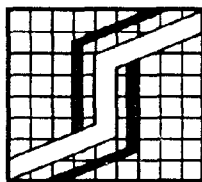


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Swastika Fin-Lease Ltd.

**12th Annual Report
2003 - 2004**

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**Board of Directors**

Sunil Nyati

Managing Director

S. N. Maheshwari

Director

Anil C. Nyati

Executive Director

Vinod Gupta

Director

C.R. Doshi

Director

Parasmal Deshlahara

*Director***Auditors**

M. B. Ladha & Co.

Chartered Accountants

MUMBAI

Bankers

ICICI Bank Ltd.

Bank of India

The Bank of Rajasthan Ltd.

IDBI Bank Ltd.

Regd. Office

246, Girgam Road, Mangalwadi, MUMBAI - 400 004

Admn. Office

48, Jaora Compound, M.Y.H. Road, INDORE - 452001

**Registrar & Share
Transfer Agent**

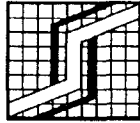
Ankit Consultancy Pvt. Ltd.

2nd Floor, Alankar Point, Geeta Bhawan Chouraha,
A.B. Road, INDORE - 452001**Listed At**

- THE STOCK EXCHANGE, MUMBAI

- JAIPUR STOCK EXCHANGE LTD., JAIPUR

- M. P. STOCK EXCHANGE, INDORE



Swastika Fin-Lease Ltd.

12th ANNUAL REPORT 2003-2004

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NOTICE FOR ANNUAL GENERAL MEETING

Notice is hereby given that the 12th Annual General Meeting of the Members of Swastika Fin-Lease Ltd. will be held at the office of the Company, at 2nd FLOOR, J.K. SOMANI BUILDING, BRITISH HOTEL LANE, FORT, MUMBAI - 400 023, on Thursday, the 30th day of September 2004 at 2.00 P.M. to transact the following business :

AS AN ORDINARY BUSINESS

- 1) To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2004 and the Profit & Loss Account for the year ended on the same date and the Reports of the Directors and the Auditors thereon.
- 2) To appoint a director in place of Shri Anil Nyati who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a director in place of Shri Sunil Nyati who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint Statutory Auditors and to fix their remuneration.

AS SPECIAL BUSINESS

- 5) To consider and, if thought fit, to pass, with or without modification, the following resolution **as an ordinary resolution**:

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, 310, 311 and other applicable provisions, if any, and in terms of schedule XIII of the Companies Act, 1956 as amended up to date, consent of the Company be and is hereby accorded for increase in the remuneration of Shri Sunil Nyati from Rs. 30,000 per month to Rs. 60,000 per month on and with effect from 1st July, 2004 with perquisites detailed as under and also the Company do hereby approve the re-appointment of Shri Sunil Nyati as Managing Director of the Company for a period of five years with effect from 15th June, 2005 to 14th June, 2010 on the following terms and conditions:

- a) **Salary** : Rs. 60,000/- (Rupees Sixty Thousand only) per month.
- b) **Commission** : A commission based on the net profit of the Company as may be determined by the Board, subject to overall ceiling laid down in section 198 and 309 of the Act, provided however the commission will be paid on prorata basis in the event of earlier cessation or termination of appointment.
- c) **Perquisites** : Perquisites shall be restricted to an amount equal to annual salary as detailed in categories 'A', 'B' and 'C' :

Category 'A'

1. **Housing** : House rent allowance @ 50% of the salary. The expenditure incurred by the Company on gas, electricity , water and furnishings shall be valued as per the Income Tax Rules, 1962 which shall be subject to a ceiling of 5% of salary.
2. **Medical Reimbursement** : Medical expenses incurred by him and his family shall be reimbursed to him subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
3. **Leave Travel Concession** : For him and his family, once in a year, incurred in accordance with the rules specified by the Company.
4. **Club Fees** : Fees of club subject to a maximum of two clubs. This will not include admission and life membership fees.
5. **Personal Accident Insurance** : Benefit of a personal accident insurance of an amount, the premium of which does not exceed Rs. 4,000/- per annum.

Explanation : For the purpose of Category 'A' above 'Family' means the spouse, dependent children and dependent parents of the Managing Director.



NOTICE FOR ANNUAL GENERAL MEETING
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Category 'B'

- 1 **Provident Fund etc. :** Contribution to Provident Fund and Superannuation Fund or Annuity Fund and Leave to be in accordance with the practice, and regulations in force, from time to time. The contribution to Provident Fund and Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling of the perquisites to the extent these, either singly or put together, are not taxable under the Income-tax Act 1961.
- 2 **Gratuity :** Not exceeding half month's salary for every completed year of service.

