

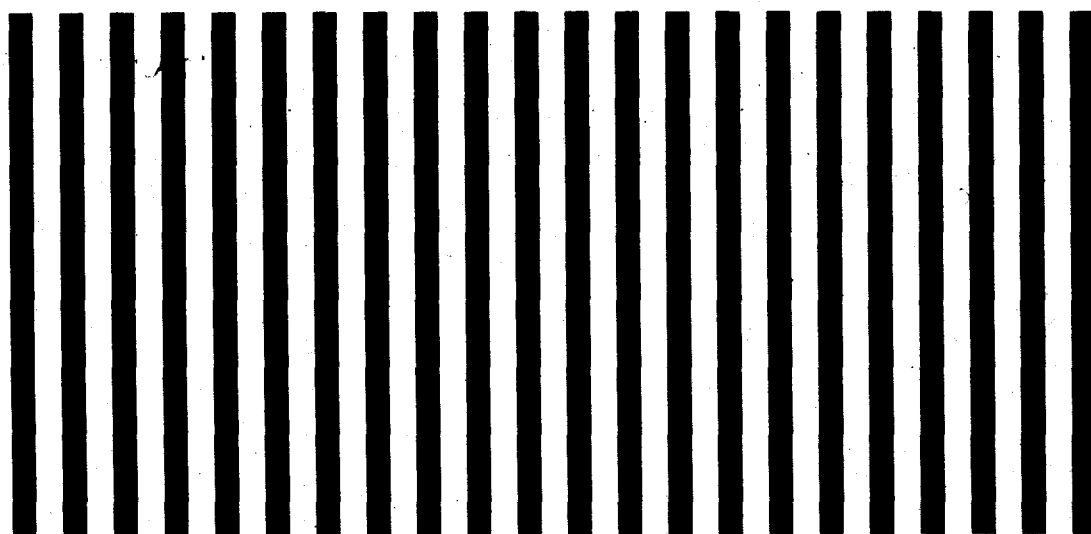
18th ANNUAL REPORT

2001-2002



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UNITED LEASING & INDUSTRIES LIMITED



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CHAIRMAN**DIRECTORS****STATUTORY AUDITORS****PRINCIPAL BANKERS****REGISTERED OFFICE****CORPORATE OFFICE****LISTING OF EQUITY SHARES:**

The Delhi Stock Exchange
 Association Limited,
 3/1, DSE House, Asaf Ali Road
 New Delhi 110 002.
 (listing fee paid)

The Stock Exchange, Mumbai,
 Corporate Relationship Department,
 First Floor, New Trading Ring,
 Rotunda Building, PJ Towers,
 Dalal Street, Fort, Mumbai-400001.
 (listing fee paid)

ANNUAL GENERAL MEETING

Monday, 30th September, 2002

2.30 P.M.

Prem Theatre,
 Gurgaon Road, Near Power House,
 Farukhnagar,
 Distt. Gurgaon,
 Haryana.

R.K.Khanna

Anoop Kumar Khanna
 Anil Kumar Khanna

M/s. R.S. Ahuja & Co.,
 Chartered Accountants,
 C-1/124, Lajpat Nagar-III,
 New Delhi-110024.

Punjab National Bank

Plot No.66, Sector-34, EHTP,
 Distt.Gurgaon, Haryana.

R.K. Khanna Tennis Stadium,
 Basement, DLTA Complex (West Wing),
 Africa Avenue, New Delhi-110029.

PLEASE NOTE:

No gifts / gift coupons /
 company products will be given
 at the meeting.

No attendance slip will be
 issued at the AGM venue.

Nomination Forms are enclosed
 for the convenience of share-
 holders & holders of Fixed
 Deposits

UNITED LEASING & INDUSTRIES LIMITED**NOTICE TO SHARE HOLDERS**

NOTICE IS HEREBY GIVEN THAT THE 18TH ANNUAL GENERAL MEETING OF THE MEMBERS OF UNITED LEASING & INDUSTRIES LIMITED WILL BE HELD ON MONDAY, 30TH OF SEPTEMBER, 2002, AT 2.30 P.M., AT PREM CINEMA, GURGAON ROAD, NEAR POWER HOUSE, FARUKHNAGAR, DISTRICT GURGAON, HARYANA, TO TRANSACT THE FOLLOWING BUSINESS:

A. ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2002 and the Profit & Loss Account for the year ended on that date, together with the Report of the Directors' and Auditors' thereon.
2. To elect a Director in place of Mr.R.K. Khanna who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors of the Company and to fix their remuneration. M/s. R.S.Ahuja & Co., Chartered Accountants, the retiring auditors being eligible, offer themselves for reappointment.

