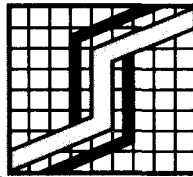


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13th

Annual Report

2004 - 2005



Swastika Fin-Lease Ltd.

Corporate Member :

The Stock Exchange, Mumbai (BSE)

National Stock Exchange of India Ltd. (NSE)

Marching ahead with investors' confidence.



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Report Junction

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Board of Directors

Managing Director.

Sunil Nyati

Executive Director

Anil C. Nyati

Directors

S. N. Maheshwari

Vinod Gupta

C.R. Doshi

Parasmal Deshlahara

Auditors

M. B. Ladha & Co.

Chartered Accountants

MUMBAI

Bankers

ICICI Bank Ltd.

IDBI Bank Ltd.

Regd. Office

29, Madhukunj No.1, Juhu Cross Lane,
Andheri (W), MUMBAI - 400 058

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



ABOUT YOUR COMPANY

The Company

Swastika Fin-Lease Ltd. was incorporated in 1992 as NBFC engaged in hire purchase and leasing business. In the year 1995 the company came out with a public issue and listed itself. From 1998, the company ventured in stock broking business as a sub-broker. Since then the company is marching ahead in this business by acquiring corporate memberships of the NSE and BSE offering equity and derivatives trading facility.

The Location

The company's corporate office is situated at Indore and various other branches situated in major cities. The branch network includes major commercial cities like Mumbai, Kota, Jaipur, Bhopal to name a few.

The Business

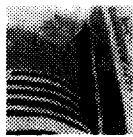
The company is actively involved in the stock broking business and investment advisory services.

The Focus

The core business of the company is to provide secondary market broking services to its retail clients. The company has over 5000 registered customers for the broking services. The company offers equity and derivatives broking services through dedicated dealers and relationship managers who provide personalized phone-assisted trading through network of branches and business associates.

The Achievements of FY 2004-05

- | | | |
|-------------------------------------|---|------|
| • Increase in revenue | : | 68% |
| • Increase in Gross Profit | : | 213% |
| • Increase in Book Value | : | 18% |
| • Increase in Market capitalization | : | 98% |
| • Increase in EPS | : | 292% |



NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the Thirteenth Annual General Meeting of the company will be held on Friday, the 30th day of September 2005 at 2.00 p.m., at the Registered Office of the Company, at 29, Madhukunj No 1, Andheri (W), Mumbai - 400 058, 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, 2005 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 declare a dividend on equity shares.
- 3) To appoint a director in place of Mr. S. N. Maheshwari who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint a director in place of Mr. Vinod Gupta who retires by rotation and being eligible, offers himself for re-appointment.
- 5) To appoint Statutory Auditors and to fix their remuneration.

AS SPECIAL BUSINESS

- 6) 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 Mr. Sunil Nyati, Managing Director, from Rs. 60,000/- per month to Rs. 1,00,000/- per month on and with effect from 1st July 2005 as set out hereunder:

- a) Salary: Rs. 1,00,000/- (Rupees One Lac 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 Companies Act, 1956 and provided, however, the commission will be paid on pro-rata basis in the event of earlier cessation or termination of appointment.
- c) Perquisites : As detailed in Annexure to the Explanatory Statement, the annual value of which will be limited to a ceiling of 100% of annual salary.

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

"RESOLVED FURTHER that the Board of Directors be and are hereby authorised 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."

- 7) 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 increase in the remuneration payable to Mr. Anil Nyati, Executive Director of the Company from Rs. 30,000 /- per month to Rs. 50,000/- per month on and with effect from 1st July 2005, for the remainder of his office term, with details as set out hereunder:

- a) Salary: Rs. 50,000/- (Rupees Fifty Thousand on y) 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 pro-rata basis in the event of earlier cessation or termination of appointment.

..... notice to the shareholders

- c) Perquisites : As detailed in **Annexure to the Explanatory Statement** , the annual value of which will be limited to a ceiling of 100% of annual salary.

"RESOLVED FURTHER that where in any financial year the Company has no profits or its profits are inadequate during the term of office of Mr. Anil 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, 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."

Note:

- 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 The Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business as set out above is annexed hereto.
- 3 Register of Members and Share Transfer Book of the Company will remain closed from **Thursday the 22 Sept., 2005 to Friday the 30 Sept. 2005** (both days inclusive) in connection with the Annual General meeting.
- 4 Dividend upon its declaration at the meeting will be paid on or before **3rd October 2005** to those members whose names appear
 - i) As members on the register of members of the company as on **30th September, 2005** after giving effect to all valid share transfers in physical form which would be received by the company upto the closing hours of the business on **21st September, 2005**; and
 - ii) as beneficial owners as per list to be furnished by the Depositories as at the closing hours of the business on **21st September, 2005**.
- 5 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.
- 6 Members holding shares in physical form are requested to intimate the following, directly to the Company's Registrar and Transfer Agents, Ankit Consultancy Pvt. Ltd., 2nd Floor, Alankar Point, Geeta Bhavan Chouraha A.B. Road, INDORE - 452 001.
 - i) Bank Mandate with full particulars for remittance of dividend directly into their bank accounts, if declared at the meeting.
 - ii) Changes, if any, in their address at an early date.
 - iii) Apply for consolidation of folios, if shareholdings are under multiple folios.
 - iv) Send their share certificates for consolidation.
 - v) Request for nomination forms for making nominations as per amended provisions of the Companies Act, 1956.
- 7 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.
- 8 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.


