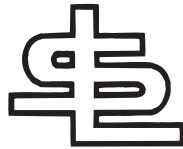


**27TH
ANNUAL REPORT
(2010-2011)**



SWADESHI INDUSTRIES AND LEASING LTD.

Registered Office :
407, SAI INFOTECH, 4TH FLOOR, PATEL CHOWK,
R.B. MEHTA MARG, GHATKOPAR (EAST),
MUMBAI - 400 077.



SWADESHI INDUSTRIES AND LEASING LIMITED

BOARD OF DIRECTORS

- Shri. S. C. Gautam - *Chairman and Managing Director*
Shri. S. K. Agarwal - *Director*
Shri. R. N. Shah - *Director*
Shri. K. K. Vyas - *Director (Appointed on 05.04.2011)*

AUDITORS

M/s. Motilal & Associates
Chartered Accountants

BANKERS

State Bank of India
Oriental Bank of Commerce
The Royal Bank of Scotland N. V.
ICICI Bank Limited
Axis Bank Limited

REGISTERED OFFICE

407, Sai Infotech, Patel Chowk,
R. B. Mehta Marg, Ghatkopar (E),
Mumbai - 400 077

WORKS

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

SHARE TRANSFER AGENT

M/s. System Support Services
209, Shivani Industrial Estate
Andheri Kurla Road, Sakinaaka,
Andheri East, Mumbai 400 072
Telephone No. 2850 1438
E-Mail ID: sysss72@yahoo.com

NOTICE OF MEETING

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of **SWADESHI INDUSTRIES AND LEASING LIMITED** will be held on **20th August, 2011** at 11.00 A.M. at Sheth Dhanji Devshi Rashtriya Shala, Banquet Hall, Upashray Lane, Ghatkopar (East) Mumbai - 400 077 to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31st March, 2011 and Profit & Loss Account for the year ended on that date, Directors and Auditors' Report thereon.
2. To appoint a Director in place of Shri. R. N. Shah who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint the Auditors and to fix their remuneration.

SPECIAL BUSINESS

4. **INCREASE IN AUTHORISED SHARE CAPITAL OF THE COMPANY:**

To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution

“RESOLVED THAT pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorized Share Capital of the Company be and is hereby increased from Rs. 4,00,00,000/- (Rupees Four Crores only) divided into 4000000 (Forty lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each to **Rs. 5,00,00,000/- (Rupees Five Crores only) divided into 5000000 (Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each.”**

5. **ALTERATION OF CAPITAL CLAUSE OF THE MEMORANDUM OF ASSOCIATION:**

To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 16 and all other applicable provisions, if any, of the Companies Act, 1956 (including any Statutory modification or re-enactment thereof for the time being in force), the existing **Clause V** of the Memorandum of Association of the Company be and is hereby substituted by the following:

- V.** The Authorized Share Capital of the Company is **Rs. 5,00,00,000/- (Rupees Five Crores only) divided into 5000000 (Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each** with the rights, privileges and conditions attached thereto as are provided by the regulations of the Companies Act for the time being in force, with the power to increase or reduce from time to time its capital and to divide the shares in the original or increased capital for the time into several classes and to attach thereto respectively such preferential rights, privileges or conditions as may be determined by or in accordance with the regulations of the Companies Act and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 1956 or provided by the Articles of Association of the Company for the time being.”



6. **ALTERATION OF ARTICLES OF ASSOCIATION:**

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

"RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any Statutory modification or re-enactment thereof for the time being in force), the existing **Article 3** of the Article of Association of the Company be and is hereby substituted by the following:

The Authorized Share Capital of the Company is **Rs. 5,00,00,000/- (Rupees Five Crores only) divided into 5000000 (Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each.** The Company shall have power to increase, consolidate, sub-divide, reduce or otherwise alter its Share Capital, subject to the provisions of the Companies Act, 1956 and all the other provisions of applicable Laws, if any."

7. **APPOINTMENT OF DIRECTOR**

To consider and if thought fit, to pass with or without modification(s), the following resolution, which will be proposed as Ordinary Resolution:

"RESOLVED THAT Mr. Kamal Kishor H. Vyas who was appointed as Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, being liable to be retire by rotation."

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY^Ya.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 5th August, 2011 to 20th August, 2011. (Both days inclusive)
3. Members are requested to notify immediately about their changes of address to the Company's Registered Office.

