

**SUGAL & DAMANI
FINLEASE LIMITED**

TWELFTH ANNUAL REPORT 2004 - 2005

CONTENTS

	<u>Page Nos.</u>
Notice to the Shareholders	4 - 6
Directors' Report	7 - 14
Auditors' Report	15 - 17
Balance Sheet	18
Profit & Loss Account	19
Schedules,etc.	20 – 28 & 32 - 34
Cash Flow Statement	29
Balance Sheet Abstract and Company's General Business Profile.	30 - 31

SUGAL & DAMANI FINLEASE LIMITED

BOARD OF DIRECTORS : P. Jayaraman, F.C.A. Chairman
N. Sugal Chand Jain, B.A Managing Director
G.N. Damani
K.S. Kannan, B.Sc., M.R.I.C., C.Ch., A.I.C.
Pravin B. Chheda
R.N. Damani
P. Lalith Kumar Jain
Hastimal Surana
P.J. Sreedharan, F.C.A.,

CHIEF EXECUTIVE : S. Vinodh Kumar Jain, B.Com.

COMPANY SECRETARY : R. Vaidyanathan

BANKERS : Karnataka Bank Ltd.
Bank of Baroda
HDFC Bank Ltd.

CORPORATE LAW ADVISOR : M/s. Mundhara & Co.,
Company Secretaries, Chennai.

AUDITORS : M/s. S.L. Gadhiya & Co.
Chartered Accountants, Chennai.

**REGISTRARS & SHARE
TRANSFER AGENTS** : Cameo Corporates Services Limited,
'Subramanian Building' (Vth Floor)
No.1, Club House Road,
Chennai- 600 002

REGISTERED OFFICE : City Centre Plaza (I Floor),
No.7, Anna Salai,
Chennai - 600 002.

SUGAL & DAMANI FINLEASE LIMITED
REGISTERED OFFICE : 'CITY CENTRE PLAZA' (I FLOOR),
7, ANNA SALAI, CHENNAI - 600 002.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE TWELFTH ANNUAL GENERAL MEETING OF THE MEMBERS OF THE COMPANY WILL BE HELD AT THE REGISTERED OFFICE OF THE COMPANY AT CITY CENTRE PLAZA, (I FLOOR), 7, ANNA SALAI, CHENNAI - 600 002, ON SATURDAY, 30TH JULY, 2005 AT 11.45 A.M. TO TRANSACT THE FOLLOWING BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31.03.2005 and Profit & Loss account for the period ended on that date and the reports of directors and auditors thereon.
2. To appoint a director in place of Shri P.Jayaraman who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a director in place of Shri R.N. Damani who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a director in place of Shri P. Lalith Kumar Jain who retires by rotation and being eligible offers himself for reappointment.
5. To appoint auditors to hold the office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By order of the Board
for SUGAL & DAMANI FINLEASE LIMITED

Place: Chennai
Date : 25.05.2005

N. SUGAL CHAND JAIN
(MANAGING DIRECTOR)

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and a proxy need not be member of the Company.
2. The instrument appointing proxy should be deposited at the Registered Office of the Company at City Centre Plaza, (I Floor), 7, Anna Salai, Chennai - 600 002, not less than forty eight hours before the commencement of the meeting.
3. The Register of Members and the share transfer books of the Company will remain closed from 16.7.2005 to 30.7.2005 (both days inclusive).
4. Members are requested to intimate to the Company their change of address, if any.
5. Members are requested to bring with them their copy of the Annual Report to the meeting.
6. Members/Proxies are requested to bring the attendance slip, duly filled in and signed, and hand over the same at the entrance of the hall.
7. Queries relating to the accounts or other items on the Agenda may please be forwarded so as to reach the Registered Office of the Company at City Centre Plaza (I Floor), 7, Anna Salai, Chennai - 600 002, on or before 15.7.2005.
8. Members, who are holding shares in identical order of names in more than one folio, are requested to write to the Company to consolidate their holdings in one folio.
9. All documents referred to in the above Notice are open for inspection at the Registered office of the Company between 11.00 A.M. and 1.00 p.m. on all working days other than Sundays and holidays.