Category 'C'**Provision of car for use on Company's business and telephone at residence :**

These will not be considered as perquisites. However, personal long distance calls and use of the car for private purpose shall be billed by the Company to the Managing Director.

"RESOLVED FURTHER that where in any financial year the Company has no profits, or its profits are inadequate during the term of office of Shri Sunil Nyati, the remuneration aforesaid shall be minimum remuneration."

"RESOLVED FURTHER that the Board of Directors be and are hereby authorized to vary, alter, increase or enhance / change from time to time, the terms and conditions of appointment of Mr. Sunil Nyati subject to the limit laid down under the applicable provisions of the Companies Act, 1956 and subject to the requisite approvals, if any, being obtained"

"RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient, usual and proper."

- 6) To consider and, if thought fit, to pass, with or without modification, the following resolution **as an ordinary resolution:**

"RESOLVED THAT subject to the provisions of section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with schedule XIII thereof, the consent of members of the Company be and is hereby accorded to the increase in the salary payable to Shri Anil Nyati, Executive Director of the Company from Rs. 10,000 per month to Rs. 30,000 per month w.e.f. 1st July 2004, with perquisites detailed as under for the remainder of his office term, on the following terms and conditions:

- a) **Salary :** Rs. 30,000/- (Rupees Thirty Thousand only) per month.
- b) **Commission :** A commission based on the net profit of the Company as may be determined by the Board, subject to overall ceiling laid down in section 198 and 309 of the Act, provided however the commission will be paid on prorata basis in the event of earlier cessation or termination of appointment.
- c) **Perquisites :** Perquisites shall be restricted to an amount equal to annual salary as detailed in categories 'A', 'B' and 'C' :

Category 'A'

1. **Housing :** House rent allowance @ 50% of the salary. The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962 which shall be subject to a ceiling of 5% of salary.
2. **Medical Reimbursement :** Medical expenses incurred by him and his family shall be reimbursed to him subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
3. **Leave Travel Concession :** For him and his family, once in a year, incurred in accordance with the rules specified by the Company.
4. **Club Fees :** Fees of club subject to a maximum of two clubs. This will not include admission and life membership fees.



NOTICE FOR ANNUAL GENERAL MEETING

5. **Personal Accident Insurance** : Benefit of a personal accident insurance of an amount, the premium of which does not exceed Rs. 4,000/- per annum.

Explanation : For the purpose of Category 'A' above 'Family' means the spouse, dependent children and dependent parents of the Executive Director.

Category 'B'

- 1 **Provident Fund etc.** : Contribution to Provident Fund and Superannuation Fund or Annuity Fund and Leave to be in accordance with the practice, and regulations in force, from time to time. The contribution to Provident Fund and Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling of the perquisites to the extent these, either singly or put together, are not taxable under the Income-tax Act:1961.

- 2 **Gratuity** : Not exceeding half month's salary for every completed year of service.

Category 'C'

Provision of car for use on Company's business and telephone at residence :

These will not be considered as perquisites. However, personal long distance calls and use of the car for private purpose shall be billed by the Company to the Executive Director.

"RESOLVED FURTHER that where in any financial year the Company has no profits or its profits are inadequate during the term of office of Shri Anil Nyati, the remuneration aforesaid shall be minimum remuneration."

"RESOLVED FURTHER that the Board of Directors be and is hereby authorized to vary, alter, increase or enhance / change from time to time, terms and conditions of appointment of Mr. Anil Nyati subject to the limit laid down under the applicable provisions of the Companies Act, 1956 and subject to the requisite approvals, if any, being obtained"

"RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient, usual and proper."

- 7) To consider and, if thought fit, to pass, with or without modification, the following resolution **as a special resolution**:

"RESOLVED THAT pursuant to provisions of section 314 and other applicable provisions, if any, of the Companies Act, 1956, the consent of members of the Company be and is hereby accorded to the appointment of Shri K.G. Agiwal, to hold an office or place of profit in the Company as a financial consultant on the consolidated monthly remuneration of Rs. 15,000 w.e.f. 1st October 2003."

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 such proxy need not be a Member of the Company. The proxies in order to be valid must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
- 2 Register of Members and Share Transfer Book of the Company will remain closed from Monday the 27 Sept., 2004 to Thursday the 30 Sept. 2004 (both days inclusive) in connection with the Annual General meeting.
- 3 Members are requested to send their queries, if any, at least 7 days in advance so that the information can be made available at the meeting.
- 4 Under the provisions of the Companies Act, 1956, (as amended with effect from 31st October, 1998) shareholders may file nomination forms in respect of their shareholdings. Any shareholder willing to avail of this facility may submit to the Company at its Registered Office the prescribed form duly filled in.
- 5 In all correspondence with the Company, members are requested to quote their Account/Folio numbers and in case their shares are held in dematerialized form, they must quote their client ID number and their DP ID number.



