

SWADESHI INDUSTIES AND LEASING LIMITED



28TH
ANNUAL REPORT
2011-2012

SWADESHI INDUSTRIES AND LEASING LIMITED

SWADESHI INDUSTRIES AND LEASING LIMITED 28TH ANNUAL REPORT (2011-12)

BOARD OF DIRECTORS:

| | |
|-----------------------------------|---|
| Mr. Rahul Parasmal Nahata | Additional Director (Appointed on 27-04-2012) |
| Mr. Rajnikant Narandas Shah | Director |
| Mr. Dilip Kumar Dhariwal | Director |
| Mr. Mahaveerchand Nagraj Chopra | Additional Director (Appointed on 27-04-2012) |
| Mr. Kamal Kishor Hari Kishan Vyas | Director |

REGISTERED OFFICE

104, 1st Floor, Emp-36, Thakur Village, Uranus Co-Op Hsg. Soc. Ltd.,
Kandivali (East), Mumbai- 400101, Maharashtra
E-mail: swadeshiindltd@gmail.com

BANKERS

Axis Bank Limited
Ghatkopar (E) Branch,
Mumbai- 400077

WORKS

AUTO PLAST
Plot No. A/3/22, Goa IDC,
Somnath Road, Daman (U.T.)

AUDITORS

M/s. Motilal & Associates,
Chartered Accountants,
11/13, M.K. Amin Marg,
1st Floor, King Lane,
Behind Central Camera,
Bora Bazar, Mumbai- 400 001
Tel: 2266 3526
E-mail: motilalassociates@gmail.com

REGISTRAR & SHARE TRANSFER AGENT System Support Services

209, Shivai ind, Estate,
Sakinaka.89
Andheri kurla road,
Andheri (East),
Mumbai-400072
Tel: 2850 1438
E-mail: sysss72@yahoo.com

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SWADESHI INDUSTRIES AND LEASING LIMITED

NOTICE

NOTICE is hereby given that the 28th Annual General Meeting of the Members of SWADESHI INDUSTRIES AND LEASING LIMITED will be held on 28th September, 2012 at 10.00 A.M. at Hotel Granville, Plot No. 680/D, Opp Kora Kendra Ground, R.M. Bhattar Road, Borivali (w), Mumbai – 400 092 to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2012 and Profit and Loss Account and annexures thereto for the year ended on that date together with Reports of the Directors and Auditors thereon.
2. To re-appoint Mr. Kamal Kishore Hari Kishan Vyas, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

To re-appoint M/s. Motilal & Associates, Chartered Accountants as the Statutory Auditors of the Company, to hold office from the conclusion of this meeting, until the conclusion of the next Annual General Meeting, on such remuneration as shall be fixed by the Board of the Directors of the Company.

SPECIAL BUSINESS

4. REGULARISATION OF MR. RAHUL PARASMAL NAHATA AS DIRECTOR

To Consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Rahul Parasmal Nahata who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds office upto the conclusion of ensuing Annual General Meeting, be and is hereby appointed as a Director of the Company.”

5. REGULARISATION OF MR. MAHAVEERCHAND NAGRAJ CHOPRA AS DIRECTOR

To Consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Mahaveerchand Nagraj Chopra who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds office upto the conclusion of ensuing Annual General Meeting, be and is hereby appointed as a Director of the Company.”

For Swadeshi Industries and Leasing Limited

Sd/-

**Mahaveerchand Nagraj Chopra
Director**

**Date: 27th August, 2012
Place: Mumbai**

SWADESHI INDUSTRIES AND LEASING LIMITED

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Corporate Members are requested to send a duly certified copy of Board Resolution authorizing their representative(s) to attend and vote on their behalf at the Meeting.
3. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their queries to the Mr. Mahaveerchand Nagraj Chopra, Compliance Officer of the Company, so as to reach the registered office of the Company at least seven days before the date of the meeting, to enable the Company to make available the required information at the meeting, to the extent possible.
4. The Register of Members and Share Transfer Books will remain closed from Monday, 24th September, 2012 to Friday, 28th September, 2012 (both days inclusive)
5. As required under Clause 49 of the Listing Agreement particulars of Directors seeking re-appointment are annexed to this notice below.
6. Members are requested to notify immediately any change in their address / bank mandate to their respective Depository Participant (DP) in respect of their electronic share accounts and to the Company's Registrar & Share Transfer Agent at M/s SYSTEM SUPPORT SERVICES 209, Shivani Industrial Estate, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai-400 072 in respect of their physical share folios.
7. Depository System:
The Company has entered into agreements with NSDL and CDSL. Members, therefore now have the option of holding and dealing in the shares of the Company in electronic form through NSDL or CDSL.
8. Members are requested to bring their copy of Annual Report to the Meeting.
9. Members are requested to bring the Attendance Slip sent herewith duly filled for attending the Meeting.
10. Green Initiative in the Corporate Governance (Registration of e-mail address)

The Members are requested to register their e-mail address with the Depository Participants/Registrar & Share Transfer Agent of the Company, as the case may be for service of documents.

For Swadeshi Industries and Leasing Limited

Sd/-

**Mahaveerchand Nagraj Chopra
Director**

**Date: 27th August, 2012
Place: Mumbai**

SWADESHI INDUSTIES AND LEASING LIMITED

Details of Directors seeking Appointment / Re - appointment in the forthcoming annual General Meeting. (In pursuance of Clause 49 of Listing Agreement).

| MR. KAMAL KISHORE HARI KISHAN VYAS | |
|--|---|
| Date of Birth | 1st August, 1965 |
| Qualifications | Bachelor of Commerce (B.Com) |
| Expertise in specific areas | Experience in the field of Construction Activities since 7 years. |
| Directorship held in other Companies | None |
| Membership of committee of board in other Companies | None |
| No. of Shares held in the Company | NIL |
| Disclosure of relationship with other directors of the Company | N.A. |

| MR. RAHUL PARASMAL NAHATA | |
|--|------------------------------------|
| Date of Birth | 22nd November, 1979 |
| Qualifications | Bachelor of Commerce (B.Com), FCA |
| Expertise in specific areas | Practicing Chartered Accountants |
| Directorship held in other Companies | None |
| Membership of committee of board in other Companies | None |
| No. of Shares held in the Company | Nil |
| Disclosure of relationship with other directors of the Company | N.A. |

| MR. MAHAVEERCHAND NAGRAJ CHOPRA | |
|--|--|
| Date of Birth | 13th August, 1969 |
| Qualifications | S.Y.J.C. |
| Expertise in specific areas years | Accounting and Textile experience from last 15 |
| Directorship held in other Companies | None |
| Membership of committee of board in other Companies | None |
| No. of Shares held in the Company | Nil |
| Disclosure of relationship with other directors of the Company | N.A. |

For Swadeshi Industries and Leasing Limited
Sd/-
Mahaveerchand Nagraj Chopra
Director

Date: 27th August, 2012
Place: Mumbai

SWADESHI INDUSTRIES AND LEASING LIMITED

DIRECTORS' REPORT

To, The Members of
Swadeshi Industries and Leasing Limited

Your Directors have pleasure in presenting their Report on the operations of the Company, together with the Audited Accounts for the financial year ended 31st March, 2012.

FINANCIAL HIGHLIGHTS:

| Particulars | Year ended 31.03.2012 | Year ended 31.03.2011 |
|---|--------------------------|--------------------------|
| Total Income | 7464252 | 1,34,55,906 |
| Total Expenditure | 90,94,628 | 1,42,49,799 |
| Profit / (Loss) Before Taxes | (16,30,376) | (7,93,873) |
| Less: Provision for Tax | 0 | 0 |
| Less: Provision for Deferred Taxation | 0 | 0 |
| Less: Income tax in respect of earlier year | 0 | 0 |
| Profit / (Loss) After Tax | (16,30,376) | (7,93,873) |
| Add: Balance brought forward from previous year | (46,80,656) | (38,86,783) |
| Balance Carried to Balance Sheet | (63,11,032) | (46,80,656) |

BUSINESS OUTLOOK:

The Profit after tax is Rs. (16,30,376)/- as compared to previous year (2010-11) which was Rs. (7,93,873)/-

Note: Figures mentioned in the bracket indicates loss.

OPERATIONS:

The Company's operating results for the year are showing Net Loss of Rs 16,30,376/- against the Loss of Rs 7,93,873/- in the previous year. As explained in the last year's Annual Report, due to development in manufacturing technology our machines have become obsolete and outdated. Your Directors have decided to run the manufacturing unit because our regular expenses for running the company and provision for depreciation etc. are taken care by this unit.

PUBLIC DEPOSITS:

The Company has not accepted any Public/Fixed Deposits under section 58A of the Companies Act 1956 during the year and Note No (xiii) in the annexure to the Auditors Report is self explanatory.

CHANGE IN THE MANAGEMENT PURSUANT TO TAKEOVER:

Chin Infotech Private Limited has taken over Promoters' stake in Swadeshi Industries And Leasing Limited through Share Purchase Agreement dated 9th November, 2011 and Open Offer to the Shareholders of Swadeshi Industries And Leasing Limited under regulation 3 & 4 of the SEBI (Substantial Acquisition and Takeovers) Regulations, 2011.

Pursuant to the completion of takeover, there will be a change in the management control of the Company.

DIVIDEND:

Your Directors do not recommend any dividend for the financial year 2011-12 with a view to conserve the resources for future.

SWADESHI INDUSTIES AND LEASING LIMITED

DIRECTORS:

Mr. Kamal Kishore Hari Kishan Vyas, Director of the Company, retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

AUDITORS:

M/s Motilal & Associates, Chartered Accountants, Firm No:-106584W, Mumbai, Statutory Auditors of the Company hold office until the conclusion of the Twenty Eight Annual General Meeting and being eligible offer themselves for re-appointment.