For Swadeshi Industries and Leasing Limited

Registered Office:

407, Sai Infotech, Patel Chowk,
R. B. Mehta Marg, Ghatkopar(E),
Mumbai - 400 077.

Dated : 27th June 2011

(S. C. Gautam)
Chairman & Managing Director

Annual Report 2010-2011

EXPLANATORY STATEMENTS PURSUANT TO PROVISIONS OF SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item Nos. 4 and 5:

To meet the further capital needs of the Company it is proposed by the Board to induce additional funds by way of increasing share capital. Your Board at its meeting held on **27th June, 2011** subject to the approval of the shareholders, and receipt of such other statutory/regulatory approvals, as may be required, has proposed to increase the Authorized Share Capital of the Company to that extent, due to which, the existing Capital Clause no. V of the Memorandum of Association of the Company needs to be altered.

The Proposed resolution under item No. 5 seek to obtain Members' approval to alter Capital Clause as mentioned above in the Memorandum of Association of the Company. Pursuant to Section 16 of the Companies Act, 1956 if the Memorandum is to be altered, an Ordinary Resolution is required to be passed by the Members of the Company.

Your Board of Directors recommends the Ordinary Resolutions for your approval as set out under item No. 4 & 5 of this Notice.

None of the Directors of the Company are interested in the aforesaid resolutions either directly or indirectly.

Item No.6:

Your Board at its meeting held on **27th June, 2011** has proposed to increase the Authorised Share Capital of the Company, due to which, the existing **Article 3** of the Article of Association of the Company needs to be altered.

The Proposed resolution under this item No. 6 seeks to obtain Members' approval to alter Article 3 in the Article of Association of the Company. Pursuant to Section 31 of the Companies Act, 1956 if the Articles are to be altered, a Special Resolution is required to be passed by the Members of the Company.

Your Board of Directors recommends the Special Resolution for your approval as set out under item No. 6 of this Notice.

None of the Directors of the Company are interested in the aforesaid resolutions either directly or indirectly.

Item No. 7

The Board of Directors of the Company had appointed Mr. Kamal Kishor H. Vyas as Additional Director of the Company on 5th April, 2011.

In Accordance, with the provisions of Section 260 of the Companies Act, 1956, the term of Mr. Kamal Kishor H. Vyas as the Additional Director would expire on the conclusion of forthcoming Annual General Meeting. Notice for his candidature as Director has been received from a Member of the Company, with a deposit of Rupees Five Hundred in terms of Provisions of Section 257 of the Companies Act, 1956. He may be appointed as a Director at the ensuing Annual General Meeting.

The Board of Directors recommends the proposed resolution for your approval. None of Directors, except Mr. Kamal Kishor H. Vyas is interested in the said resolution.

For Swadeshi Industries and Leasing Limited

Registered Office:

407, Sai Infotech, Patel Chowk,
R. B. Mehta Marg, Ghatkopar(E),
Mumbai - 400 077.

Dated : 27th June 2011

(S. C. Gautam)
Chairman & Managing Director



DIRECTOR'S REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the TWENTY SEVENTH ANNUAL REPORT together with Audited Accounts of the Company for the year ended 31st March, 2011.

Rs. in Lacs

FINANCIAL RESULTS	31.03.2011	31.03.2010
Total Income	134.55	115.23
Gross Profit/Loss	(00.30)	06.76
Less: Depreciation	07.63	08.03
Provision for Taxation	00.00	00.00
Profit/Loss after Taxation	(07.93)	(01.27)
Add: Loss Brought forward from previous year	(38.87)	(33.54)
Previous year taxation	00.00	(04.03)
FBT of previous year	00.00	(00.09)
Other Adjustment of previous year	00.00	00.06
Profit & Loss Appropriation Account	(46.80)	(38.87)

DIVIDEND:

The Directors regret their inability to recommend dividend for the year 2010-2011 due to inadequacy of profits.

OPERATIONS:

The Company's operating results for the year are showing Net Loss of Rs.7.93 Lacs, against the Loss of Rs.1.27 Lacs, 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.

DIRECTORS:

In accordance with the provision of the Companies Act, 1956 and the Company's Articles of Association, Shri. R. N. Shah Director of the Company retires by rotation and being eligible offers himself for re-appointment. The Board of Directors of the Company has appointed Mr. Kamal Kishor H. Vyas as Additional Director of the Company w.e.f. 5th April, 2011, who will hold office until the conclusion of forthcoming Annual General Meeting, being eligible and offers himself to be appointed as Director of the Company. There is no other change in the directorship of the Company.