B. SPECIAL BUSINESS

1. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 372A and other applicable provisions of the Companies Act, 1956, or of other Acts, if any, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to make investment against recovery of certain long outstanding debts, to the extent of Rs.50 lacs."

"RESOLVED FURTHER THAT Mr.Anil Kumar Khanna, Director of the Company be and is hereby authorised to initiate and execute appropriate Agreements, Deeds and other documents and to do all such acts, deeds and things as are incidental to or as may be necessary and expedient for giving effect to this resolution."

2. To consider and if thought fit to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 or any law for the time being in force, the resolution passed by the Board of Directors to authorise the execution of Corporate Guarantee in favour of Union Bank of India, which has sanctioned various credit facilities to our Joint Venture Company, Saurer Embroidery Systems (India) Pvt.Ltd. be and is hereby confirmed."

By order of the Board
For UNITED LEASING & INDUSTRIES LTD.

Sd/-
ANIL KUMAR KHANNA
Director

PLACE : New Delhi
DATE : 29th July, 2002

UNITED LEASING & INDUSTRIES LIMITED**NOTES:****1. PROXY**

A member entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and vote instead of himself and that proxy need not be a member. The instrument appointing a proxy, should however be deposited at the Corporate Office of the Company not less than 48 hours before the commencement of the meeting. A blank proxy form is annexed to this Annual Report.

2. BOOK CLOSURE

Share Transfer Books and Register of Members of the Company will remain closed on 30th September, 2002.

3. NOMINATION FACILITY

In terms of Section 109A of the Companies Act, 1956, every shareholder is now entitled to nominate a person to whom his shares in the Company shall vest in the unfortunate event of his death.

- (a) **Nomination by Joint Holders :** where the shares are held jointly by two persons, the joint holders may together nominate a person to whom all rights in the shares shall vest in the event of death of both the joint holders. It may be noted that nomination of separate persons by the joint holders is not permitted.
- (b) **Nomination of a Minor :** where the nominee is a minor, the shareholder may appoint any person to become entitled to the securities in the event of his death during minority.

The shareholders who want to avail of the facility of nomination may send in their nomination in Form 2B prescribed under the Companies Act, 1956. A specimen of the said form is appended at the end of this Annual Report.

4. MEMBERS ARE REQUESTED TO:

- i) Notify any change in their Address immediately.
- ii) Quote their Folio Number while corresponding with the Company.
- iii) Send their queries, if any, to reach the Company's Corporate Office at least 10 days before the date of the meeting so that information can be made available at the meeting; and
- iv) Bring their copy of the Annual Report at the meeting.

UNITED LEASING & INDUSTRIES LIMITED**EXPLANATORY STATEMENT
PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No.1**

The Company has certain debts which are outstanding for long period. Company has tried to recover these debts but in vain. The debtors concerned have no money but they are willing to give certain investments in shares in settlement of debts. If Company does not accept these shares it shall have to write off the debts worth about Rs.50 lacs.

Total investments including proposed investments of the Company would exceed the limit prescribed under Section 372A(1) for which prior approval of the members under Section 372A(1) is required. Thus company seeks approval of the members.

Your Directors recommend passing of the resolution. No Director is interested in this resolution.

Item No.2

Corporate guarantee in favour of Union Bank of India.

Your Joint Venture Company Saurer Embroidery Systems (India) Pvt.Ltd. (SESIPL) had approached Union Bank of India for term loan facility of Rs.360 lacs, working capital limit of Rs.95 lacs and Bank Guarantee limit of Rs.37.13 lacs (under EPCG Scheme) for expansion of their embroidery project. Union Bank of India had already sanctioned the aforesaid credit facilities.

Your Company has to transfer the land at Plot No.66, Sector 34, EHTP, Gurgaon, Haryana to Saurer Embroidery (India) Pvt.Ltd. in terms of the Joint Venture agreement.

The Union Bank of India has advised your company to execute a corporate guarantee in favour of the Bank, till your company transfers the Land Plot No.66, Sector 34, EHTP, Gurgaon, to SESIPL.

Your Joint Venture Company SESIPL was in urgent need of funds to carry out the expansion project. The transfer of land plot to SESIPL in Haryana Urban Development Authority (HUDA) records is a time consuming process involving permissions from various authorities, and huge transfer costs.

In view of the above mentioned unnecessary/extra costs, the Board of Directors has decided to seek approval of the shareholders to execute Corporate Guarantee in favour of Union Bank of India, under the provisions of Section 372A of the Companies Act, 1956.