M/s. Motilal & Associates is holding a valid certificate issued by the "Peer Review Board" of ICAI and as such they have been recommended for re-appointment.

The company has received a letter from them to the effects that their re-appointment, if made would be within the prescribed limit under section 224(IB) of the companies Act, 1956 and that they are not disqualified for reappointment within the meaning of section 226 of the said Act.

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

The provision of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1998, are not applicable to the Company as the Company is not doing any manufacturing activity.

The Company has not earned or expended any foreign exchange during the year under the review.

PARTICULARS OF EMPLOYEES:

The Company does not have any employee in receipt of remuneration equal to or exceeding the limits prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (i) That in the preparation of the Annual Accounts for the financial year ended 31st March 2012, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 the year under review.
- (iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That the Directors had prepared the Annual Accounts for the financial year ended 31st March 2012 on a 'going concern' basis.

PREFERENTIAL ISSUE OF EQUITY SHARES:

The Company has received in Principal Approval from Bombay Stock Exchange on 6th June, 2011 for Issue and Allotment of 30 Lac Equity Shares of RS.10 each and accordingly the Board of Directors of the Company has allotted the said Equity shares on 20th June, 2011.

The Company has received one more In Principal Approval from Bombay Stock Exchange For Issue and Allotment of 15 Lac Equity Shares of Rs. 10/- each and accordingly the Board of Directors of the Company has allotted the said Equity Shares on 20.12.2011

SWADESHI INDUSTRIES AND LEASING LIMITED

APPOINTMENT OF REGISTRAR AND SHARE TRANSFER AGENT:

The Company has appointed M/s. System Support Services as a registrars and Share Transfer Agent of the Company for Providing Electronic Connectivity and handling Physical Share Transfer work of the Company.

COMMENT ON AUDITORS' REPORT:

M/s. Motilal & Associates., Chartered Accountants, Mumbai, the Statutory Auditors of your Company, submitted their reports for the year ended 31st March, 2012 which are self explanatory and requires no comments or explanation under Section 217(3) of the Companies Act, 1956.

LISTING:

At present, 54,07,950 Equity Shares of the Company are listed at the Bombay Stock Exchange Limited (BSE). The Company has paid the applicable Annual listing fees to the BSE for the year 2012-13.

CONSOLIDATED ACCOUNTS:

Since the Company is not having any Subsidiary Accounting Standards AS-21 prescribed by The Institute of Chartered Accountants of India, is not applicable.

DEMATERIALISATION OF SHARES:

The Company has established the connectivity with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited with activated ISIN- INE716M01018, the shareholders have option to dematerialize their shares with CDSL as well as NSDL.

CORPORATE GOVERNANCE:

Your Company is committed to maintain the highest standards of Corporate Governance. Your Directors adhere to the stipulations set out in the Listing Agreement with the Stock Exchanges.

A report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, forms part of this Annual Report.

Certificate from the Auditors of the Company, M/s. Motilal & Associates, and Chartered Accountants regarding compliance of conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is annexed to this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, is annexed to this Annual Report.

ACKNOWLEDGEMENTS:

The Directors take the opportunity to thank all investors, business partners, clients, vendors, bankers, employees, Statutory Auditors and advisors for their continuous support during the year.

Date: 30th May, 2012
Place: Mumbai

For Swadeshi Industries and Leasing Limited
Sd/-
Mahaveerchand Nagraj Chopra
Director

SWADESHI INDUSTRIES AND LEASING LIMITED

ANNEXURE "A" TO THE DIRECTORS REPORT

Information as per Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in report of Board of Directors) Rules 1988 and forming part of the Directors Report for the year ended 31st March, 2012.

(A) CONSERVATION OF ENERGY

The Energy Consumption and energy consumption per unit of production is given in the prescribed form.

FORM --A

Form for disclosure of particulars with respect to Conservation of energy.

| a) | | POWER & FUEL CONSUMPTION | | |
|----|-----|------------------------------------|---------------------|----------------------|
| | 1) | Electricity: | Current Year | Previous Year |
| | a) | Purchased Unit (KWH) | 81,220 | 150,560 |
| | | Total Amount (Rs.) | 281,484 | 418,456 |
| | | Rate per Unit (Rs.) | 03.466 | 02.78 |
| | b) | Own Generation | | |
| | i) | Through Diesel Generator | 00.00 | 00.00 |
| | ii) | Through Steam Generator | 00.00 | 00.00 |
| | 2) | Coal | N. A. | N. A. |
| | 3) | Furnace Oil | N. A. | N. A. |
| | 4) | Others | N. A. | |
| | a) | H. S. D | N. A. | N. A. |
| | b) | L. P. G. | N. A. | N. A. |
| | c) | Kerosene | N. A. | N. A. |
| b) | | CONSUMPTION PER UNIT OF PRODUCTION | | |
| | | Product: PET PREFORMS | Current Year | Previous Year |
| | | Unit: Preforms (MT.) | 72.028 | 138.540 |
| | | Electricity (KWH/MT.) | 1127.62 | 1086.76 |
| | | Furnace Oil | N. A. | N. A. |
| | | Coal | N. A. | N. A. |
| | | Others: | | |
| | a) | H.S. D. (KL) | N. A. | N. A. |
| | b) | L.P.G. (KL) | N. A. | N. A. |

(B) TECHNOLOGY ABSORPTION

- i) **Research & Development:** No Research & Development work has been carried out by the Company and, therefore, there is no expenditure under this head, nor any benefit derived from it.
- ii) Your Company has not imported any technology from anywhere.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGOINGS

Your company has not exported its product/other items during the period under review. Hence, there is no foreign exchange earning and there is no foreign exchange outgoings.

Date: 30th May, 2012

Place: Mumbai

For Swadeshi Industries and Leasing Limited

Sd/-
(Kamal Kishor Vyas)
Director

SWADESHI INDUSTRIES AND LEASING LIMITED

REPORT ON CORPORATE GOVERNANCE (FY 2011-12)

The Company presents its report on compliance of Corporate Governance conditions specified in Clause 49 of Listing Agreement.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance is conducting business in fair and transparent manner, enhancing stakeholders' value. The Company will continue to focus on its resources, strength and strategies for creation and safeguarding of shareholders wealth and interest. The Company emphasises the need for full transparency and accountability in all its transactions, in order to protect the interests of its stakeholders. The Board considers itself as a Trustee of its shareholders and acknowledges its responsibilities towards them for creation and safeguarding their wealth.

Corporate Governance is a journey for constantly improving sustainable value creation and is an upward moving target. We have undertaken several initiatives towards maintaining the highest standards.

2. BOARD OF DIRECTORS:

(i) The Board of the Directors as on 31st March, 2012 comprises of following Executive and Non Executive Directors. The details of the which are as given below:

| Sr. No. | Name of the Directors | Category of Directorship |
|---------|------------------------------------|--------------------------|
| 1. | Mr. Rahul Parasmal Nahata | Additional Director |
| 2. | Mr. Rajnikant Narandas Shah | Director |
| 3. | Mr. Satishchandra Lajjaram Gautam* | Managing Director |
| 4. | Mr. Shree Krishna Agrawal* | Director |
| 5. | Mr. Dilip Kumar Dhariwal | Director |
| 6. | Mr. Mahaveerchand Nagraj Chopra | Additional Director |
| 7. | Mr. Kamal Kishor HariKishan Vyas | Director |

- * Resignation of Managing Director Mr. Satishchandra Lajjaram Gautam
- * Resignation of Director Mr. Shree Krishna Agrawal

The Composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchange.

(ii) None of the Directors on the Board are Member of more than ten Committees or Chairman of more than Five Committees across all the Public Companies in which they are Directors. Necessary

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disclosures regarding Committee positions in other public companies as on 31st March, 2012 have been made by the Directors.

(iii) Ten Board Meetings were held during the Financial Year 2011-12 and the gap between two meetings did not exceed four months. The dates on which the said Meetings were held are as follows:

5th April, 2011 ; 13th May, 2011 ; 20th June, 2011 ; 27th June, 2011 ; 12th August, 2011 ; 4th October, 2011 ; 7th November, 2011 ; 20th December, 2011 ; 13th February, 2012 ; 12th March, 2012.

The necessary quorum was present for all the meetings.

Directors' Attendance Record at the Board Meetings and the Last annual General Meeting

* Mr. Rahul Parasmal Nahata and Mr. Mahaveerchand Nagraj Chopra were appointed on 27th April, 2012.

| Name of the Directors | No. of Board Meetings attended during the F.Y. 2011-12 | Attendance at the Last AGM held on 20th August, 2011 |
|-----------------------------------|--|--|
| Mr. RahulParasmal Nahata* | N.A. | - |
| Mr. Rajnikant Narandas Shah | 10 | Present |
| Mr. Satishchandra Lajjaram Gautam | 10 | Present |
| Mr. Shree Krishna Agrawal | 10 | Present |
| Mr. Dilip Kumar Dhariwal | 3 | - |
| Mr. MahaveerchandNagraj Chopra* | N.A. | - |
| Mr. Kamal Kishor HariKishan Vyas | 10 | Present |

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(iv) Directorship held as on March 31, 2012 in companies other than Limited:

| Name of the Directors | Position | Directorship in other Indian Public Companies | Number of Committee positions held in other Public Companies | |
|-----------------------------------|---------------------|---|--|--------|
| | | | Chairman | Member |
| Mr. Rahul Parasmal Nahata | Additional Director | None | None | None |
| Mr. Rajnikant Narandas Shah | Director | None | None | None |
| Mr. Satishchandra Lajjaram Gautam | Managing Director | None | None | None |
| Mr. Shree Krishna Agrawal | Director | None | None | None |
| Mr. Dilip Kumar Dhariwal | Director | None | None | None |
| Mr. Mahaveerchand Nagraj Chopra | Additional Director | None | None | None |
| Mr. Kamal Kishor HariKishan Vyas | Director | None | None | None |

Directorship and Committee Membership/ Chairmanship in foreign companies, private limited companies and companies registered under Section 25 of the Companies Act, 1956 are excluded.

