Tax (PBT)	15.64	12.10
Less:- Provision for Taxation	5.59	5.58
Net Profit (PAT)	10.05	6.52
Add:- Balance in Profit & Loss A/C.	1.94	1.72
Balance Available for Appropriation	11.99	8.24
Appropriations:		
Reserves	9.47	6.30
Balance carried to Balance Sheet	2.52	1.94

Your Directors are making their continuous and sincere efforts to maintain the market share of the Company despite of growing competition and also recession in the market. From the Accounts it can very well be seen that Company is maintaining in a better manner.

DIVIDEND :

The Directors regret their inability to recommend dividend for the year 2003-2004 with a view to accumulate funds for future requirement and also to strengthen the financial position of the company.

DIRECTORS :

Smt. Nipurnaben Nalinkant Gandhi-Director of the Company, retire by rotation pursuant to Article No.125 of the Companies Act, 1956, at the ensuing Annual General Meeting and being eligible offer himself for reappointment.

FIXED DEPOSITS :

Our Company is registered as N. B. F. C. with R. B. I. the Company has Complied with various Guidelines issued by Reserve Bank of India for accepting Public Deposits and the Deposits accepted are within the permissible limits.

- Public Deposits held by the Company as on 31-03-2004 Rs. 362.26 Lacs.
- Matured but not Claimed/Unpaid Public deposits as on 31-03-2004 :- NIL

AUDITORS AND AUDITORS REPORT :

M/s. Deepak R. Soni & Co., Auditors of the Company, retire and hold Office until the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956. The notes to



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the accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further comments.

PERSONNEL :

During the year under review, there was no employee in receipt of any remuneration in excess of the limits prescribed in Section 217 (2A) of the Companies Act, 1956 read with the companies (Particulars of Employees) Rules, 1975 As amended.

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

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are not applicable to your Company.

REGULATORY GUIDELINES :

There being no non-performing assets, no provision is made for the year. Company has fully complied with prudential norms prescribed by Reserve Bank of India. The Company has also complied with the Directions issued by Reserve Bank Of India regarding Capital Adequacy, Assets classification etc.

DIRECTORS RESPONSIBILITY STATEMENT :

In accordance with the provisions of section 217 (2AA) of the companies act, 1956, your directors state :

1. That in the preparation of the annual accounts, the applicable accounts, the applicable accounting standards have been followed.
2. That your Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are 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 and of the profit or loss of the company for that period.
3. That your directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of your company and for preventing and detecting fraud and other irregularities.
4. That your directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

pursuant to clause 49 of the listing agreement with stock exchanges, a separate section titled "corporate governance" is attached to this annual report.

ACKNOWLEDGEMENT :

Your Directors would like to put on record their grateful appreciation for the assistance and co-operation received from the Bankers of the Company, valued Customers of the Company, the Ahmedabad Stock Exchange, Vadodra Stock Exchange and the Bombay Stock Exchange and various other Government and Semi Government Authorities, Agencies and Offices.

Your Directors would also like to put on record with thanks their deep sense of appreciation for the assistance, diligence and co-operation of the executives and staff of the Company.

For and on behalf of the Board of Directors

Place: HIMMATNAGAR

Date : 1st July, 2004.

M. P. Shah

Chairman

**NALIN LEASE FINANCE LIMITED****ANNEXURE TO DIRECTORS' REPORT****Report on Corporate Governance****A. MANDATORY REQUIREMENTS :****1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :**

The Company has always been committed to the principles of good corporate governance which inter alia includes protection of shareholders rights, enhancement of shareholder value, equitable treatment of all shareholders, stakeholders such as suppliers, customers and employees and to report financial information adequately and transparently. A continuous process of delegation of powers commensurate to accountability, coupled with trust, faith and transparency has been embedded in the day to day functioning. A system to effectively manage risks has been implemented. The Company has been disclosing detailed information on different issues concerned the Company's performance from time to time.