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Swastika Fin-Lease Ltd.**NOTICE FOR ANNUAL GENERAL MEETING****6 REAPPOINTMENT OF DIRECTORS**

At the ensuing Annual General Meeting, Shri Anil Nyati and Shri Sunil Nyati, directors of the Company retire by rotation and being eligible offer themselves for reappointment.

As per clause 49 of the Listing Agreement dealing with corporate governance, the Company is required to provide a brief resume, expertise and names of the companies in which the proposed directors hold the directorship and membership of Committee of Directors. Accordingly, the said information is given below :

Shri Sunil Nyati and Shri Anil Nyati are promoters of the Company. Shri Sunil Nyati is director since inception and Shri Anil Nyati from 31st March 1998. Shri Sunil Nyati is a science graduate and Shri Anil Nyati is a graduate in commerce. Both are having rich and diversified experience in the Business and Trade. Shri Sunil Nyati and Shri Anil Nyati are also directors in Swastika polyolefins pvt. Ltd. They are not Chairman / member of any of the committees of this Company as well as of any other Company in which they are directors.

**EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS
SET OUT IN THE CONVENING NOTICE**

(Pursuant to section 173(2) of the Companies Act, 1956)

Item no. 5

Members may recall that they had given their consent to the appointment of Shri Sunil Nyati as Executive Director in the Annual General Meeting and looking at contribution made by him in the progress of the Company, had designated him as Managing Director in the Annual General Meeting held on 17th June, 2000 with the increased salary of Rs.30, 000/- per month plus perquisites.

Looking to his total devotion and resultant progress made by the Company under his dynamic leadership skills, it is proposed to increase his remuneration and re-appoint him as Managing Director as detailed in the resolution under consideration. For the same, the Remuneration Committee as well as Board of Directors have also accorded their approval subject to the approval of members.

The proposed remuneration will be in the limits prescribed for the Managerial Person in schedule XIII of the Companies Act, 1956.

Except Shri Sunil Nyati, Shri Anil Nyati and Shri S.N.Maheshwari, no other director is concerned or interested in the proposed resolution. The contents of resolution along with the explanatory statement shall be deemed to be abstract of the terms and conditions of change in salary and re-appointment of Shri Sunil Nyati under section 302 of the Companies Act, 1956 and the Memorandum of Interest in that behalf.

Item no. 6

Shri Anil Nyati was appointed as Executive Director in the Annual General Meeting held on 30th September 2003. The business of the Company has increased manifold in the recent past and accordingly the responsibilities and time involvement of the Executive director Shri Anil Nyati have also increased enormously. In view of this, the Board of Directors and the Remuneration committee of the Board have proposed to enhance the remuneration payable to Shri Anil Nyati subject to the approval of the members of the Company.

Except Shri Anil Nyati and Shri Sunil Nyati no other director is concerned or interested in the proposed resolution. The contents of resolution along with the explanatory statement shall be deemed to be abstract of the terms and conditions of change in salary and reappointment of Shri Anil Nyati under section 302 of the Companies Act, 1956 and the Memorandum of interest in that behalf.

Item no. 7

Shri Krishna Gopal Agiwal, a practicing Chartered Accountant by profession, relative of Shri Sunil Nyati, Managing Director and Shri Anil Nyati, Executive Director of the Company, has a rich and varied experience in the field of financial and tax consultancy for around 15 years. He has been associated with the Company in the capacity of professional consultant. In view of the consultancy rendered by him during the earlier years, your directors are confident that his appointment as a financial consultant on remuneration, as detailed in the respective resolution, will benefit the Company.

In view of the provisions of section 314 of the Companies Act, 1956, consent of the members by way of special resolution is required. Shri Sunil Nyati and Shri Anil Nyati may be deemed to be interested in the aforesaid resolution.

By Order of the Board of Directors

Place : MUMBAI

SUNIL NYATI

Date : 25th August, 2004

Managing Director



12th ANNUAL REPORT 2003-2004

Swastika Fin-Lease Ltd.

DIRECTORS' REPORT

Dear Members.

Your Directors have pleasure in presenting the 12th Annual Report of the Company and the Audited Accounts for the financial year ended 31st March, 2004.