The above information includes Chairmanship/ Membership in Audit Committee and Shareholders' / Grievances Committee of Public Limited Companies, whether listed or not.

3. AUDIT COMMITTEE:

(i) **Composition:**

The Audit Committee comprises of three Directors, out of which two Directors are Non Executive Independent Directors and one Director is Executive Director.

During the financial year 2011-12, Forth Audit Committee Meetings were held on 13th May, 2011, 12th August, 2011, 7th November, 2011 and 13th February, 2012. All the members including Chairperson of Audit Committee have attended all the meetings of Audit Committee.

SWADESHI INDUSTIES AND LEASING LIMITED

The Constitution of Audit Committee is as under:

| Name of the Director | Category |
|----------------------------------|---|
| Mr. Rajnikant Narandas Shah | Chairman, Non Executive and Independent Director |
| Mr. Shree Krishna Agarwal | Member and Non Executive and Independent Director |
| Mr. Kamal Kishor Harikishan Vyas | Member and Non Executive and Independent |

The Attendance of the Audit Committee meeting is as under:

| Name of the Director | Category | No. of meetings attended |
|----------------------------------|--|--------------------------|
| Mr. Rajnikant Narandas Shah | Chairman, Non Executive and Independent | 4 |
| Mr. Shree Krishna Agarwal | Member and Non Executive and Independent | 4 |
| Mr. Kamal Kishor HariKishan Vyas | Member and Non Executive and Independent | 4 |

(ii) Powers of the Audit Committee:

The Audit Committee has been vested with the following powers:

- To investigate any activity in terms of its reference;
- To seek information from any employee;
- To obtain outside legal or other professional advice;
- To secure the attendance of outsiders with relevant expertise, if it considers necessary.

(iii) Terms of Reference:

The terms of reference of the Audit Committee include the matters specified under Clause 49 (II) of the Listing Agreement entered into with the Bombay Stock Exchange Limited, which include the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required being included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same

SWADESHI INDUSTIES AND LEASING LIMITED

- c. Major accounting entries involving estimates based on the exercise of judgment by management
- d. Significant adjustments made in the financial statements arising out of audit findings
- e. Compliance with listing and other legal requirements relating to financial statements
- f. Disclosure of any related party transactions
- g. Qualifications in the draft audit report.
 - Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
 - Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency, monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
 - Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
 - Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 - Discussion with internal auditors any significant findings and follow up there on.
 - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
 - Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
 - To review the functioning of the Whistle Blower mechanism, in case the same is existing.
 - Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
 - Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

4. REMUNERATION COMMITTEE:

The Company has not constituted Remuneration Committee which is also a non mandatory requirement of Listing Agreement. However, the Company is not paying any remuneration to any of the director of the Company. There is no relationship &/or transaction between the Company and any of the non executive directors of the Company.

Details of the Shares of the Company held by the Directors as on 31st March, 2012 are as follows:

SWADESHI INDUSTIES AND LEASING LIMITED

| Name of the Director | Category of Directorship | of | Number of shares held |
|------------------------------------|--------------------------|----|-----------------------|
| Mr. Rahul Parasmal Nahata | Additional Director | | Nil |
| Mr. Rajnikant Narandas Shah* | Director | | 250 |
| Mr. Satishchandra Lajjaram Gautam* | Managing Director | | 47500 |
| Mr. Shree Krishna Agrawal* | Director | | 1000 |
| Mr. Dilip Kumar Dhariwal | Director | | Nil |
| Mr. Mahaveerchand Nagraj Chopra | Additional Director | | Nil |
| Mr. Kamal Kishor HariKishan Vyas | Director | | Nil |

* The Shareholding of Mr. Rajnikant Narandas Shah, Mr. Satishchandra Lajjaram Gautam and Mr. Shree Krishna Agrawal belonging to Promoter Group of the Company has been taken over by Chin Infotech Private Limited through Share Purchase Agreement dated 9th November, 2011.

The Company has not issued any convertible instruments.

5. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE:

The Company has a Shareholder, / Investors' Grievance Committee of Directors to look into the redressal of complaints of investors such as transfer of shares, non-receipt of notices/ annual reports, etc.

(i) Composition

The constitution of Shareholders' / Investors' Grievance Committee is as under:

| Sr. No. | Name of the Directors | Category of Directorship |
|---------|----------------------------------|--|
| 1. | Mr. Rajnikant Narandas Shah | Chairman, Non Executive and Independent |
| 2. | Mr. Dilip Dhariwal | Member and Non Executive and Independent |
| 3. | Mr. Kamal Kishor HariKishan Vyas | Member and Non Executive and Independent |

(ii) Compliance Officer:

Mr. Mahaveerchand Nagraj Chopra Director of the Company is the Compliance officer of the Company.

SWADESHI INDUSTIES AND LEASING LIMITED

(iii) Details of shareholders' complaints received, not solved and pending share transfers:

During the Financial year ended 31st March, 2012, the Company had received 7 complaints from the Shareholders. However, the same has been resolved during the financial year 2011-12. Hence, there are no complaints pending to be replied or attended to.

6. GENERAL BODY MEETINGS:

(i) The details of last three Annual General Meetings (AGM) of the Company are as under:

| <u>Financial Year</u> | <u>Date of the AGM</u> | <u>Location</u> | <u>Time</u> |
|------------------------------|----------------------------------|---|--------------------|
| 2008-09 | 26 th September, 2009 | Sheth Dhanji Devshi Rastriya Shala , Banquet hall, Upashray Lane, Ghatkopar (East) Mumbai-400 077 | 11.00 a.m. |
| 2009-10 | 4 th September, 2010 | Sheth Dhanji Devshi Rastriya Shala , Banquet hall, Upashray Lane, Ghatkopar (East) Mumbai-400 077 | 11.00 a.m. |
| 2010-11 | 20 th August, 2011 | Sheth Dhanji Devshi Rastriya Shala , Banquet hall, Upashray Lane, Ghatkopar (East) Mumbai-400 077 | 11.00 a.m. |

(ii) The details of Special Resolution passed in the last three Annual General Meetings (AGM) of the Company are as under:

| <u>Financial Year</u> | <u>Date of the AGM</u> | <u>No. of Special Resolution passed</u> | <u>Details of Special Resolution passed</u> |
|------------------------------|----------------------------------|--|--|
| 2008-09 | 26 th September, 2009 | NIL | N.A. |
| 2009-10 | 4 th September, 2010 | NIL | N.A. |
| 2010-11 | 20 th August, 2011 | 1 | 1 .Alteration of Articles of Association. |

SWADESHI INDUSTRIES AND LEASING LIMITED

- (iii) The details of Special Resolutions passed in the Extra-Ordinary General Meetings (EGM) of the Company are as under:

| <u>Financial Year</u> | <u>Date of the EGM</u> | <u>No. of Special Resolution passed</u> | <u>Details of Special Resolution passed</u> |
|-----------------------|--------------------------------|---|--|
| 2010-11 | 9 th November, 2011 | 2 | 1. Alteration of Capital Clause of Articles of Association. 2. Preferential issue of 15,00,00 equity shares to Chin Infotech Private Limited. |

- (iv) The details of Special and Ordinary Resolutions passed through Postal Ballot on May 10, 2011 pursuant to the Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules 2001 as under:

1. **Ordinary Resolution pursuant to Section 94 and other applicable provisions of the Companies Act, 1956, for Increase in Authorised Share Capital of the Company from Rs. 2,00,00,000/- (Rupees Two Crores Only) to Rs. 4,00,00,000/- (Rupees Four Crores Only).**

| Category | Votes | No. of shares | % |
|-----------------|--------------|----------------------|----------|
| For | 10 | 275600 | 100 |
| Against | - | - | - |
| Invalid | - | - | - |
| Total | 10 | 275600 | 100 |

The above resolution was therefore approved by the members with requisite majority.

2. **Ordinary Resolution pursuant to the provisions of Section 16 and all other applicable provisions, if any, of the Companies Act, 1956 for Change in Capital Clause, Clause V of Memorandum of Association of the Company, consequent upon increase in Authorised Share Capital of the Company.**

| Category | Votes | No. of shares | % |
|-----------------|--------------|----------------------|----------|
| For | 10 | 275600 | 100 |
| Against | - | - | - |
| Invalid | - | - | - |
| Total | 10 | 275600 | 100 |

SWADESHI INDUSTRIES AND LEASING LIMITED

The above resolution was therefore approved by the members with requisite majority.

3. **Special Resolution pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 for Change in Capital Clause, Clause 3 of Article of Association of the Company, consequent upon increase in Authorised Share Capital of the Company.**

| Category | Votes | No. of shares | % |
|-----------------|--------------|----------------------|----------|
| For | 10 | 275600 | 100 |
| Against | - | - | - |
| Invalid | - | - | - |
| Total | 10 | 275600 | 100 |

The above resolution was therefore approved by the members with requisite majority.

4. **Special Resolution pursuant to the provisions Section 81(1A) of the Companies Act, 1956 and all the other applicable provisions of various Rules, Regulations and Guidelines, for issue of 3000000 Equity Shares on Preferential Allotment basis to promoters and other investors.**

| Category | Votes | No. of shares | % |
|-----------------|--------------|----------------------|----------|
| For | 10 | 275600 | 100 |
| Against | - | - | - |
| Invalid | - | - | - |
| Total | 10 | 275600 | 100 |

The above resolution was therefore approved by the members with requisite majority.

5. **Special Resolution pursuant to Section 17 and all other applicable provisions, if any, of the Companies Act, 1956, for alteration of other object of the memorandum of Association Company by insertion of Clause 82, 83 & 84 in the Other Object Clause in the Part C of Clause III of the Memorandum of Association of the Company.**

| Category | Votes | No. of shares | % |
|-----------------|--------------|----------------------|----------|
| For | 10 | 275600 | 100 |
| Against | - | - | - |
| Invalid | - | - | - |
| Total | 10 | 275600 | 100 |

The above resolution was therefore approved by the members with requisite majority.