AUDITORS:

M/s Motilal & Associates, Chartered Accountants, Firm No:-106584W, Mumbai, Statutory Auditors of the Company hold office until the conclusion of the Twenty Seventh Annual General Meeting. 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 effect that their re-appointment, if made would be within the prescribed limit under section 224(1B) of the Companies Act, 1956 and that they are not disqualified for re- appointment within the meaning of Section 226 of the said Act.

PARTICULARS OF EMPLOYEES

Information pursuant to Section 217 (2A) of the Companies (Particulars of Employment) Rules, 1975 as amended by the Companies Amendment Act, 1988 not applicable to Company as no employee was drawing salary more than 1,00,000/- p. m. if employed for the part of the year or annual salary of Rs. 12,00,000/-.

Annual Report 2010-2011

CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, the Corporate Governance and the certificate from the Auditor of the Company regarding compliance of conditions of Corporate Governance are annexed to this Report and forms part of this Annual Report.

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 Lacs Equity Shares of Rs.10/- each and accordingly the Board of Directors of the Company have allotted the said Equity Shares on 20th June, 2011.

COMMENCEMENT OF NEW BUSINESS:

To make Company commercially viable the Board has decided to enter into new Business as already provided in Sub-Clause 82, 83 and 84 under the Clause III (C) of the Memorandum of Association of the Company. To carry on the activities mentioned in the said Clauses, a Resolution under Section 149(2A) of Companies Act, 1956 has been passed by the Company through Postal Ballot which was conducted pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules 2001 and the result of which was declared on Tuesday, 10th May, 2011.

SALE OF OFFICE PREMISES:

To locate the office of the Company at the convenient place it has been decided to sell the current office premises at Ghatkopar and to purchase new premises in the Western Suburban area of Mumbai. The Company has passed the resolution for the said purpose through Postal Ballot which was conducted pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules 2001 and the result of which was declared on Tuesday, 10th May, 2011.

APPOINTMENT OF REGISTRAR AND SHARE TRANSFER AGENT

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

DIRECTOR'S 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 2011, 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 accounts for the year under review on a 'going concern' basis.

ACKNOWLEDGEMENTS:

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

For Swadeshi Industries & Leasing Ltd.

(S. C. Gautam)
Chairman and Managing Director

PLACE: Mumbai
DATE: 27th June, 2011



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, 2011.

(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)	150,560	188,599
		Total Amount (Rs.)	418,456	651,350
		Rate per Unit (Rs.)	02.78	03.45
	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 :		
	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		
		Unit : Preforms (MT.)	138,540	160,355
		Electricity (KWH/MT.)	1086.76	1176.13
		Furnace Oil	N. A.	N. A.
		Coal	N. A.	N. A.
		Others :I		
	a)	a)H.S.D. (KL)	N. A.	N. A.
	b)	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.

For and on behalf of the Board
For Swadeshi Industries and Leasing Ltd.

Place : Mumbai
Date : 27th June 2011

(S. C. Gautam)
(Chairman & Managing Director)

**AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF
CORPORATE GOVERNANCE UNDER CLAUSE 49 OF
THE LISTING AGREEMENTS**

To The Members of Swadeshi Industries & Leasing Limited

1. We have reviewed the implementation of Corporate Governance procedures by Swadeshi Industries and Leasing Limited during the year ended 31st March 2011 with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.
2. The Compliance of Conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the Compliance of the Conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.
3. On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreements with the Stock Exchanges have been complied with in all material respect by the company.
4. As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that there are no investors' grievances pending for a period exceeding one month against the Company as per the records maintained by the Company.

**For Motilal & Associates,
Chartered Accountants,**

Place Mumbai
Date : 27th June 2011

**M.L. JAIN
(Prop.)**



CORPORATE GOVERNANCE REPORT FOR THE YEAR

Particulars	Clause of Listing Agreement	Compliance Status (Yes/No)	Remarks
1	2	3	4
Board of Directors	49 I	YES	----
Audit Committee	49 II	YES	----
Shareholders / Investor Grievance Committee	49 VI (C)	YES	----
Remuneration to Directors	49 III	YES	----
Board Procedures	49 IV	YES	----
Management	49 V	YES	----
Shareholders	49 VII	YES	----
Report on Corporate Governance	49 VIII	YES	----

Place : Mumbai

Date : 27th June 2011

Shareholder Information

Shares in Physical Form

Your Company's shares are traded in physical form only.