As these investments and corporate guarantee would be instrumental in increasing the sum total of investments made and loans given, beyond 60% of the paid up equity share capital and free reserves of our company; shareholders' approval is sought herewith.

Your Directors recommend the passing of this resolution.

Except Mr.Anil Kumar Khanna & Mr.Anoop Kumar Khanna the common Directors, none of the other Directors are interested in this resolution.

**By order of the Board
For UNITED LEASING & INDUSTRIES LTD.**

**PLACE : New Delhi
DATE : July 29, 2002**

**Sd/-
ANIL KUMAR KHANNA
Director**

UNITED LEASING & INDUSTRIES LIMITED**DIRECTORS' REPORT**

Your Directors present the 18th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2002.

FINANCIAL RESULTS

The financial results of the Company for the year ended 31st March, 2002 are as follows:-

	Current Year ended 31.3.2002 Rs. in lacs	Previous Year ended 31.3.2001 Rs. in lacs
Operating Income	96.86	198.16
Operating expenses	180.47	173.96
Operating Profit/ Loss	(83.61)	24.20
Other income (*including writeback of loans)	230.80*	38.13
Profit before non cash charges & Taxation	147.19	62.33
Less : Depreciation	162.48	31.87
Misc. Expenditure written off	0.89	0.89
Profit before tax	(16.18)	29.57
Less : Provision for taxation	NIL	0.31
Profit after tax	(16.18)	29.26
Add : Profit Brought Forward	104.80	100.54
Less: Prior Period Adjustment	NIL	25.00
Profit available for appropriation	88.62	104.80
Appropriations:		
General Reserve	NIL	NIL
Balance C/f	88.62	104.80

UNITED LEASING & INDUSTRIES LIMITED**OPERATIONS**

The sales turnover of the company for the last fiscal was Rs.96.86 lacs, besides write back of Rs. 177.18 lacs in respect of secured loans. Obviously, the sales turnover of Rs.96.86 lacs, was considerably less than the previous year, which was Rs. 236.29 lacs.

For the last one year, the management had requested the bankers and financial institutions, to settle the dues against various loans, because the company's financial position is very weak and fragile, and it cannot continue to pay the high interest costs and honour the repayments as per the bank's / FI's sanction terms. Moreover, the company has to repay its public deposits and other loans worth Rs.361.18 lacs besides bank loans, while the company has incurred a net loss of Rs. 16.18 lacs.

As our members are aware, since 1998-99, the main business of the company is textile embroidery, besides recovering the old outstanding dues of lease and hire customers.

Lease & Hire Purchase Division

In almost all the lease and hire purchase cases, the agreement tenure has expired and there is no accrual of rental income. As such, there remained a net block of lease assets worth Rs. 255 lacs, where no lease rentals are accruing, and hence, these assets are of no value.

In almost all these lease and hire cases, the company had to file suits for recovery of the dues/ repossession of the assets, but the legal process in our country is very long drawn and it is very difficult to even execute the legal decrees, owing to various technical reasons. Due to all these constraints, the company cannot recover anything from these sticky/long outstanding lessees/ hirers.

It is an open secret that, in 1998, with the increasing entry of Banks and FIs into the financial services industry, the profit margins were sliding and undoubtedly, small companies like ours could not compete with them, because huge cash resources were at their disposal. We had to stop the leasing and hire purchase business and to surrender the company's NBFC status, and the company has not undertaken any fresh lease / hire business at all since then.

All our members are aware that for the last decade, the financial services industry is regulated and controlled by the NBFC arms of the Banks and Financial institutions, which is because, their cost of funds is very low, as compared to the cost of our borrowings from Banks and Financial Institutions, obtained for financing lease and hire purchase business.

Naturally, small NBFCs like us could not have survived the competition and would have been compelled to close the entire business.

Textile Division

In the last annual report, we had apprised our members about the global textile recession.

This recessionary trend in the textile industry began world wide in 1999 and shall take a few years to recover. The Indian Textile Industry was worst hit because its share in the global trade is minimal and even these exports diminished to a large extent. Many textile units had to operate on less than half of their installed plant capacity.

As a result, not only the prices of the finished textile products, but prices of textile machinery also fell by 30% to 40% internationally. The Government of India recognised the urgent need to support the ailing textile industry and introduced Technology Upgradation Fund Scheme, whereby textile units were given 5% interest concession on all new / expansion projects set up after 1.4.1999. Benefits by reduction of import duty from 45% to 27% were also given to the new textile units.

These measures were taken by the Government to help the textile industry in reducing its interest cost and to make them competitive globally.

Unfortunately, and beyond the control of the management, the company did not get any of these benefits, as its project was established before 1998. Owing to all these market constraints and Government regulations, the company is not