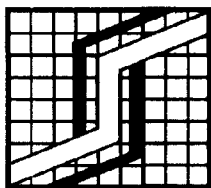


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Swastika Fin-Lease Ltd.

**11th Annual Report
2002 - 2003**

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|---------------------------|---------------------|--------------------------|
| Board of Directors | Sunil Nyati | <i>Managing Director</i> |
| | S. N. Maheshwari | <i>Director</i> |
| | Anil C. Nyati | <i>Director</i> |
| | Vinod Gupta | <i>Director</i> |
| | C.R. Doshi | <i>Director</i> |
| | Parasmal Deshlahara | <i>Director</i> |

| | |
|-----------------|---|
| Auditors | M. B. Ladha & Co. <i>Chartered Accountants</i> MUMBAI |
|-----------------|---|

| | |
|----------------|--|
| Bankers | ICICI Bank Ltd. Bank of India The Bank of Rajasthan Ltd. |
|----------------|--|

| | |
|---------------------|--|
| Regd. Office | 246, Girgam Road, Mangalwadi, MUMBAI - 400 004 |
|---------------------|--|

| | |
|---------------------|---|
| Admn. Office | 48, Jaora Compound, M.Y.H. Road, INDORE - 452 001 |
|---------------------|---|

| | |
|---|--|
| Registrar & Share Transfer Agent | Ankit Consultancy Pvt. Ltd. 2nd Floor, Alankar Point, Geeta Bhawan Chouraha, A.B. Road, INDORE - 452 001 |
|---|--|

| | |
|------------------|---------------------------------------|
| Listed At | .. THE STOCK EXCHANGE, MUMBAI |
| | .. JAIPUR STOCK EXCHANGE LTD., JAIPUR |
| | .. M. P. STOCK EXCHANGE, INDORE |



NOTICE FOR ANNUAL GENERAL MEETING

Notice is hereby given that 11th 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 Tuesday, the 30th day of Sept. 2003 at 2.00 p.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2003 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 Vinod Gupta who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modification, the following Resolutions :

4. AS AN ORDINARY RESOLUTION

"RESOLVED THAT Shri C.R. Doshi, who was appointed as an Additional Director w.e.f. 25th August 2003 by the Board of Directors and who holds office as such director upto the date of this meeting and is eligible for appointment as Director, and in respect of whom notice under Section 257 of the Companies act, 1956, has been received, be and is hereby appointed as a Director of the Company retiring by rotation".

5. AS AN ORDINARY RESOLUTION

"RESOLVED THAT Shri Parasmal Deshlahara, who was appointed as an Additional Director w.e.f. 25th August 2003 by the Board of Directors and who holds office as such director upto the date of this meeting and is eligible for appointment as Director, and in respect of whom notice under Section 257 of the Companies act, 1956, has been received, be and is hereby appointed as a Director of the Company retiring by rotation".

6. AS SPECIAL RESOLUTION

"RESOLVED THAT subject to such approvals as may be necessary, consent of the Company be and is hereby accorded for delisting of the equity shares of the Company from the Stock Exchanges at Jaipur (Raj.) and M.P. Stock Exchange Indore where the equity shares of the Company are presently listed and the Board of Directors of the Company or any other Committee which the Board may constitute, be and are hereby authorised to delist the equity shares of the Company from the said Stock Exchanges at such time as the Board may in its absolute discretion consider fit and proper".

7. AS AN ORDINARY RESOLUTION

"RELOSVED THAT pursuant to the provisions of section 198, 269, 309 and other applicable provisions if any, and in terms of Schedule XIII of the Companies Act, 1956 as amended upto date, consent of the Company be and is hereby accorded for appointment of Shri Anil Nyati, as Executive Director of the Company for a period of five years with effect from 1st October 2003 to 30 September 2008 on the following terms and conditions.

(a) Salary : Rs. 10,000/- (Rupees Ten 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 the appointment.



NOTICE FOR ANNUAL GENERAL MEETING

(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 furnishing shall be valued as per the Income-Tax Rules, 1962 which shall be subject to a ceiling of 5% of salary.
2. **Medical Reibursment** : 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 Rule specified by the Company.
4. **Club Fees** : Fees of club subject to a maximum of two clubs. This will not including 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 paernts 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, Rules and Regulations in force, 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 signly or put to together, are not taxable under the Income-Tax Act 1961.
2. **Gratuity** : Not exceeding half a 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 the Board of Directors be and hereby authorised with liberty and powers to the Board of Directors to increase, reduce, alter or very the terms of remuneration in such manner as the Board may deem fit within the limits specifed in the Section XIII of the said Act, as exisiting or as amended, modified or re-anacted from time to time by the Constitution of India."

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

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.



NOTICE FOR ANNUAL GENERAL MEETING

2. Register of Members and Share Transfer Book of the Company will remain closed from Monday the 15th Sept., 2003 to Thursday the 18th Sept., 2003 (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 2B duly filled in.
5. In all correspondence with the Company, members are requested to quote their Account/ Folio numbers and in case their share are held in dematerialised form, they must quote their client ID number and their DP ID number.

6. REAPPOINTMENT OF DIRECTORS

At the ensuing Annual General Meeting, Shri Vinod Gupta, Director of the Company, retires by rotation and being eligible offers himself 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 Vinod Gupta has been a Director of the Company since 31st March 1998. He is Chartered Accountant by Profession and has vast experience in finance and taxation.

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

Item Nos. 4 & 5

Shri C.R. Doshi and Shri Parasmal Deshlahara were appointed as Additional Directors of the Company. Pursuant to section 260 of the Companies Act, 1956 they will hold their respective offices up to the date of the ensuing Annual General Meeting of the Company.