6. **Special Resolution pursuant to Section 149 (2A) and all the other applicable provisions, if any, of the Companies Act, 1956, for Commencement of new business activities.**

| Category | Votes | No. of shares | % |
|-----------------|--------------|----------------------|----------|
| For | 10 | 275600 | 100 |
| Against | - | - | - |
| Invalid | - | - | - |
| Total | 10 | 275600 | 100 |

SWADESHI INDUSTIES AND LEASING LIMITED

The above resolution was therefore approved by the members with requisite majority.

7. **Ordinary Resolution pursuant to Section 293 (1) (a) and all other applicable provisions, if any, of the Companies Act, 1956 to sell office premises situated at 407, Sai Infotech Park, Patel Chowk, Ghatkopar (East), Mumbai – 400 077.**

| Category | Votes | No. of shares | % |
|----------|-------|---------------|-----|
| For | 10 | 275600 | 100 |
| Against | - | - | - |
| Invalid | - | - | - |
| Total | 10 | 275600 | 100 |

The above resolution was therefore approved by the members with requisite majority.

Notes:

1. In the Current year (2011-12), 4 Special Resolutions & 3 Ordinary Resolution were passed through Postal Ballot on 10th May, 2011.
Resolutions passed through Postal Ballot are as follows:
- Ordinary Resolution pursuant to Section 94 and other applicable provisions of the Companies Act, 1956, for Increase in Authorised Share Capital of the Company from Rs. 2,00,00,000/- (Rupees Two Crores Only) to Rs. 4,00,00,000/- (Rupees Four Crores Only).
 - Ordinary Resolution pursuant to the provisions of Section 16 and all other applicable provisions, if any, of the Companies Act, 1956 for Change in Capital Clause, Clause V of Memorandum of Association of the Company, consequent upon increase in Authorised Share Capital of the Company.
 - Special Resolution pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 for Change in Capital Clause, Clause 3 of Article of Association of the Company, consequent upon increase in Authorised Share Capital of the Company.
 - Special Resolution pursuant to the provisions Section 81(1A) of the Companies Act, 1956 and all the other applicable provisions of various Rules, Regulations and Guidelines, for issue of 3000000 Equity Shares on Preferential Allotment basis to promoters and other investors.
 - Special Resolution pursuant to Section 17 and all other applicable provisions, if any, of the Companies Act, 1956, for alteration of other object of the memorandum of Association Company by insertion of Clause 82, 83 & 84 in the Other Object Clause in the Part C of Clause III of the Memorandum of Association of the Company.
 - Special Resolution pursuant to Section 149 (2A) and all the other applicable provisions, if any, of the Companies Act, 1956, for Commencement of new business activities.
 - Ordinary Resolution pursuant to Section 293 (1) (a) and all other applicable provisions, if any, of the Companies Act, 1956 to sell office premises situated at 407, Sai Infotech Park, Patel Chowk, Ghatkopar (East), Mumbai – 400 077.
7. **DISCLOSURES:**
- (i) The details regarding related party transactions, are given in the Notes to Accounts to the Annual Accounts for the year ended 31st March, 2012.
- (ii) During the year 2011-12, the Company has complied with all the provisions of Companies Act, 1956, Listing Agreement and other provisions of applicable laws.
There are no instances of penalties, strictures imposed on the Company by the Bombay Stock Exchange Limited or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years.

SWADESHI INDUSTIES AND LEASING LIMITED

- (iii) The Company has yet not established a mechanism for Whistle Blower Policy. However, No personnel has been denied access to the Audit Committee.
- (iv) The Company has complied with all the mandatory requirements of Clause 49 of Listing Agreement.
8. MEANS OF COMMUNICATION:
- (i) The Company publishes its quarterly audited & unaudited financial in one English daily newspaper circulating in the whole or substantially the whole of India and in one daily newspaper published in the language of the region (Maharashtra), where the registered office of the Company is situated.
- (ii) The Company normally published its financial results in the English Newspapers i.e. for the quarter ended 31st March, 2012 in Free Press Journal and for rest of the quarters in Business Standard" and in the language of the region (Maharashtra) i.e." for the quarter ended 31st March, 2012 in Navshakti and for rest of the quarters Mahanayak".
- (iii) The Company also sends the financial results to the Stock Exchange immediately after it is approved by the Board & it is displayed on the website of BSE.
- (iv) The Company informs all the official news releases to the BSE & it is displayed on the website of BSE.
- (v) The presentations, if any, made to Institutional Investors or to the analysts will be covered in the Company's website, which is under process.

9. GENERAL SHAREHOLDERS' INFORMATION:

| | | |
|-----|--|---|
| i | <u>Annual General Meeting</u> Day, Date and Time Venue | Friday, 28 th September, 2012 at 10.00 a.m. Hotel Granville, Plot No. 680/D, R.M. Bhattad Road, Opp Kora Kendra Ground, Borivali (West), Mumbai- 400 0092, Maharashtra. |
| ii | Financial Year | 1 st April, 2011 to 31 st March, 2012 During the year under review, the results were announced as under- First Quarter - 13 th May, 2011 Second Quarter - 12 th August, 2011 Third Quarter - 7 th November, 2011 Fourth Quarter - 13 th February, 2012 |
| iii | Date of Book Closure | From Monday, 24 th September, 2012 to Friday, 28 th September, 2012 (both days inclusive) |
| iv | Dividend Payment date | N.A |
| v | Listing on Stock Exchange | Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001 Web: www.bseindia.com |
| vi | Scrip Code ISIN | 506863 INE716M01018 |

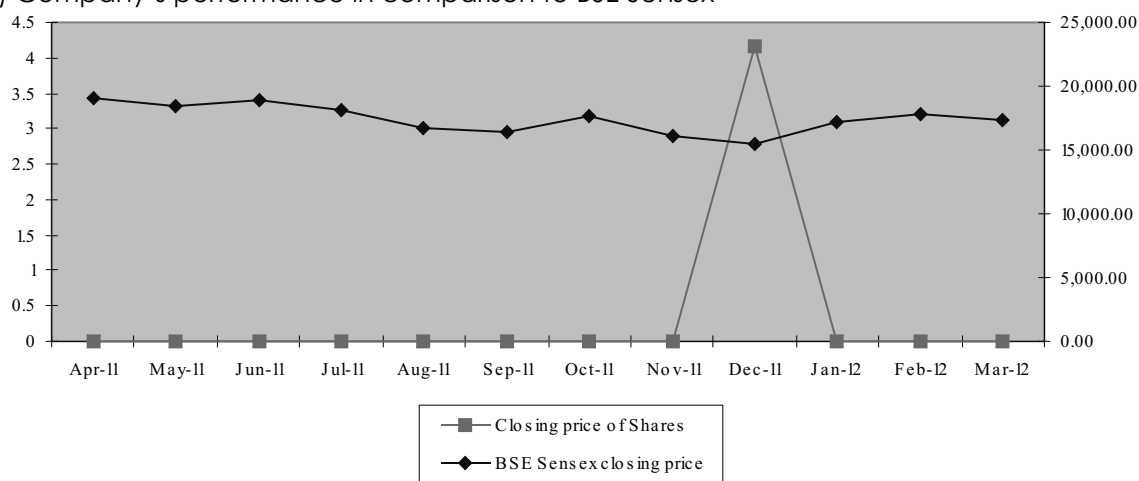
SWADESHI INDUSTRIES AND LEASING LIMITED

(vii) Market Price Data:

The monthly high and low price and volume of shares traded on Bombay Stock Exchange Limited during the financial year 2011-12 are as follows:

| Year | Month | High (Rs.) | Low (Rs.) | No. of Shares traded |
|------|-----------|------------|-----------|----------------------|
| 2011 | April | 0 | 0 | 0 |
| | May | 0 | 0 | 0 |
| | June | 0 | 0 | 0 |
| | July | 0 | 0 | 0 |
| | August | 0 | 0 | 0 |
| | September | 0 | 0 | 0 |
| | October | 0 | 0 | 0 |
| | November | 0 | 0 | 0 |
| | December | 4.15 | 4.15 | 50 |
| 2012 | January | 0 | 0 | 0 |
| | February | 0 | 0 | 0 |
| | March | 0 | 0 | 0 |

(viii) Company's performance in comparison to BSE Sensex



(ix) Registrar & Share Transfer Agent:

The Company entrusted the entire work relating to processing of transfer of securities to M/s. System Support Services, a SEBI Registered R & T Agent.

The Registrar & Share Transfer Agent be contacted at-

M/s System Support Services

E-mail: syss72@yahoo.com

Corporate Office: Tel: 0222850 1438

209, Shivai ind, Estate, Sakinaka.89

Andheri kurla road, Andheri (East)

Mumbai-400 072

SWADESHI INDUSTRIES AND LEASING LIMITED

(x) Share Transfer System:

Shares sent for transfer in physical to M/s System Support Services (R&T Agents), are registered and returned within a period of 30 days from the date of receipt, if the documents are in order. The Share Transfer Committee meets generally on a fortnightly basis to consider the transfer proposal. All requests for dematerialization of shares are processed by the Company and Sharex Dynamic (India) Private Limited within 21 days.