Trading Patterns

Your Company's equity shares enjoy good liquidity and are traded in Mumbai Stock Exchange.

Market Capitalisation

Swadeshi shares are in Z group of trading and can be traded only on delivery basis.

Share Transfer System

The Company has an in-house Investor Cell and shares are transferred at the meeting of Management Committee of Directors which generally meets every fortnight. Share transfers would be registered and returned within the period of 4 weeks from the date of receipt if the documents are clear in all respects.

M/s. System Support Services have been appointed Share transfer Agents and they will takeover Share Transfer work from 1st July 2011.

Dates of Book Closure

There is Book Closure from **05th August, 2011 to 20th August, 2011** for the purpose of this Annual General Meeting.

Date, Time and Venue of the Annual General Meeting

Date: 20th August, 2011 at 11.00 A.M. at Sheth Dhanji Devshi Rashtriya Shala, Banquet Hall, Upashraya Lane, Ghatkopar (East), Mumbai-400 077.

Listing on

1. The Stock Exchange, Mumbai (BSE)

The Company has not paid the listing fees to The Delhi Stock Exchange Association Ltd and share of the company are not traded at the said Stock Exchange. Company has made an application for voluntary Delisting of the shares at Delhi Stock Exchange.

Investor Correspondence

Investors' grievances/queries may be addressed to, The Share Department, Swadeshi Industries and Leasing Limited, 407, Sai InfoTech, Patel Chowk, R. B. Mehta Marg, Ghatkopar (East), Mumbai-400 077 Tel: 022-6710 7336 AND to the Registrar and Transfer Agent as under:-

M/s. System Support Services 209, Shivani Industrial Estate, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai 400 072 Telephone No. 2850 1438 E-Mail ID: sysss72@yahoo.com



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, 2011, 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 as 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 given 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 2011 and

Annual Report 2010-2011

- ii) In the case of the Profit & Loss Account, of the Profit/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 2011 from being appointed as a director in terms of section 274 (1) (g) of the Companies Act, 1956

For, Motilal & Associates
Chartered Accountants
Firm No: - 106584W

Place : Mumbai
Dated : 27th June 2011

(M. L. Jain)
PROP
M.N.036811

ANNEXURE TO THE AUDITOR'S REPORT

of SWADESHI INDUSTRIES AND LEASING LIMITED 2010-2011

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, no 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.
- 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.

Annual Report 2010-2011

- 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 excepts permanent working capital.
- xviii) The company has not issued shares during the year and 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 2011.
- 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.

**For MOTILAL & ASSOCIATES,
Chartered Accountants
Firm No: - 106584W**

**Place : Mumbai
Date : 27th June 2011**

**(M. L.JAIN)
PROP.
M. N. - 036811**



SWADESHI INDUSTRIES & LEASING LTD.
BALANCE SHEET AS AT 31ST MARCH 2011.

	SCH	As on 31.03.2011	As on 31.03.2010
<u>SOURCES OF FUNDS</u>			
<u>SHARE HOLDER'S FUNDS</u>			
Share Capital	"A"	9,079,500	9,079,500
Reserves & Surplus	"B"	3,927,525	3,927,525
<u>LOAN FUNDS</u>			
Unsecured loans	"C"	-	-
TOTAL:		<u>13,007,025</u>	<u>13,007,025</u>
<u>APPLICATION OF FUNDS</u>			
Fixed Assets	"D"	4,429,595	4,927,995
Investments	"E"	250	-
		<u>4,429,845</u>	<u>4,927,995</u>
<u>CURRENT ASSETS, LOAN & ADVANCES</u>			
Inventories	"F"	516,846	1,323,893
Sundry Debtors	"G"	739,331	1,539,153
Cash & Bank Balances	"H"	2,637,071	1,281,872
Loans & Advances	"I"	136,063	249,588
		<u>4,029,311</u>	<u>4,394,506</u>
<u>LESS: CURRENT LIABILITIES & PROVISIONS</u>			
Current Liabilities	"J"	132,788	202,258
Provisions	"K"	-	-
		<u>132,788</u>	<u>202,258</u>
<u>NET CURRENT ASSETS</u>			
Profit & Loss Account		<u>3,896,524</u>	<u>4,192,248</u>
TOTAL:		<u>13,007,025</u>	<u>13,007,025</u>

NOTES TO THE ACCOUNTS

As per our report of even date attached
For **MOTILAL & ASSOCIATES,**
Chartered Accountants

(MOTILAL JAIN)
Prop

Place: Mumbai.