FINANCIAL HIGHLIGHTS

(Amount in Rupees)

	31.03.2004	31.03.2003
Total Income	3,85,99,918	1,63,19,558
Gross Profit	51,40,018	20,02,290
Less : Depreciation	12,25,052	10,82,684
Profit before Taxation	39,14,966	9,19,606
Less : Provision for Taxation		
Current Year	11,25,000	2,00,000
Earlier Year	6,630	5,75,764
Add : Deferred Tax Assets	—	2,88,249
Less : Deferred Tax Liabilities	2,24,595	—
Profit after Taxation	25,58,741	4,32,091
ADD : Prior Period Adjustment	—	—
Net Profit	25,58,741	4,32,091
Add : Balance brought forward from Last Year	44,717	3,12,626
Amount available for appropriation	26,03,458	7,44,717
Appropriations :		
Transfer to General Reserve	15,00,000	7,00,000
Balance carried to Balance Sheet	11,03,458	44,717
	26,03,458	7,44,717

PERFORMANCE

During the year under review, the Company achieved all time high Total Income of Rs. 385 Lacs in comparison to the previous year's Total Income of Rs. 163 Lacs. With the spurt in total income, coupled with efficiency in operations, it was possible to achieve quantum jump in Gross Profit which stood at Rs. 51.40 Lacs, in comparison to the previous year's Gross Profit of Rs. 20.02 Lacs, resulting into more than five fold increase in the Net Profit which stood at Rs. 25.58 Lacs. In comparison to previous years' Net Profit of 4.32 Lacs.

DIVIDEND

In order to conserve the resources of the Company for on-going expansion of Branch Network, technological up gradation and securing membership of the other exchange, your directors deem it fit to withhold the declaration of dividend for the year under review.

BSE MEMBERSHIP

The Company has applied on 10th February, 2004 for purchasing a membership right of The Stock Exchange, Mumbai, the prestigious and one of the best and oldest stock exchange of India. With the addition of the above membership, your Company will become a Multi-Exchange Broking House which will help in increasing the volumes as well as expanding Client base.

DIRECTORS

In accordance with the provision of the Companies Act, 1956 and Articles of Association of the Company Shri Anil Nyati and Shri Sunil Nyati retire from the Board of Directors by rotation and are eligible for reappointment.



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Swastika Fin-Lease Ltd.

DIRECTORS' REPORT

Companies rules 1988 (Disclosure of particulars in the Reports of the Board of Directors)

As the Company is not engaged in manufacturing activities, hence provisions of section 217 (1) (e) of the Companies Act, 1956 read with the Companies Rules, 1988 are not applicable to the Company. Further there was neither inflow nor outflow of foreign exchange during the year.

PUBLIC DEPOSITS

During the year, no public deposits were accepted.

RBI DIRECTIONS

The Company is not engaged in Non-Banking financial activities and hence the Board of Directors vide their resolution dated 17th March, 2004, decided to surrender the Certificate of NBFC to RBI. Acceptance of the surrender application from RBI in this regard is awaited.

As on 31st March 2004, there were no public deposits which became due for repayment or renewal and therefore particulars stipulated under Non-Banking Financial Companies (Reserve Bank) Directions, 1957, in respect thereof are Nil.

PARTICULARS OF EMPLOYEES

The Company did not have any employee, during the year drawing remuneration attracting the provision of section 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rule 1975.

AUDITORS

The auditors, M/s M.B. Ladha & Company, retire and being eligible offer themselves for re-appointment.

CORPORATE GOVERNANCE

A report on the Corporate Governance code along with a certificate from the Auditors of the Company regarding the compliance of the conditions of the Corporate Governance as stipulated under clause 49 of the Listing Agreement and also the Management Discussion and Analysis Report are annexed to this report.

DEPOSITORY SYSTEM

Your Company's shares are tradable compulsorily in electronic form and your Company has connectivity with both the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Service (India) Limited (CDSL). In view of the numerous advantage offered by the Depository System, members are requested to avail of the facility of Dematerialization of the Company's shares on either of the Depositories mentioned as aforesaid.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to the Director's Responsibility Statement, it is hereby confirmed :

- I) That in the preparation of the annual accounts for financial year ended 31st March 2004; the applicable accounting standards have been followed along with proper explanation relating to the material departure(s).
- II) That the Directors have selected such accounting policies and applied them consistently and made judgements, and estimate 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 financial year and of the profit of the Company for the year under review.
- III) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act, for safeguarding the assets of the Company and for preventing and detecting Fraud and other irregularities.
- (IV) That the Directors have prepared the annual accounts on a going concern basis.

APPRECIATION

Your directors wish to place on record their appreciation of valuable services rendered by all employees of the Company, their gratitude to customers and shareholders for their continued support.

Place : MUMBAI
Date : 29th June, 2004

For and on behalf of the Board of Directors
Sunil Nyati Managing Director
S.N. Maheshwari Director