(xi) Distribution of Shareholding as on 31st March, 2012:

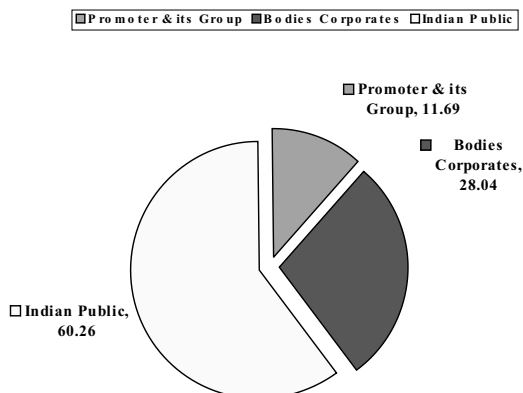
| Shareholding of Nominal Value | No. of Share holders | % to the total Shareholder | Paid up Capital (Amount in Rs.) | % of Total Paid up Capital |
|-------------------------------|----------------------|----------------------------|---------------------------------|----------------------------|
| Upto 5000 | 3472 | 98.55 | 6228500 | 11.52 |
| 5001 to 10000 | 2 | 0.06 | 155000 | 0.29 |
| 10001 to 20000 | 1 | 0.03 | 200000 | 0.37 |
| 20001 to 30000 | 5 | 0.14 | 1371000 | 2.54 |
| 30001 to 40000 | 2 | 0.06 | 650000 | 1.20 |
| 40001 to 50000 | 24 | 0.68 | 11975000 | 22.14 |
| 50001 to 100000 | 12 | 0.34 | 10500000 | 19.42 |
| 100001 & Above | 5 | 0.14 | 23000000 | 42.53 |
| Total | 3523 | 100.00 | 54079500 | 100.00 |

Shareholding Pattern as on 31st March, 2012

| Category | No. of Shares held | % of holding |
|--|--------------------|---------------|
| Promoter & its Group | 632300 | 11.69 |
| Public Holdings | | |
| Financial Institutions, Insurance Companies, Banks and Mutual Funds, Central / State Government etc. | 50 | 0.09 |
| Foreign Institutional Investors | 0 | 0 |
| Bodies Corporates | 1516500 | 28.04 |
| NRIs / OCBs | 0 | 0 |
| Indian Public | 3259100 | 60.26 |
| Clearing Members | 0 | 0 |
| Total | 5407950 | 100.00 |

SWADESHI INDUSTRIES AND LEASING LIMITED

Shareholding Pattern as on 31st March, 2012



- (xii) Dematerialization of Shares :
Equity Shares of the Company can only be traded in dematerialized form, so it is advisable that the shareholders who have shares in physical form get their shares dematerialized. As on 31st March, 2012, 6,90,350 Shares of Rs. 10/- each comprising 12.77% of the total paid up share capital were held in dematerialized form with NSDL and CDSL.
- (xiii) There is no outstanding GDR/ADR/Warrant, Convertible Instruments etc. or any Conversation date, which is likely to impact on Equity Shares.
- (xiv) Address for Correspondence
a) For any query in Demat Shares: To the Depository participant and Demat Register.
b) For any query in Physical Shares : To the Share Transfer agents.
c) For any other queries: Registered Office.

MANAGEMENT DISCUSSION AND ANALYSIS

- (i) **Industry Structure and Developments:**
Your Company is engaged in business of business of Construction activity and Manufacturing Pet Preforms.
- (ii) **Opportunities and Threats:**
(a) Opportunities:
▶ Move up the value chain & have presence in manufacturing and retailing.
▶ Industry moving towards consolidation.
(b) Threats:
▶ Threats from the other countries eg. China.
▶ Change in Government's Support & Incentives.
▶ Threats from world economy slowdown.
▶ Possible Long Term threat from other brands & Chinese export.
- (iii) **Segment wise or product wise performance:**
The said clause is not applicable to the Company.
- (iv) **Risks and Concerns:**
The Company's risk management system has identified some risks collated at the department level and planned suitable mitigation measures. These are subject to quarterly review by a Risk Co-ordination Committee and the Audit Committee.
- (v) **Internal Control System and their Adequacy:**
The Company has in place adequate internal control systems and procedures covering all the financial and operating functions. The Audit Committee regularly reviews the adequacy of internal controls, compliance with the accounting standards as well as recommends to the Board the adoption of the quarterly and annual results of the Company and appointment of Auditors. The Audit Committee also reviews the related party transactions, entered into by the Company during each quarter.

DECLARATION ON CODE OF CONDUCT

The Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. In terms of Clause 49 of Listing Agreement, the Company has received the annual affirmations with regard to the adherence to Code of Conduct from all Board Members and Senior Management of the Company, for the Financial Year 2011-12.

Date: 30th May 2012
Place: Mumbai

For Swadeshi Industries and Leasing Limited
Sd/-
Mahaveer Chand Nagraj Chopra
Director

SWADESHI INDUSTRIES AND LEASING LIMITED

CERTIFICATION BY DIRECTOR

I, Mahaveerchandra Nagraj Chopra, Managing Director of SWADESHI INDUSTRIES AND LEASING LIMITED, to the best of my knowledge and belief, certify that:

- (a) I have reviewed financial statements and the cash flow statement for the year and that to the best of my knowledge and belief:
- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and there is no deficiency in the design or operation of such internal controls.
- (d) (i) There has been not any significant change in internal control over financial reporting during the year;
- (ii) There has been not any change in accounting policies during the year
- (iii) There has been not any instance of fraud and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Date: 30th May, 2012
Place: Mumbai

For Swadeshi Industries and Leasing Limited
Sd/-
Mahaveer Chand Nagraj Chopra
Director

SWADESHI INDUSTRIES AND LEASING LIMITED

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
SWADESHI INDUSTRIES AND LEASING LIMITED

We have examined the compliance of conditions of Corporate Governance for Swadeshi Industries And Leasing Limited for the year ended on 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with all the mandatory requirements of Clause 49 of Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Date: 30th May, 2012
Place: Mumbai

For Motilal & Associates
Chartered Accountants
M.No. 036811

SWADESHI INDUSTRIES AND LEASING LIMITED

AUDITORS, REPORT TO THE MEMBERS

TO

The Members

SWADESHI INDUSTRIES AND LEASING LIMITED

1. We have audited the attached Balance Sheet of M/s SWADESHI INDUSTRIES AND LEASING LIMITED as at 31st March, 2012, the Profit and Loss Accounts and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report follows:
 - a. We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the company as far as appears from our examination of those books.
 - c. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the accounting standards referred to in sub-section (3c) of section 211 of the Companies Act, 1956;
 - e. In our opinion and to the best of our information and according to the explanation give to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March 2012 and
 - ii) In the case of the Profit & Loss Account, of the Loss of the Company for the year ended on that date and
 - iii) In the case of the Cash Flow Statement, of the Cash Flow of the Company for the year ended on that date.
 - f. On the basis of written representations received from the Directors, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of section 274 (1) (g) of the Companies Act, 1956;

Date: 30th May, 2012

Place: Mumbai

**For Motilal & Associates
Chartered Accountants
Firm No: - 106584W
(M. L. Jain)**

SWADESHI INDUSTRIES AND LEASING LIMITED

Annexure to the Auditor's Report **SWADESHI INDUSTRIES AND LEASING LIMITED 2011-2012**

Referred to in paragraph 3 of our report of even date

- i) In respect of its fixed assets :
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c. During the year, substantial or other part of the fixed assets of the unit of the company was disposed off.

- ii) In respect of inventory of raw material, stores and operating supplies :
 - a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b. The procedure of the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business
 - c. The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records have been appropriately dealt with in the books of account.

- iii) The company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956.
- iv) In respect of the loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956
 - a) At the year-end, the outstanding balance of such loans is NIL. The company having repaid all its previous dues as per the terms specified during the previous year.
 - b) There are no overdue amounts outstanding at the year-end.

- v) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regards to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control.

- vi) We are informed that there is no company, firm or party to be listed in the register referred to the section 301 of the Companies Act, 1956 and hence we have no comments to offer in respect of clauses 4 (v) (a) of the Companies (Auditor's Report) Order, 2003.
 - vii) In our opinion and according to the information and explanations given to us, the Company has complied with the provision of section 58A and 58AA of the Companies Act, 1956 and the Rules framed there under, with respect to the deposits accepted from the public.
- viii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.

SWADESHI INDUSTIES AND LEASING LIMITED

- ix) We have broadly reviewed the books of account maintained by the company pursuant to the rules made by Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie prescribed accounts and records have been made and maintained.
- x) The company is regular in depositing with appropriate authorities undisputed statutory dues including provided fund, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- xii) According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the company is not a Chit fund or a Nidhi mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of the Companies (Audit Report) order, 2003 are not applicable to the company.
- xiv) In our opinion, the company is not dealing in or trading shares, securities, debentures and other investments. Accordingly, the provision of clause 4(xiv) of the Companies (Audit Report) order, 2003 are not applicable to the company.
- xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions and hence we have no comments to offer in respect of clause 4(xv) of the Companies (Audit Report) order, 2003.
- xvi) In our opinion, company has not taken any term loan during the year under review.
- xvii) According to the information and explanations given to us, and an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment. No long term funds have been used to finance short term assets except permanent working capital.
- xviii) The company has issued preferential shares during the year and the same been reported in the director's report and covered all aspects, hence we have no comments to offer in respect of clause 4(xviii) of the Companies (Audit Report) order, 2003.
- xix) The company has not issued any debentures during the year nor there is any outstanding as on 31st March 2012.
- xx) According to the information and explanations given to us, no fraud on or by company has been noticed or reported during the course of our audit.