10. As per Sections 205A and 205C of the Companies Act, 1956, the amount of dividend remaining unclaimed for a period of seven years is to be transferred to the Investor Education and Protection Fund. Accordingly, the dividend unclaimed relating to the year 1996-97 was transferred on 28.01.2005 to the Investor Education and Protection Fund. Members are requested to note that no claims shall lie against the said fund or the Company in respect of any amounts which were unclaimed and unpaid for a period of 7 (Seven) years from the dates they first became due for payment and no payment shall be made in respect of any such claims. Shareholders who have not encashed their dividend warrants pertaining to the year 1997-98 are requested to write to the Company. Members who have not encashed the dividend warrants for the financial year 1994-1995 are requested to claim from the Registrar of Companies, Tamilnadu, Shastri Bhavan, No.26, Haddows Road, Chennai - 600 006, since the unclaimed dividend relating to the financial year 1994-1995 had been transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205A of the Companies Act, 1956.

11. In case of joint holders, if more than one holder intends to attend the meeting, they must obtain additional admission slips on request from the Registered Office of the Company.

12. As per the provisions of the Companies Act, 1956, the facility for making nominations is now available to the shareholders in respect of the equity shares held by them. Members who desire to avail of this facility may send their requisite nomination in the prescribed Form 2B duly filled in and signed to the Company. The facility would be made available folio wise to individual shareholders including joint holders.

13. The shares of the Company are eligible to be held in dematerialised form in Central Depository Services (India) Limited and National Securities Depository Limited.

14. Members are requested to send all communications relating to change of address, physical shares for transfer/demat, etc. direct to the Registrars and Share Transfer Agents, M/s. Cameo Corporate Services Limited, 'Subramanian Building' (Vth Floor), No.1, Club House Road, Chennai - 600 002.

PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES. FOLLOWING INFORMATION ARE FURNISHED ABOUT THE DIRECTORS PROPOSED TO BE REAPPOINTED, VIDE ITEMS NOS. 2, 3, & 4 OF THE NOTICE DATED 25.05.2005.

Name of the Director	Sri P.Jayaraman	Sri R.N.Damani	Sri Lalith Kumar Jain
Date of Birth	24.09.1927	01.06.1950	17.05.1966
Date of appointment on the Board as Director	18.11.1993	18.05.1993	31.01.2002
Date of last reappointment as Director	26.07.2003	26.07.2003	26.07.2003
Expertise in specific functional areas	Practising Chartered Accountant with over 4 decades experience in Taxation, Law and Project Consultancy.	Over 12 Years experience in various business	Around 12 years experience in Tourism
Qualification	F.C.A.	Matric	Studied up to B.Com
List of outside Directorships held	Nil	1.Saraswati Promoters P. Ltd. 2. Saraswati Apartments P.Ltd. 3.Sugal & Damani Agro Farms Ltd. 4.SDN Housing & Resorts P. Ltd. 5.SDN Agro Farms Ltd 6.Sugal Tourism Development P. Ltd. 7.Sugal & Damani Financial Services Ltd. 8.Sugal & Damani Diamonds P. Ltd. 9.Swastik Apartments P. Ltd. 10.Southern Television P. Ltd. 11.Swaraj Promoters P. Ltd 12.SDN Farm Developers P. Ltd. 13.Swasthik Lotteries Pvt. Ltd.	Sugal Tourism Development Pvt. Ltd.
Chairman/Member of the Committees of Board of Directors of the Company	Chairman of Audit Committee Chairman of Remuneration Committee	N I L	Chairman of Shreholders/ Investors Grievance Committee
Chairman/Member of the Committees of Board of Directors of other Companies in which he is a Director	N I L	N I L	N I L

DIRECTORS' REPORT

Your Directors would like to present the Twelfth Annual Report together with the Audited Accounts for the year ended 31st March, 2005. The financial highlights of your Company for the year 2004-2005 are as follows:

	2004-2005	2003-2004
	(Rupees in Lakhs)	
Gross Income	33.50	40.59
Profit before depreciation and Tax	15.42	20.79
Depreciation	1.43	1.68
Tax	4.44	7.59
Profit after depreciation and Tax	9.55	11.52
Add/Less: Prior period adjustment	- 0.11	5.81
Add: Profit/(Loss) brought forward from the previous year	9.44	17.33
Profit/(Loss) available for appropriation	37.80	31.80

APPROPRIATION

Transfer to Special Reserve as per RBI directions	1.89	3.44
Profit/(Loss) carried forward	35.91	28.36

The Company's operations resulted in only a nominal profit for the year 2004-2005. Therefore, your directors are not in a position to recommend any dividend on the equity share capital of the Company for the year ended 31.3.2005.

The balance outstanding in loan against confirmations stands at Rs. 96.03 lakhs as on 31.03.2005 compared to Rs.98.54 lakhs as on 31.03.2004.

MANAGEMENT DISCUSSION AND ANALYSIS

There has been a tough competition from financial institutions and Banks leading to downward trend in the lending rates. The return on retail lending is not at all encouraging.