Date : 27th June, 2011

"P"

For and on behalf of the Board
S.C.GAUTAM
(Chairman &
Managing Director)

R. N. SHAH
(Director)

S. K. AGARWAL
(Director)

K. K. VYAS
(Director)

Place: Mumbai.

Date : 27th June, 2011

SWADESHI INDUSTRIES & LEASING LTD.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011.

	SCH	As on 31.03.2011	As on 31.03.2010
<u>INCOME</u>			
Sales		13,203,479	11,461,866
Other Income	“L”	252,427	61,225
TOTAL:		<u>13,455,906</u>	<u>11,523,091</u>
<u>EXPENDITURE</u>			
Raw Material Consumed		11,040,136	8,592,730
Employment Cost	“M”	669,136	634,026
Other Expenses	“N”	1,776,562	1,619,388
Interest Paid	“O”	-	-
Depreciation	“D”	763,945	803,453
TOTAL:		<u>14,249,779</u>	<u>11,649,597</u>
Profit/Loss before Taxation		(793,873)	(126,506)
Less: Provision for Taxation		-	-
Profit/Loss after Taxation		(793,873)	(126,506)
Balance carried from earlier years		(3,886,782)	(3,354,395)
Less : Provision for taxation for earlier year		-	(403,026)
Less : FBT of earlier years		-	(9,215)
Add : Other adjustment of earlier year		-	6,359
Profit/Loss available for appropriation		<u>(4,680,656)</u>	<u>(3,886,782)</u>
Balance carried to Balance Sheet		<u>(4,680,656)</u>	<u>(3,886,782)</u>
NOTES TO THE ACCOUNTS	“P”		

As per our report of even date attached

For MOTILAL & ASSOCIATES,
Chartered Accountants

(MOTILAL JAIN)
Prop

Place: Mumbai.
Date : 27th June, 2011

For and on behalf of the Board

S.C.GAUTAM
(Chairman &
Managing Director)

R. N. SHAH
(Director)

S. K. AGARWAL
(Director)

K. K. VYAS
(Director)

Place: Mumbai.
Date : 27th June, 2011



SWADESHI INDUSTRIES & LEASING LIMITED.
SCHEDULES OF BALANCE SHEET AS AT 31ST MARCH 2011.

AS ON **AS ON**
31.03.2011 **31.03.2010**

SCHEDULE "A"
SHARE CAPITAL AUTHORISED

20,00,000 Equity shares of Rs.10/- each	20,000,000	20,000,000
	20,000,000	20,000,000

ISSUED, SUBSCRIBED & PAID UP

907,950 Equity shares of Rs.10/-each	9,079,500	9,079,500
	9,079,500	9,079,500

SCHEDULE "B"
RESERVES & SURPLUS

Capital Reserve: Cash Subsidy	1,232,400	1,232,400
General Reserve	1,215,000	1,215,000
Forfeited Shares amount originally paid	1,480,125	1,480,125
	3,927,525	3,927,525

SCHEDULE "C"
UNSECURED LOANS

	-	-
	-	-

SCHEDULE "D"
FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As on 1.4.2010	Additions during the year	Deletion during the year	As on 31.03.2011	Opening Balance	Addition Durring The Year	As on 31.03.2011	As at 1.04.2011	As at 31.03.2010
Office Premises	3,361,242	-	-	3,361,242	373,906	54,788	428,694	2,932,548	2,987,336
Furniture & Fixtures	960,910	-	-	960,910	347,084	32,094	379,178	581,732	613,826
Electrical Fittings	354,550	-	-	354,550	122,543	11,843	134,386	220,164	232,007
Office Equipments	219,764	-	-	219,764	177,710	9,845	187,555	32,209	42,054
Vehicles	770,582	-	-	770,582	753,722	16,860	770,582	-	16,860
Plant & Machinery	3,155,378	158,245	-	3,313,623	2,511,398	369,870	2,881,268	432,355	643,980
Plant & Machinery(Mould)	1,578,130	107,300	-	1,685,430	1,186,198	268,645	1,454,843	230,587	391,932
Total	10,400,556	265,545	-	10,666,101	5,472,561	763,945	6,236,506	4,429,595	4,927,995
Previous Year Total	10,058,010	342,546	-	10,400,556	4,569,108	803,453	5,472,561	4,927,995	5,388,902

NOTE : FIXED ASSETS WHICH HAVE BEEN FULLY DEPRICEATED HAVE BEEN TAKEN OUT FROM THE GROSS BLOCK AND NET BLOCK IN THE ASSETS CHART.