Date: 30th May, 2012
Place: Mumbai

For Motilal & Associates
Chartered Accountants
Firm No: - 106584W
(M. L. Jain)

SWADESHI INDUSTRIES AND LEASING LIMITED

Balance Sheet as at 31st March, 2012

| Particulars | Note No | Figures as at the end of current reporting period | Figures as at the end of previous reporting period |
|--|---------|---|--|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholder's Funds | | 51,695,993 | 8,326,369 |
| (a) Share Capital | 7 | 54,079,500 | 9,079,500 |
| (b) Reserves and Surplus | 8 | (2,383,507) | (753,131) |
| (c) Money received against share warrants | | - | - |
| (2) Share application money pending allotment | | - | - |
| (3) Non-Current Liabilities | | - | - |
| (a) Long-term borrowings | | - | - |
| (b) Deferred tax liabilities (Net) | | - | - |
| (c) Other Long term liabilities | | - | - |
| (d) Long term provisions | | - | - |
| (4) Current Liabilities | | 32,465 | 132,788 |
| (a) Short-term borrowings | | - | - |
| (b) Trade payables | | - | - |
| (c) Other current liabilities | 9 | 32,465 | 132,788 |
| (d) Short-term provisions | | - | - |
| Total | | 51,728,458 | 8,459,157 |
| II.Assets | | | |
| (1) Non-current assets | | 30,320,938 | 4,516,015 |
| (a) <i>Fixed assets</i> | | | |
| (i) Tangible assets | 10 | 272,572 | 4,429,595 |
| (ii) Intangible assets | | - | - |
| (iii) Capital work-in-progress | | - | - |
| (iv) Intangible assets under development | | - | - |
| (b) Non-current investments | | - | 250 |
| (c) Deferred tax assets (net) | | - | - |
| (d) Long term loans and advances | 11 | 30,048,366 | 86,170 |
| (e) Other non-current assets | 12 | - | - |
| (2) Current assets | | 21,407,520 | 3,943,142 |
| (a) Current investments | | - | - |
| (b) Inventories | 13 | - | 516,846 |
| (c) Trade receivables | 14 | - | 739,331 |
| (d) Cash and cash equivalents | 15 | 553,847 | 2,637,072 |
| (e) Short-term loans and advances | 16 | 20,853,673 | 49,893 |
| (f) Other current assets | | - | - |
| Total | | 51,728,458 | 8,459,157 |

As per our report of even date attached
For Motilal & Associates
Chartered Accountants
(Motilal Jain)
Proprietor

Place : Mumbai
Date : 30th May 2012

For and on behalf of the Board

Kamal Kishor Vyas
(Director)

M. N. Chopra
(Director)

Rahul Nahata
(Director)

SWADESHI INDUSTIES AND LEASING LIMITED

Profit and Loss statement for the year ended 31st March, 2012

| Particulars | Note No | Figures as at the end of current reporting period | Figures as at the end of previous reporting period |
|---|---------|---|--|
| I. Revenue from operations | 1 | 6,974,190 | 13,203,479 |
| II. Other Income | 2 | 490,062 | 252,427 |
| III. Total Revenue (I + II) | | 7,464,252 | 13,455,906 |
| IV. Expenses: | | | |
| Cost of materials consumed | 3 | 6,411,325 | 11,881,993 |
| Purchase of Stock-in-Trade | | - | - |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | | - | - |
| Employee benefit expense | 4 | 563,580 | 669,136 |
| Financial costs | | - | - |
| Depreciation and amortization expense | 5 | 633,955 | 763,945 |
| Other expenses | 6 | 1,485,768 | 934,705 |
| Total Expenses | | 9,094,628 | 14,249,779 |
| V. Profit before exceptional and extraordinary items and tax (III-IV) | | (1,630,376) | (793,873) |
| VI. Exceptional Items | | - | - |
| VII. Profit before extraordinary items and tax (V - VI) | | (1,630,376) | (793,873) |
| VIII. Extraordinary Items | | - | - |
| IX. Profit before tax (VII - VIII) | | (1,630,376) | (793,873) |
| X. Tax expense: | | | |
| (1) Current tax | | - | - |
| (2) Deferred tax | | - | - |
| XI. Profit(Loss) from the perid from continuing operations (VII-VIII) | | (1,630,376) | (793,873) |
| XII. Profit/(Loss) from discontinuing operations | | - | - |
| XIII. Tax expense of discounting operations | | - | - |
| XIV. Profit/(Loss) from Discontinuing operations (XII - XIII) | | - | - |
| XV. Profit/(Loss) for the period (XI + XIV) | | (1,630,376) | (793,873) |
| XVI. Earning per equity share: | | | |
| (1) Basic | | | |
| (2) Diluted | | | |

As per our report of even date attached
For Motilal & Associates
Chartered Accountants
(Motilal Jain)
Proprietor

Place : Mumbai
Date : 30th May 2012

For and on behalf of the Board
Kamal Kishor Vyas
(Director)
M. N. Chopra
(Director)
Rahul Nahata
(Director)

SWADESHI INDUSTRIES AND LEASING LIMITED**CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2012**

| | 2011-2012 (in Rs.) | 2011-2011 (in Rs.) |
|---|--|-----------------------|
| A | CASH FLOW FROM OPERATING ACTIVITIES : | |
| Net Profit/(Loss) Before Taxation & Extraordinary Items | (1,630,377) | (793,873) |
| Adjustment for Depreciation | 633,955 | 763,945 |
| (Profit) / Loss on Sale of Assets | - | - |
| Interest & Finance charges | - | - |
| FBT paid | - | - |
| Operating Profit Before Working Capital Changes | (996,422) | (29,928) |
| Changes in Working Capital | | |
| Trade & Other Receivables | 516,846 | 799,822 |
| Inventories | 739,331 | 807,047 |
| Trade Payable | (100,323) | (69,470) |
| Other Current Assets | - | (33,930) |
| | 1,155,854 | 1,503,469 |
| Cash Generated From Operations | 159,432 | 1,473,541 |
| Cash Flow Before Extraordinary Items | 159,432 | 1,473,541 |
| Income Tax paid | - | - |
| Fringe Benefit Tax paid | - | - |
| Other Extra Ordinary Items | - | - |
| Net Cash From Operating Activities | 159,432 | 1,473,541 |
| B | CASH FLOW FROM INVESTING ACTIVITIES : | |
| Purchase of Fixed Assets | (56,100) | (265,545) |
| Sale of Assets | 3,579,168 | - |
| Purchase of Investment | - | (250) |
| Sale of Investment | 250 | - |
| Loans & Advances | (50,765,976) | - |
| Net Cash Used in Investing Activities | (47,242,658) | (265,795) |
| C | CASH FLOW FROM FINANCING ACTIVITIES : | |
| Repayment/ Fresh Unsecured Loan | - | - |
| Share Capital Issued | 45,000,000 | - |
| Loans Liability | - | 147,455 |
| Net Cash Used in Financing Activities | 45,000,000 | 147,455 |
| Net Increase/Decrease in Cash And Cash Equivalents | (2,083,226) | 1,355,200 |
| Cash and Cash Equivalents (Opening Balance) | 2,637,072 | 1,281,872 |
| Cash and Cash Equivalents (Closing Balance) | 553,846 | 2,637,072 |
| | (2,083,226) | 1,355,200 |

As per our report of even date attached
For Motilal & Associates
Chartered Accountants

(Motilal Jain)
Proprietor

Kamal Kishor Vyas
(Director)

M. N. Chopra
(Director)

Place : Mumbai
Date : 30th May 2012

Rahul Nahata
(Director)

SWADESHI INDUSTIES AND LEASING LIMITED

| NOTE NO. 1 REVENUE FROM OPERATIONS | | Period | |
|------------------------------------|------------------|---------------------|----------------------|
| Sr.No. | Particulars | 31st March 2012 | 31st March 2011 |
| (A) | Sale of Products | 6,974,190.00 | 13,203,479.00 |
| | TOTAL | 6,974,190.00 | 13,203,479.00 |

Sale are recognized at the time of despatches and include excise duty, VAT and are net of returns. In case of export sales, revenue is recognized as on the date of bill of lading, being the effective date of

| NOTE NO.2 OTHER INCOME | | Period | |
|------------------------|--|-------------------|-------------------|
| Sr.No. | Particulars | 31st March 2012 | 31st March 2011 |
| (A) | <u>Other non operating Income</u> | - | - |
| | i) Profit on sale of Raw material | - | 104,427.00 |
| | ii) Labour Job work | - | 88,000.00 |
| | iii) Profit on sale of Vehicles | 490,061.62 | 60,000.00 |
| Less: | Expenses directly attributed to above income | - | - |
| | TOTAL | 490,061.62 | 252,427.00 |

| NOTE NO.3 RAW MATERIAL CONSUMED | | Period | |
|---------------------------------|---|---------------------|----------------------|
| Sr. No. | Particulars | 31st March 2012 | 31st March 2011 |
| (A) | Opening Balance | 516,846.00 | 1,323,893.00 |
| (B) | Purchases | 5,567,848.00 | 10,233,089.00 |
| Less: | Closing Balance | - | (516,846.00) |
| | | 6,084,694.00 | 11,040,136.00 |
| | EXPENDITURES | | |
| (a) | Consumption of stores and spare parts. | 75,315.00 | 177,687.00 |
| (b) | Power and fuel. | - | 418,456.00 |
| (c) | Rent | 120,000.00 | 120,000.00 |
| (d) | Repairs to machinery | 22,600.00 | 55,985.00 |
| (e) | Insurance | 9,431.00 | 8,190.00 |
| (f) | Rates and taxes, Excluding, taxes on income | 99,285.00 | 61,539.00 |
| | TOTAL | 6,411,325.00 | 11,881,993.00 |

As per the AS 18 for related party transaction issued by The Institute of Chartered Accountants of India and statement provided by the Company for Identification of Related Parties and accepted by the auditors relying on the authenticity of the statement the following are the related party transactions are recognised as under:

| Nature | Name of party | Amount |
|--------------|--------------------|------------|
| Factory rent | Mrs. Shashi Gautam | 120,000.00 |