2. BOARD OF DIRECTORS :**(I) COMPOSITION :**

The Board of Directors comprises of a combination of Executives and Non-Executives who are professionals in their respective fields and bring in a wide range of skills and experience. Out of five Directors Three Directors are executive Directors and Two Directors are non-executive Directors. There is no nominee Directors on the Board. The names & composition of Directors are as under :-

Sr. No.	Name of the Director	Executive / Non-Executive
1.	Mahendrakumar Prabhulal Shah	Non-Executive (Chairman)
2.	Dilipkumar Nalinkant Gandhi	Executive (Managing Director)
3.	Nipurnaben Nalinkant Gandhi	Executive (Whole time Director)
4.	Pallaviben Dilipkumar Gandhi	Executive (Executive Director)
5.	Narendrakumar Dalsukhdas Shah	Non-Executive (Independent Director)

(II) MEETINGS OF THE BOARD :

Six Board Meetings were held during the year ended 31-3-2004. These were held on : 21-4-2003, 2-7-2003, 22-7-2003, 24-9-2003, 22-10-2003, & 21-1-2004. The details of attendance of each Directors at the Board, last Annual General Meeting & various Committees of the Board, during the financial year ended on 31st March 2004, are given below :

Directors	Board Meeting () *	Audit Committee () *	Shareholders/ Investors Grievance Committee () *	Share Transfer Committee () *	Last Annual General Meeting Attended (Yes/No) () *
Mahendrakumar Prabhulal Shah	6	3	-	-	yes
Dilipkumar Nalinkant Gandhi	6	3	2	12	yes
Nipurnaben Nalinkant Gandhi	6	-	-	-	yes
Pallaviben Dilipkumar Gandhi	6	-	-	-	yes
Narendrakumar Dalsukhdas Shah	6	3	2	12	yes

*The figures within brackets denote the number of meetings held during the period from 1st April, 2003 to 31st March, 2004.



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(III) OTHER DIRECTORSHIPS :

The details of other directorships and chairmanships held by the Directors of the company are given below.

Sr. No.	Names (s) of Directors	No. of Directorship, excluding directorship in Pvt. Companies/ firms & cos. Incorporated u/s. 25 of the Companies Act	Chairman of the Board	No. of other Board Committees in which he/she is a member or chairperson
1	Mahendrakumar Prabhulal Shah	Nil	Nil	One
2	Dilipkumar Nalinkant Gandhi	Four	Nil	Three
3	Nipurnaben Nalinkant Gandhi	Three	Nil	Nil
4	Pallaviben Dilipkumar Gandhi	Three	Nil	Nil
5	Narendrakumar Dalsukhdas Shah	Nil	Nil	Three

(IV) Reappointment of Directors (as required under Listing Agreement)

The brief particulars of the Directors of the Company, retiring by rotation and proposed to be re-appointed at the ensuing Annual General Meeting are as under :-

Smt. Nipurnaben Nalinkant Gandhi, aged 72 years joined the Board of the Company since October 1990. She looks after the General Administration, Personnel, Staff welfare schemes and was also looking after the human resources for the company.

3. AUDIT COMMITTEE :

The audit Committee of the Board was formed on 25-10-2002 and it comprises of 2 (Two) Non-Executive Directors & 1 (one) Executive Director viz :

- (1) Dilipkumar Nalinkant Gandhi
- (2) Mahendrakumar Prabhulal Shah
- (3) Narendrakumar Dalsukhdas Shah

The Audit Committee's functions include reviewing the Company's internal control system, audit procedures, compliance with statutory and regulatory requirements, financial reporting process and the disclosure of its financial information to ensure that the financial statements are true and correct. It also reviews the half yearly results and the annual financial statements before submission to the Board. The Audit Committee effectively acts as a link among the Board of Directors, statutory auditor and internal audit functions. During the financial year ended 2004, Audit committee meetings were held on 13-6-2003, 15-10-2003 & 9-1-2004.

Sr. No.	Name of the Directors	No. of Meetings Attended
1.	Mahendrakumar Prabhulal Shah	3
2.	Dilipkumar Nalinkant Gandhi	3
3.	Narendrakumar Dalsukhdas Shah	3

The minutes of the Audit Committee Meetings are noted by the Board of Directors at the subsequent Board Meeting.