The Company has received separate notices under section 257(1) of the Companies Act, 1956 along with the deposit of Rs. 500/- each from the members, signifying their intention to propose Shri C.R. Doshi and Shri Parasmal Deshlahara for appointment as Directors of the Company at the ensuing Annual General Meeting.

Your Board of Directors feels that their appointment will be highly beneficial to the Company and recommends the adoption of the Resolution proposed under these items.

None of the Directors of the Company other than Shri C.R. Doshi and Shri Parasmal Deshlahara, as the case may be, is concerned or interested in the proposed Resolution.

Item No. 6

The Company's equity shares are presently listed at the Stock Exchanges at Mumbai, Jaipur and Madhya Pradesh. The equity shares are actively traded on Mumbai Stock Exchange

**NOTICE FOR ANNUAL GENERAL MEETING**

whereas practically there are no transaction on the remaining stock exchanges. Computerisation of the Stock Exchanges have offered opportunities to the shareholders to have better accessibility to the exchanges where shares are actively traded. It is, therefore, proposed to delist the Company's equity shares from Jaipur and Madhya Pradesh Stock Exchanges to save cost and compliance requirements.

The Board recommends the adoption of the resolution proposed under this item.

None of the Directors of the Company is concerned or interested in the proposed Resolution.

Item No. 7

Shri Anil Nyati is Director of the Company since 31st March 1998 looking after the Kota (Raj.) office. Keeping in view the contribution made by him in all round progress of the Company, it is proposed to appoint him as Executive Director from 1st October 2003 to 30th September 2008 on a remuneration as detailed in the resolution. The proposed remuneration will be in the limits prescribed for the Managerial person in Schedule XIII of the Companies Act, 1956.

Except Shri Anil Nyati & Shri Sunil Nyati no other Director is concerned or interested in the proposed resolution. The contents of the resolution alongwith the explanatory statement shall be deemed to be and abstract of the terms and conditions of appointment of Shri Anil Nyati under Section 302 of the Companies Act, 1956 and the Memorandum of interest in that behalf.

By Order of the Board of Directors

Place : MUMBAI

Date : 25th August, 2003

SUNIL NYATI

Managing Director



Swastika Fin-Lease Ltd.

11th ANNUAL REPORT 2002-2003

DIRECTOR'S REPORT

Dear Members.

Your Directors have pleasure in presenting the 11th Annual Report of the Company and the Audited Accounts for the financial year ended 31st March, 2003.

FINANCIAL HIGHLIGHTS

(Amount in Rupees)

| | 31.03.2003 | 31.03.2002 |
|--|-------------------|-------------------|
| Total Income | 1,63,19,558 | 2,26,04,644 |
| Gross Profit | 20,02,290 | 15,92,793 |
| Less : Depreciation | 10,82,684 | 9,59,724 |
| Profit before Taxation | 9,19,606 | 6,33,069 |
| Less : Provision for Taxation | 2,00,000 | 70,250 |
| Provision for Deferred Income Tax | — | 1,26,684 |
| Earlier Year | 5,75,764 | — |
| Add : Deferred Tax Assets | 2,88,249 | — |
| Profit after Taxation | 4,32,091 | 4,36,135 |
| ADD : Prior Period Adjustment | — | — |
| Net Profit | 4,32,091 | 4,36,135 |
| Add : Balance brought forward from Last Year | 3,12,626 | 1,76,491 |
| Amount available for appropriation | 7,44,717 | 6,12,626 |
| Appropriations : | | |
| Transfer to General Reserve | 7,00,000 | 3,00,000 |
| Balance carried to Balance Sheet | 44,717 | 3,12,626 |
| | 7,44,717 | 6,12,626 |

PERFORMANCE

During the year under review, the Company achieved Total Income of Rs. 163 Lacs in comparison to the previous year's Total Income of Rs. 226 Lacs. With the cost cutting coupled with efficiency in operations as well as expansion of Net Work it was possible to achieve quantum jump in Gross Profit which stood at Rs. 20.02 Lacs, in comparison to the previous year's Gross Profit of Rs. 15.92 Lacs. However high provisional taxes has affected Net Profit which stood at Rs. 4.32 Lacs in comparison to the previous year's Net Profit of Rs. 4.36 Lacs.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the company Shri Vinod Gupta retires from the Board of Directors by rotation and is eligible for reappointment.

Shri C.R. Doshi and Shri Parasmal Deshlahara were appointed as Additional Directors of the Company to hold office upto the date of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received notices under the section 257 of the Companies Act, 1956 proposing the appointment as Directors, subject to retirement by rotation.

COMPANIES RULES 1988 (Disclosure of particulars in the reports of Board of Directors)

As the Company is not engaged in any 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.



DIRECTOR'S REPORT

PUBLIC DEPOSITS

During the year, no public Deposits were accepted.

RBI DIRECTIONS

As on 31st March 2003, 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. The Company is Registered NBFC with RBI, and fulfilling the guidelines of RBI timely. As a matter of fact the Company is not engaged in any Non-Banking Financial activities.

PARTICULARS OF EMPLOYEES

The Company did not have any employee, during the year drawing remuneration attracting the provisions of section 217 (2A) 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 as also the Management Discussion and Analysis Report are annexed to this Report.

DEPOSITORY SYSTEM

Your Company's shares are tradable compulsory 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 Detaterialization of the Company's shares on either of the Depositories as aforesaid.

DIRECTOR'S RESPONSIBILITIES STATEMENT

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

- i) that in the preparation of the annual accounts for financial year ended 31st Marh 2003, the applicable accounting standards have been followed along with proper explanation relating to material departure.
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgements 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 financial year and of the profit of the Company for the year under review.
- iii) that the Directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions 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 : 25th August, 2003

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