SWADESHI INDUSTRIES AND LEASING LIMITED

| NOTE NO.4 EMPLOYEES BENEFIT EXPENSES | | Period | |
|--------------------------------------|------------------------|-------------------|-------------------|
| Sr. No. | Particulars | 31st March 2012 | 31st March 2011 |
| (A) | Salaries and wages | 560,812.00 | 669,136.00 |
| (B) | Staff welfare expenses | 2,768.00 | - |
| | TOTAL | 563,580.00 | 669,136.00 |

| NOTE NO.5 DEPRECIATION AND AMOTIZATION EXPENSES | | Period | |
|---|---|-------------------|-------------------|
| Sr. No. | Particulars | 31st March 2012 | 31st March 2011 |
| (A) | Depreciation on Office Premises | - | 54,788.00 |
| (B) | Depreciation on Furniture & Fixtures | 5,587.00 | 32,094.00 |
| (C) | Depreciation on Electrical fittings | 8,468.00 | 11,843.00 |
| (D) | Depreciation on Office Equipments | 9,845.00 | 9,845.00 |
| (E) | Depreciation on Vehicle | - | 16,860.00 |
| (F) | Depreciation on Plant & Machinery | 379,468.00 | 369,870.00 |
| (G) | Depreciation on Plant & Machinery Mould | 230,587.00 | 268,645.00 |
| | TOTAL | 633,955.00 | 763,945.00 |

| NOTE NO.6 OTHER EXPENSES | | Period | |
|--------------------------|---|---------------------|-------------------|
| Sr. No. | Particulars | 31st March 2012 | 31st March 2011 |
| (A) | Packing & Forwarding | 21,061.00 | 261,328.00 |
| (B) | Bank Charges | 15,871.43 | 4,308.00 |
| (C) | Legal & Professional Fees | 227,494.00 | 242,200.00 |
| (D) | Vehicle Maintanance | 92,258.00 | 123,933.00 |
| (E) | Directors Fees | 18,000.00 | 16,000.00 |
| (F) | Advertising & Sales Promotion | 81,608.23 | 41,008.00 |
| (G) | Payment to Auditor | | |
| | Audit Fees | 28,000.00 | 27,575.00 |
| | Tax Audit Fees | - | 16,545.00 |
| | VAT Audit Fees | - | 11,030.00 |
| | For Company Law matters | 19,220.00 | 2,050.00 |
| | Internal Audit Fees | 5,000.00 | 5,000.00 |
| (H) | Postage Telegram & Tel. Charges | 79,935.79 | 73,104.00 |
| (I) | Printing & Stationery | 42,110.00 | 29,223.00 |
| (J) | Electricity Charges | 368,677.00 | 56,736.00 |
| (K) | Listing Fees | 27,575.00 | 11,030.00 |
| (L) | Expenses on Application for Preference Shares | 220,600.00 | - |
| (M) | TDS | 2,016.00 | - |
| (N) | AGM Expenses | - | 8,285.00 |
| (O) | ROC filing fess | 206,625.00 | - |
| (P) | Miscellaneous Expenses | 29,717.00 | 5,350.00 |
| | TOTAL | 1,485,768.45 | 934,705.00 |

SWADESHI INDUSTIES AND LEASING LIMITED

| ITEMS MORE THAN RS.1 LAC OR 1% OF TOTAL REVENUE WHICHEVER IS HIGHER IN CURRENT YEAR | | | |
|---|---|--|---------------------|
| Sr.No. | Particulars | | Amount |
| (A) | Rent paid | | 120,000.00 |
| (B) | Salary and Wages paid to employee | | 560,812.00 |
| (C) | Legal & Professional Fees | | 227,494.00 |
| (D) | Expenses on Application for Preference Shares | | 220,600.00 |
| (E) | Electricity Charges | | 368,677.00 |
| (F) | ROC filing fess | | 206,625.00 |
| | TOTAL | | 1,704,208.00 |

| PAYMENT TO AUDITOR IN CURRENT YEAR | | | |
|------------------------------------|-------------------------|--|------------------|
| Sr.No. | Particulars | | Amount |
| (A) | As Auditor | | 33,000.00 |
| (C) | For Company Law matters | | 19,220.00 |
| | TOTAL | | 52,220.00 |

| NOTE NO.7 | | SHARE CAPITAL | | Period | |
|-----------|--|----------------------|----------------------|--------|--|
| Sr. No. | Particulars | 31st March 2012 | 31st March 2011 | | |
| A) | AUTHORISED CAPITAL | | | | |
| | <u>Preferential Shares</u> | NIL | NIL | | |
| | <u>Equity shares</u> | | | | |
| | 60,00,000 shares at par value of Rs.10/- each | 60,000,000.00 | 20,000,000.00 | | |
| | | 60,000,000.00 | 20,000,000.00 | | |
| B) | ISSUED, SUBSCRIBED AND FULLY PAID, OR SUBSCRIBED BUT NOT FULLY PAID | | | | |
| | <u>Preferential Shares</u> | NIL | NIL | | |
| | <u>Equity shares</u> | | | | |
| | 15,00,000 shares at par value of Rs.10/- each | 15,000,000.00 | 15,000,000.00 | | |
| | Addition: 45,00,000 shares at par value of Rs.10/- each | 45,000,000.00 | - | | |
| | Deduction: 592050 shares at par value of Rs.10/- each | 5,920,500.00 | 5,920,500.00 | | |
| | | 54,079,500.00 | 9,079,500.00 | | |

| a) Shareholding of Securities of person holding more than 5% of the total number of shares of the Co. | | | |
|---|--------------------------|-----------------------|------------------------------------|
| Sr.No. | Particulars | Number of Shares held | Shares as % of Total No. of shares |
| 1 | Chin Info Tech Pvt. Ltd. | 15,00,000 | 27.74 |

SWADESHI INDUSTIES AND LEASING LIMITED

| NOTE NO.8 RESERVES AND SURPLUS | | Period | |
|--------------------------------|---|-----------------------|-----------------------|
| Sr. No. | Particulars | 31st March 2012 | 31st March 2011 |
| A) | Capital Reserves (Cash Subsidy) | 1,232,400.00 | 1,232,400.00 |
| Adj: | Addition/Deduction | - | - |
| | | 1,232,400.00 | 1,232,400.00 |
| B) | General Reserve | 1,215,000.00 | 1,215,000.00 |
| Adj: | Addition/Deduction | - | - |
| | | 1,215,000.00 | 1,215,000.00 |
| C) | Forfeited Shares amount originally paid | 1,480,125.00 | 1,480,125.00 |
| Adj: | Addition/Deduction | - | - |
| | | 1,480,125.00 | 1,480,125.00 |
| D) | Profit & Loss | (4,680,656.00) | (3,886,782.00) |
| Add: | Addition | (1,630,376.00) | (793,873.00) |
| | | (6,311,032.00) | (4,680,656.00) |
| | TOTAL | (2,383,507.00) | (753,131.00) |

| NOTE NO.9 OTHER CURRENT LIABILITIES | | Period | |
|-------------------------------------|-----------------------------|------------------|-------------------|
| Sr. No. | Particulars | 31st March 2012 | 31st March 2011 |
| (A) | Other payables | | |
| | Sundry Creditors | - | 16,300.00 |
| | Payable to Auditors | 2,760.00 | 5,000.00 |
| | Salary and Wages payable | - | 59,311.00 |
| | Electricity Charges payable | - | 33,474.00 |
| | Telephone Charges Payable | - | 3,705.00 |
| | TDS Payable | 26,159.00 | 7,300.00 |
| | CST Payable | 3,546.00 | 7,698.00 |
| | TOTAL | 32,465.00 | 132,788.00 |

SWADESHI INDUSTIES AND LEASING LIMITED

| NOTE NO.10 | | FIXED ASSETS | |
|---|---------------------------|-------------------|---------------------|
| | | Period | |
| Sr. No. | Particulars | 31st March 2012 | 31st March 2011 |
| | TANGIBLE ASSETS | | |
| (a) | Office Premises | 2,932,548.00 | 2,987,336.00 |
| Less: | Depreciation | - | (54,788.00) |
| Less: | Deduction during the year | (2,932,548.00) | - |
| | Net Block | - | 2,932,548.00 |
| (b) | Furniture & Fixtures | 581,732.00 | 613,826.00 |
| Less: | Depreciation | (5,587.00) | (32,094.00) |
| Less: | Deduction during the year | (576,145.00) | - |
| | Net Block | - | 581,732.00 |
| (c) | Electrical Fittings | 220,164.00 | 232,007.00 |
| Less: | Depreciation | (8,468.00) | (11,843.00) |
| Less: | Deduction during the year | (70,475.00) | - |
| | Net Block | 141,221.00 | 220,164.00 |
| (d) | Office Equipments | 32,209.00 | 42,054.00 |
| Less: | Depreciation | (9,845.00) | (9,845.00) |
| | Net Block | 22,364.00 | 32,209.00 |
| (e) | Vehicles | - | 16,860.00 |
| Less: | Depreciation | - | (16,860.00) |
| | Net Block | - | - |
| (f) | Plant & Machinery | 432,355.00 | 643,980.00 |
| Add: | Addition | 56,100.00 | 158,245.00 |
| Less: | Depreciation | (379,468.00) | (369,870.00) |
| | Net Block | 108,987.00 | 432,355.00 |
| (g) | Plant & Machinery (Mould) | 230,587.00 | 391,932.00 |
| Add: | Addition | - | 107,300.00 |
| Less: | Depreciation | (230,587.00) | (268,645.00) |
| | Net Block | - | 230,587.00 |
| | TOTAL | 272,572.00 | 4,429,595.00 |
| <p>i) Fixed assets are stated at cost of acquisition, including any attributable cost for bringing the assets to its working condition for its intended use, less accumulated depreciation as per the Companies Act 1956.</p> <p>ii) Depreciation is provided on the straight-line method over the useful life of the assets.</p> | | | |