SCHEDULE "E"
INVESTMENTS

5 shares of Sai Infotech Soc.	250	-
	250	-

SWADESHI INDUSTRIES & LEASING LIMITED.

SCHEDULES OF BALANCE SHEET AS AT 31ST MARCH 2011.

	AS ON 31.03.2011	AS ON 31.03.2010
SCHEDULE "F"		
INVENTORIES		
Raw Material & Finished Goods at lower of the Cost or Market Value (As per inventories taken, valued and certificated by the management)	516,846	1,323,893
	516,846	1,323,893
SCHEDULE "G"		
SANDRY DEBETORS		
Unsecured and considered good		
Less than six months	705,781	1,505,603
For more than six months	33,550	33,550
	739,331	1,539,153
SCHEDULE "H"		
CASH AND BANK BALANCE		
Cash in hand (As Certified by Management)	130,090	39,483
Cash with Bank		
In Current a/c with Sch. Banks	2,481,981	1,217,389
F.D (State Bank of India)	25,000	-
F. D. (UCO Bank)	-	25,000
	2,637,071	1,281,872
SCHEDULE "I"		
LOANS & ADVANCE		
TDS	13,418	13,418
Sales Tax Palghar	200	-
Electrical Sec. Deposit	55,650	-
Sundry Deposit	-	236,170
Deposit with Society	30,520	-
Income tax (A.Y. 2008-09)	33,930	-
Income tax (A.Y.2010-11)	2,345	-
	136,063	249,588
SCHEDULE "J"		
CURRENT LIABILITIES		
SUNDRY CREDITORS		
Precise Eng. Prod.	-	59,600
Other Liabilities	1,32,788	142,658
	132,788	202,258

**SWADESHI INDUSTRIES & LEASING LIMITED.****SCHEDULES OF BALANCE SHEET AS AT 31ST MARCH 2011.**

	AS ON	AS ON
	31.03.2011	31.03.2010
<u>SCHEDULE "K"</u>		
<u>PROVISIONS</u>		
Provision for Income Tax.	-	-
	-	-
<u>SCHEDULE "L"</u>		
<u>OTHER INCOME</u>		
Profit on Raw material Sold	104,427	-
Labour Job Work	88,000	32,904
Profit on Sale of Vehicles	60,000	-
Other Income	-	28,321
	252,427	61,225
<u>SCHEDULE "M"</u>		
<u>EMPLOYMENT COST</u>		
Salaries & Wages	669,136	634,026
	669,136	634,026
<u>SCHEDULE "N"</u>		
<u>OTHER EXPENSES</u>		
Power & Fuel	418,456	651,350
<u>Repairs & Maintenance:</u>		
a) Plant & Machinery	55,985	93,282
b) Others	-	22,041
Factory Rent	120,000	120,000
Packing & Forwarding	261,328	130,464
Bank Charges	4,308	6,872
Legal & Professional Fees	242,200	15,700
Rent,Rates & Taxes	61,539	62,485
Vehicle Maintenance	123,933	97,271
Insurance	8,190	13,448
Directors Fees	16,000	10,000
Advertising & Sales Promotion	41,008	23,583
Stores & Spare Parts Consumed	177,687	133,018
<u>Payment to Auditor</u>		
Audit Fees	27,575	27,575
Tax Audit Fees	16,545	16,545
VAT Audit Fees	11,030	11,030
For Company Law-matters	2,050	-
Internal Audit Fees	5,000	5,000
Postage,Telegram & Tel.Charges	73,104	84,650
Printing & Stationery	29,223	27,461
Electricity Charges	56,736	38,010
Listing Fees	11,030	12,114
Miscellaneous Expenses	13,635	17,489
	1,776,562	1,619,388
<u>SCHEDULE "O"</u>		
<u>INTEREST</u>		
To Others	-	-
	-	-

SCHEDULE "P"

NOTES TO ACCOUNT

1 STATEMENT OF ACCOUNTING POLICIES

a. Basis of Accounting

The financial statements are prepared under the historical cost convention and comply with the applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant provision of the Companies Act, 1956.

b. Fixed Assets and Depreciation

- (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.
- (ii) Depreciation is provided on the straight-line method over the useful life of the assets.

c. Investments

Long term investments are stated at cost, Current investments are stated at lower of cost or fair market value.