Swastika Fin-Lease Ltd.
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..... notice to the shareholders

Particulars of the Directors seeking Appointment / Re-appointment in the forthcoming Annual General Meeting pursuant to clause 49 of the Listing Agreement

Mr. S. N. Maheshwari is a commerce graduate has served as director of the company since inception. He has also served as managing Director of the company for a good number of years. He has rich experience in business processes and development and also possesses sound knowledge of financial market.

Mr. Vinod Gupta, a Chartered Accountant by Profession, is director of the company since 1998. He has vast experience in finance, taxation, and capital market specially in merchant banking. He is also Chairman of the Audit Committee and Remuneration Committee of the Board.

Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956

Item no. 6

Mr. Sunil Nyati is one of the promoters and founders of the company. He carries a vision of growth for the company and has made invaluable contributions to the success and performance of the company over the years. Looking to his total devotion and resultant progress made by the Company under his dynamic leadership skills, it is proposed to increase his remuneration. For the same, the Remuneration Committee as well as Board of Directors have 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 Mr. Sunil Nyati, Mr. Anil Nyati and Mr. 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 remuneration of Mr. Sunil Nyati under section 302 of the Companies Act, 1956 and the Memorandum of Interest in that behalf.

Item no 7

Mr. Anil Nyati is one of the founders of the company and has been a significant contributor to the affairs of the company ever since its incorporation. Keeping in view his expertise in business affairs of the company and his track record, it is proposed to increase his remuneration. For the same, the Remuneration Committee as well as Board of Directors have accorded their approval subject to the approval of members.

Except Mr. Anil Nyati and Mr. 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 remuneration of Mr. Anil Nyati under section 302 of the Companies Act, 1956 and the Memorandum of interest in that behalf.

Place : MUMBAI
Date : 25.08.2005

By order of the Board of Directors
SUNIL NYATI
Managing Director

... notice to the shareholders

ANNEXURE TO THE EXPLANATORY STATEMENT

Details of Perquisites payable to the Directors (refer item 6 and 7 of the notice)

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 Reimbursement:** Medical expenses incurred by him and his family shall be reimbursed to him subject to a ceiling of one months salary in a year or three months 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 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 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 Director.