SWADESHI INDUSTIES AND LEASING LIMITED

| NOTE NO.11 NON CURRENT INVESTMENTS | | Period | |
|------------------------------------|-------------------------------|-----------------|-----------------|
| Sr. No. | Particulars | 31st March 2012 | 31st March 2011 |
| (a) | 5 Shares of Sai Infotech Soc. | - | 250.00 |
| | TOTAL | - | 250.00 |

| NOTE NO.12 LONG TERM LOANS AND ADVANCES | | Period | |
|---|---------------------------------|----------------------|------------------|
| Sr. No. | Particulars | 31st March 2012 | 31st March 2011 |
| (A) | <u>Secured, Considered good</u> | | |
| (a) | Security Deposits | 30,048,366.00 | 55,650.00 |
| (b) | Other loans and Advances | | |
| | (i) Society Deposit | - | 30,520.00 |
| | TOTAL | 30,048,366.00 | 86,170.00 |

| NOTE NO.13 INVENTORIES | | Period | |
|------------------------|---------------|-----------------|-------------------|
| Sr. No. | Particulars | 31st March 2012 | 31st March 2011 |
| (A) | Raw materials | - | 516,846.00 |
| | TOTAL | - | 516,846.00 |

Inventories are stated at the lower of cost or net realisable value. Cost is determined at the first in first out (FIFO) method (As per AS2). The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and related production overheads, but excludes interest

| NOTE NO.14 TRADE RECEIVABLES | | Period | |
|------------------------------|-----------------------------------|-----------------|-------------------|
| Sr. No. | Particulars | 31st March 2012 | 31st March 2011 |
| (A) | <u>Unsecured, considered good</u> | | |
| (a) | Less than Six months | - | 705,781.00 |
| (b) | Outstanding more than 6 months | - | 33,550.00 |
| | TOTAL | | 739,331.00 |

SWADESHI INDUSTIES AND LEASING LIMITED

| NOTE NO.15. CASH AND CASH EQUIVALENTS | | Period | |
|---------------------------------------|--------------------|-------------------|---------------------|
| Sr. No. | Particulars | 31st March 2012 | 31st March 2011 |
| (A) | Balance with banks | 428,742.87 | 2,481,981.00 |
| (B) | Cash on hand | 100,103.85 | 130,091.00 |
| (C) | Fixed Deposit | 25,000.00 | 25,000.00 |
| | TOTAL | 553,846.72 | 2,637,072.00 |

| NOTE NO.16 SHORT TERM LOANS AND ADVANCES | | Period | |
|--|---------------------------------------|----------------------|------------------|
| Sr. No. | Particulars | 31st March 2012 | 31st March 2011 |
| (A) | <u>Secured, Considered good</u> | | |
| (a) | Loans and advances to related parties | 20,800,000.00 | - |
| (b) | <u>Others</u> | | |
| (i) | TDS | 17,398.00 | 13,418.00 |
| (ii) | Sales Tax Palghar | - | 200.00 |
| (iii) | Income tax (A.Y. 2008-09) | 36,275.00 | 33,930.00 |
| (iv) | Income tax (A.Y.2010-11) | - | 2,345.00 |
| | TOTAL | 20,853,673.00 | 49,893.00 |

Notes to Accounts

- 1) Pursuant to the Notification No.447 (E) dated February 28,2011 and Notification No.653 (E) dated March 30, 2011, issued by the Ministry of Corporate Affairs, the Company has prepared its financial statements for the year ended March 31, 2012 as per revised schedules VI to the Companies Act, 1956. Accordingly, the previous year's figures have been regrouped / reclassified, wherever required to align the financial statements to the revised format.

SWADESHI INDUSTRIES AND LEASING LIMITED

2. REMUNERATION TO AUDITORS INCLUDES PAYMENT FOR

| | | 31.03.2012 | 31.03.2011 |
|-------|---------------|-------------------|-------------------|
| | | Rupees | Rupees |
| (i) | Audit Fees | 28,000 | 27,575 |
| (ii) | Tax audit | - | 16,545 |
| (iii) | Vat audit | - | 11,030 |
| (iv) | Other matters | 19,220 | 2,050 |
| | | <u>47,220</u> | <u>57,200</u> |
| | | ===== | ===== |

EXPENDITURE IN FOREIGN CURRENCY:

| | | | |
|-------|--|-----|-----|
| (i) | Payment made to foreign technician | Nil | Nil |
| (ii) | Value of imports calculated on CIF basis | | |
| | Raw Materials | Nil | Nil |
| (iii) | Foreign Travel | Nil | Nil |

4. Value of imported and indigenous raw materials consumed during the year and the percentage of each to the total consumption:-

| | 2012 | | 2011 | |
|------------|-------------|------------------|-------------|-------------------|
| | % | Rupees | % | Rupees |
| Imported | 0 | 0 | 0 | 0 |
| Indigenous | 100% | 6,084,694 | 100% | 11,040,136 |
| | <u>100%</u> | <u>6,084,694</u> | <u>100%</u> | <u>11,040,136</u> |
| | ===== | ===== | ===== | ===== |

5. Detailed information in respect of licensed and installed capacities, production and sales in respect of goods produced and raw material consumed.

| | 2012 | | 2011 | |
|-----------------------|---------|-----------|---------|------------|
| | QTY/MT. | AMOUNT | QTY/MT. | AMOUNT |
| A. Capacities | | | | |
| Licensed | 298.000 | N.A. | 298.000 | N.A. |
| Installed | 300.000 | N.A. | 300.000 | N.A. |
| B. Production | 72.028 | N.A. | 130.540 | N.A. |
| C. Opening Stock (FG) | 0.000 | 516,846 | 6.850 | 1,323,893 |
| (RM) | 8.226 | | | 8.877 |
| Closing Stock (FG) | 0.000 | NIL | 0.000 | 516,846 |
| (RM) | 0.000 | | | 8.226 |
| D. Sales | 72.028 | 6,873,390 | 145.390 | 13,203,479 |
| Preforms | | | | |
| Raw Material Consumed | 72.526 | 6,084,694 | 139.520 | 11,040,136 |
| PET Resin/ Compound | | | | |
| E. Process Loss. | 0.498 | ---- | 0.980 | ---- |

6. Figures for previous years have been re-grouped/re-arranged, wherever necessary.

SWADESHI INDUSTRIES AND LEASING LIMITED

7. Related Party transactions:

As per the AS 18 for related party transaction issued by The Institute of Chartered Accountants of India and statement provided by the Company for Identification of Related Parties and accepted by the auditors relying on the authenticity of the statement the following are the related party transactions are recognised as under:

| | <u>2012</u> | <u>2011</u> |
|---|--------------------|--------------------|
| Factory Rent Paid to Mrs. Shashi Gautam | Rs.120,000 | Rs. 120,000 |

**As per our report of even date attached
For and on behalf of the Board**

**Date: 30th May, 2012
Place: Mumbai**

**For Motilal & Associates
Chartered Accountants
Kamal Kishor Vyas
(Director)
(M.L. Jain)
M.N. Chopra R. Nahata
Prop.(Director)**

AUDITORS' CERTIFICATE

The Board of Directors,
Swadeshi Industries & Leasing Limited,
104, 1st Floor, EMP-36, Thakur Village,
Uranus CHS Ltd, Kandivali (E)
Mumbai – 400 101

We have examined the attached Cash Flow Statement of Swadeshi Industries & Leasing Limited for the period ended 31st March, 2012. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of listing agreement with the Stock Exchange and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 30th May 2012 to the members of the Company.

**Date: 30th May, 2012
Place: Mumbai**

**For Motilal & Associates
Chartered Accountants
MOTILAL JAIN
(Prop.)**

ATTENDANCE SLIP

SWADESHI INDUSTRIES AND LEASING LIMITED

Regd Office: 104, 1st Floor, EMP – 36, Thakur Village, Uranus Co-Op Hsg. Soc. Ltd.,
Kandivali East, Mumbai 400 101.

(Please fill in attendance slip and hand it over at the entrance of the meeting place.)

I hereby record my presence at the 28th Annual General Meeting of the Company being held on Friday, the 28th day of September, 2012 at 10.00 a.m. at, Hotel Granville, Plot No. 680/D, R.M. Bhattad Road, Opp Kora Kendra Ground, Borivali (West), Mumbai- 400 0092, Maharashtra and at any adjournment thereof.

Folio No DP-ID*
No. of Shares held Client ID*
Member's/ Proxy' Name.....
(in Block Letters)

(Member's/ Proxy's Signature)

(To be signed at the time of handing over this slip)

* Applicable for Members holding Shares in electronic form.

-----TEAR HEAR-----

PROXY FORM

SWADESHI INDUSTRIES AND LEASING LIMITED

Regd Office: 104, 1st Floor, EMP – 36, Thakur Village, Uranus Co-Op Hsg. Soc. Ltd.,
Kandivali East, Mumbai 400 101.

I/We of..... being a Member/Members of the **Swadeshi Industries and Limited**, hereby appoint or failing him..... as my/our Proxy to attend and vote for me/us and on my/our behalf at the 28th Annual General Meeting of the Company to be held on Friday, the 28th day of September, 2012 at 10.00 a.m. at at, Hotel Granville, Plot No. 680/D, R.M. Bhattad Road, Opp Kora Kendra Ground, Borivali (West), Mumbai- 400 0092, Maharashtra and at any adjournment thereof.

Folio No: _____ DP-ID* _____

No. of shares held: _____ Client ID* _____

Signed thisday of 2012.

Affix
Re. 1.00
Revenue
Stamp

* Applicable for members holding Shares in electronic form

Signature of Member

Note: This proxy form in order to be effective should be duly filled, stamped, and signed and must be deposited at the Registered Office of the Company at State Bank Building Annex, 1st Floor, Bank Street, Fort, Mumbai-400 023, not less than 48 hours before the time for holding the meeting. A proxy need not be a member of the Company.

Book Post

If undelivered please return to:

SWADESHI INDUSTIES AND LEASING LIMITED

104, 1st Floor, Emp-36, Thakur Village, Uranus Co-Op Hsg. Soc. Ltd.,
Kandivali (East), Mumbai- 400101, Maharashtra