d. Inventories

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 expenses.

e. Revenue Recognition

Sales are recognised upon delivery of products and are recorded exclusive of excise duty but are net of trade discounts and sales tax.

f. Excise Duty

The excise duty in respect of closing inventory of finished goods is not included as part of inventory. The amount of CENVAT credits in respect of materials consumed for sales is deducted from cost of materials consumed. More over Excise duty exemption up to sales of Rs. 1.5 Crore is available to the company.

g. Taxes on Income

Provision for tax for the period comprises current income tax determined to be payable in respect of taxable income and deferred tax being the tax effect of timing differences representing the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Current Income tax also includes interest payable if any under the provisions of Income tax Act, 1961

h. Provisioning/Write off of Doubtful Debts, Loans & Advances.

Unrealizable Debts and Sundry balances of Loans & advances has been written-off to present true and fair view of the Company and as per the policy adopted by the Management of the company and to present on realistic basis the net realisable value of the assets of the company and to give a true and fair presentation to the stakeholders of the company.



2. Remuneration to Auditors includes payment for 31.03.2011 31.03.2010

	Rupees	Rupees
(i) Audit Fees	27,575	27,575
(ii) Tax Audit	16,545	16,545
(iii) Vat Audit	11,030	11,030
(iv) Other Matters	2,050	0
	<u>57,200</u>	<u>55,150</u>

3. 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 :-

	2011		2010	
	%	Rupees	%	Rupees
Imported	—	—	---	---
Indigenous	100%	11,040,136	100%	8,592,730
	<u>100%</u>	<u>11,040,136</u>	<u>100%</u>	<u>8,592,730</u>

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

	2011		2010	
	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	138.540	N.A.	160.355	N.A.
C. Opening Stock (FG)	6.850	1,323,893	5.600	1,068,163
(RM)	8.877		25.173	
Closing Stock (FG)	0.000	516,846	6.850	1,323,893
(RM)	8.226		8.877	
D. Sales	145.390	13,203,479	159.105	11,461,866
Preforms				
Raw Material Consumed	139.520	11,040,136	160.235	8,592,730
PET Resin/ Compound				
E. Process Loss.	0.980	----	1.130	—

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

Annual Report 2010-2011

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:

	2011	2010
Factory Rent Paid to Mrs. Shashi Gautam	1,20,000	1,20,000

As per our report of even date attached

For and on behalf of the Board

For MOTILAL & ASSOCIATES,
Chartered Accountants

S.C.GAUTAM
(Chairman &
Managing Director)

R. N. SHAH
(Director)

(MOTILAL JAIN)
Prop

S. K. AGARWAL
(Director)

K. K. VYAS
(Director)

Place: Mumbai.

Date : 27th June, 2011



Auditors' Certificate

The Board of Directors,
Swadeshi Industries & Leasing Limited
407, Sai Infotech,
Patel Chowk, R.B. Mehta Marg,
Ghatkopar (East),
Mumbai - 400 077.

We have examined the attached Cash Flow Statement of Swadeshi Industries & Leasing Limited for the period ended 31st March, 2011. 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 27th June 2011 to the members of the Company.

For **MOTILAL & ASSOCIATES**

Chartered Accountants

MOTILAL JAIN

Prop.

Place : Mumbai,

Date : 27th June, 2011

Annual Report 2010-2011

CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2011

	2010-2011	2009-2010
A CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT /(LOSS) BEFORE TAXATION	(793,873)	(126,506)
Adjustment for Depreciation	763,945	803,453
(Profit) / Loss on Sale of Assets	-	-
Interest & Finance charges	-	-
FBT paid	-	-
	<u>(29,928)</u>	<u>676,947</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		
Trade & Other Receivables	799,822	(27,989)
Inventories	807,047	(255,730)
Trade Payable	(69,470)	(112,737)
Other Current Assets	(33,930)	-
	<u>1,503,469</u>	<u>(396,456)</u>
CASH GENERATED FROM OPERATIONS	1,473,541	280,491
CASH FLOW BEFORE EXTRAORDINARY ITEMS	1,473,541	280,491
Income Tax paid	-	(503,026)
Fringe Benefit Tax paid	-	(9,215)
Other Extra Ordinary Items	-	6,359
	<u>1,473,541</u>	<u>(225,391)</u>
NET CASH FROM OPERATING ACTIVITY	1,473,541	(225,391)
B CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(265,545)	(342,546)
Sale of Assets	-	-
Purchase of Investment	(250)	-
Profit / (Loss) on Sale of Investment	-	-
	<u>(265,795)</u>	<u>(342,546)</u>
NET CASH USED IN INVESTING ACTIVITIES	(265,795)	(342,546)
C CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment/ Fresh Unsecured Loan	-	-
Loan & Advance	147,455	35,432
	<u>147,455</u>	<u>35,432</u>
NET CASH USED IN FINANCING ACTIVITIES	147,455	35,432
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	1,355,200	(532,504)
CASH AND CASH EQUIVALENTS (Opening Balance)	1,281,872	1,814,376
CASH AND CASH EQUIVALENTS (Closing Balance)	2,637,072	1,281,872
	<u>1,355,200</u>	<u>(532,504)</u>