By order of the Board of Directors

SUNIL NYATI

Managing Director

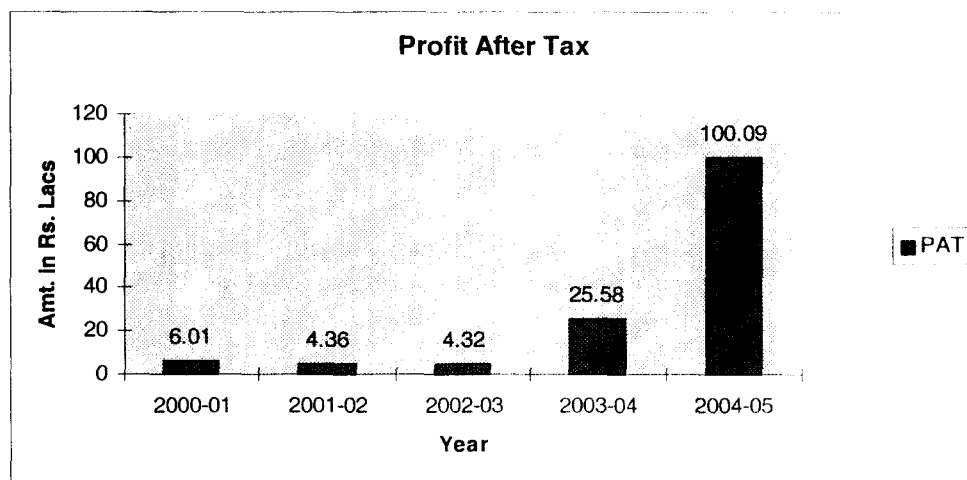
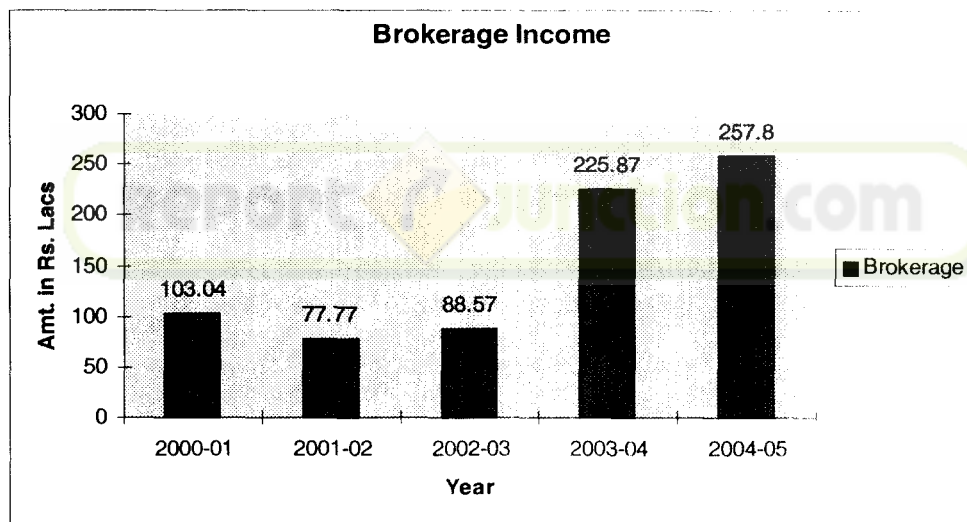
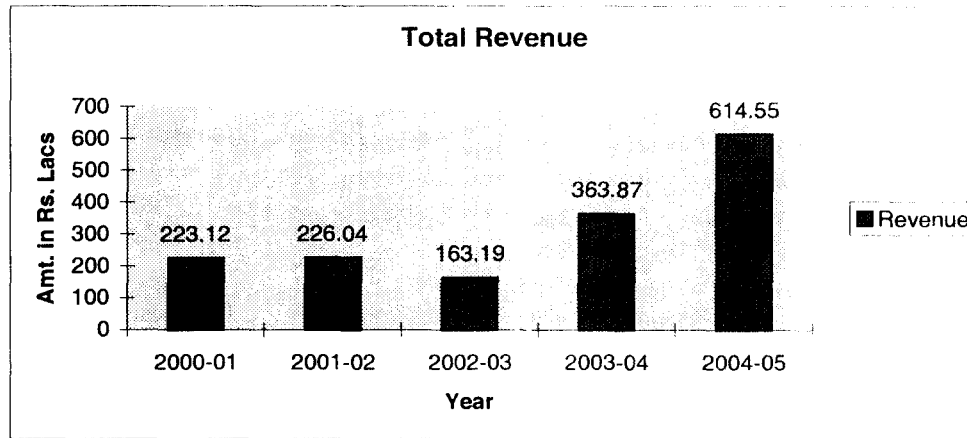
Place : MUMBAI

Date : 25.08.2005



... directors' report

Company's performance over the years on various financial parameters




Swastika Fin-Lease Ltd.
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2004-2005**
..... directors' report

DIVIDEND

Looking at the consistent growth in performance, your Directors are pleased to recommend a final dividend of 10% on the equity shares i.e. Re. 1/- per Equity Share of face value Rs.10/-.

BSE MEMBERSHIP

As intimated last year, your company has obtained the prestigious membership right of The Stock Exchange, Mumbai and the company commenced its operations as trading and clearing member of BSE on 15th December, 2004. The trading turnover achieved at BSE during the year under review was Rs. 16.604 crores.

SUBSIDIARY COMPANIES

Your company is planning to acquire Swastika Commodities Pvt. Ltd. and make it the company's wholly owned subsidiary. Your company will enter the Commodities market through this subsidiary and has plan to take membership of Multi Commodity Exchange (MCX) and National Commodities and Derivatives Exchange (NCDEX).

DEPOSITORY PARTICIPANT

As a tool to provide comprehensive broking services to the clients, and in turn generate revenues, your company has applied for getting registered as a Depository Participant (DP) of Central Depository Service (India) Limited (CDSL).

DIRECTORS

In accordance with the provision of the Companies Act, 1956 and Articles of Association of the Company Shri S. N. Maheshwari and Shri Vinod Gupta retire from the Board of Directors by rotation and are eligible for reappointment.

Companies rules 1988 (Disclosure of particulars in the reports of Board of Director)

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.

PUBLIC DEPOSITS

During the year, no public deposits were accepted.

RBI DIRECTIONS

The Company is not engaged in any 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 2005, 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, Chartered Accountants retire and being eligible offers themselves for re-appointment.

directors' report

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 RESPONSIBILITIES STATEMENT

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

- I) That in the preparation of the annual accounts for the financial year ended 31st March 2005; the applicable accounting standards have been followed ;
- II) That they have selected such accounting policies and applied them consistently and made judgments, 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 they 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 they have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

Your directors gratefully acknowledge the support and co-operation extended by all the shareholders, customers, bankers and business partners to your company during the year and look forward to their continued support.

Your directors wish to place on record their appreciation of valuable services rendered with dedication and commitment by all employees of the Company, thus enabling it to register a good performance.

Place : MUMBAI
Date : 30.06.2005

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