As per our report of even date attached

For MOTILAL & ASSOCIATES,
Chartered Accountants

(MOTILAL JAIN)
Prop

Place: Mumbai.

Date : 27th June, 2011

For and on behalf of the Board

S.C.GAUTAM
(Chairman &
Managing Director)

S. K. AGARWAL
(Director)

R. N. SHAH
(Director)

K. K. VYAS
(Director)



Statement pursuant to Part IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

I Registration details

Registration No. 1 1 - 2 4 0 7 3 0 3

State Code 1 1

Balance Sheet Date 3 1 0 3 1 1
Date Month Year

II Capital raised during the year (Amount in Rs. Thousand)

Public Issue

Right Issue

N I L

N I L

Bonus Issue

Private Placement

N I L

N I L

III Position Of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities 1 3 0 0 7

Total Assets 1 3 0 0 7

Sources of Funds

Paid-up Capital 9 0 8 0

Reserves & Surplus 3 9 2 7

Unsecured Loans N I L

Secured Loans N I L

Application of Funds

Net Fixed Assets 4 4 3 0

Investments 0 0 2

Net Current Assets 3 9 0 1

Loss 4 6 8 0

IV Performance of the Company (Amount in Rs. Thousand)

Turnover 1 3 2 0 3

Total Expenditure 1 4 2 4 9

Profit Before Tax (7 9 4)

Profit After Tax (7 9 4)

Earning Per Share (in Rs.) (0 . 8 8)

Dividend Rate % Proposed N I L

V Generic Names of Three Principal Products/Services of Company [as per monetary terms]

Item Code No. N . A .

Product Description M A N U F A C T U R I N G

Item Code No. [HS Code] N . A .

Product Description P E T - P R E F O R M S

SWADESHI INDUSTRIES AND LEASING LIMITED

PROXY FORM

I/We _____
of _____ in the District of _____
_____ being a members (s) of Swadeshi Industries &
Leasing Limited hereby appoint _____
of _____ in the district of _____
or failing him _____ of _____
in the District of _____
as my/our proxy to vote for me/us, on my/our behalf at the Twenty-seventh Annual
General Meeting of the Company to be held on 20th day, of the August 2011, at 11.00
A.M. and at any adjournment thereof.

Signed this _____ day of _____ 2011

Affix
100Paise
Revenue
Stamp

Note: The Proxy and the Power of Attorney (if any) under which it is signed or a naturally certified copy of that Power must be deposited at the Registered office of the Company at 407, Sai Infotech, Patel Chowk, R.B.Mehta Marg, Ghatkopar (E), Mumbai - 400 077, not later than 48 hours before the time for holding the Meeting.

SWADESHI INDUSTRIES AND LEASING LIMITED

ATTENDANCE SLIP

THIS ATTENDANCE SLIP DULY FILLED IN TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL.

Name of the attending Member (in Block Letters) _____

_____ Member's Folio Number _____

Name of the Proxy (in Block Letters , to be filled in if the proxy attends instead of the member) _____

_____ No. of Shares held _____

I hereby record my presence at the Twenty-seventh Annual General Meeting held at Sheth Dhanji Devshi Rashtriya Shala, Banquet Hall, Upashray Lane, Ghatkopar (East), Mumbai - 400 077. at 11.00 A.M. on 20th August, 2011.

Folio No. _____

Member's/Proxy's Signature

*to be signed at the time of handing over this slip.

Book Post

If undelivered, please return to :

**SWADESHI INDUSTRIES AND LEASING LIMITED,
407, Sai Infotech, Patel Chowk,
R.B. Mehta Marg, Ghatkopar(E),
Mumbai - 400 077.**