During the year 2004-2005, the Company made no HP/Leasing disbursements.

The Company is engaged primarily in the business of financing and so, there can be no segment-wise reporting. The financial performance during the year under review is, however, given above.

Generally, the outlook for small NBFCs has continued to be uncertain. However, your directors have been trying for newer avenues of business and hope to report better results in 2005-2006.

In the opinion of your directors, internal control systems in the Company are adequate.

The Company has been operating with a few staff as the business activities have been the minimum during the year.

DEPOSITS

Your Company did not invite or accept any deposit during the year under review.

COMPLIANCE WITH RBI GUIDELINES

As per the guidelines issued by the Reserve Bank of India under the Non-Banking Financial Companies (Reserve Bank) Directions, 1998, your Company has adequately complied with all the prescribed rules.

The Company is not a deposit taking Company. The Company continues to hold RBI certificate of Registration No. B.07.00362 dt 13.10.03.

DIRECTORS

Shri P.Jayaraman, Shri R.N.Damani and Shri P.Lalith Kumar Jain, Directors, retire by rotation and, being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm :

(i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;

(ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March 2005 and of the profit of the Company for that year;

(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 have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE:

The Corporate Governance regulations as per the Listing Agreement have been fully complied with. The report of your Directors on the practices of Corporate Governance is given as a separate section entitled "Corporate Governance", which forms part of this report. A certificate from the Auditors of the Company regarding compliance with the Code of Corporate Governance is annexed.

LISTING WITH STOCK EXCHANGE:

Presently, the company's equity shares are listed only on the Stock Exchange, Mumbai.

AUDITORS

M/s.S.L.Gadhiya & Co, Chartered Accountants, Chennai, retiring at the ensuing Annual General Meeting, are eligible for re-appointment.

INFORMATION REQUIRED UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956

Your Company has no activity with regard to conservation of energy or technology absorption. Your Company does not have any foreign exchange earning or outgo during the year.

PARTICULARS OF EMPLOYEES

There was no employee whose particulars under section 217(2A) of the Companies Act, 1956 are to be reported.

ACKNOWLEDGMENT

Your Directors would like to sincerely thank the Company's bankers, Karnataka Bank Limited, Bank of Baroda and HDFC Bank Limited and the shareholders and the employees of the Company.

By order of the Board

N. SUGAL CHAND JAIN
MANAGING DIRECTOR.

Place : Chennai
Date : 25.05.2005

R N DAMANI
DIRECTOR

ANNEXURE TO DIRECTORS' REPORT

CORPORATE GOVERNANCE

(A) MANDATORY REQUIREMENTS:

1) A BRIEF STATEMENT ON THE COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE.

Your Company believes that good corporate governance contemplates that corporate actions balance the interests of all stakeholders and satisfy the tests of accountability, transparency and fair play.

2) BOARD OF DIRECTORS

Presently, your Board consists of 9 directors, out of which 8 are non-executive directors. Thus, the number of non-executive directors is more than 50% of the total number of directors. The Company has a non-executive Chairman. There are 4 independent directors (i.e. more than 1/3rd of the total number of directors).

None of the directors on the Board is a member on more than 10 committees and Chairman of more than 5 committees (as specified in Clause 49 of the Listing Agreement with Stock Exchange), across all the companies in which they are directors. The necessary disclosures regarding committee positions have been made by the directors.

Composition, Attendance at the Board Meetings and the last Annual General Meeting, Outside Directorships and other Board Committees.

Above information as on 31st March, 2005 is tabulated hereunder:

Director	No. of Board Meetings Attended	Attendance at previous AGM on 24.07.2004	No. of outside Director-ship held	No. of membership/ chairmanship in other Board Committees	Executive/ Non Executive/ Independent
Shri G.N. Damani**	1	Present	12	Nil	Non Executive
Shri N. Sugal Chand Jain**	4	Present	9	Nil	Executive
Shri Pravin B. Chheda**	1	Present	13	Nil	Non Executive
Shri P. Jayaraman	3	Present	Nil	Nil	Non Executive & Independent
Shri R.N. Damani	3	Present	13	Nil	Non Executive
Shri P. Lalith Kumar Jain	4	Present	1	Nil	Non Executive
Shri K.S.Kannan	4	Present	Nil	Nil	Non Executive & Independent
Shri Hastimal Surana	2	Not Present	2	Nil	Non Executive & Independent
Shri P.J.Sreedharan	1	Not Present	1	Nil	Non Executive & Independent

** Promoter

Attendance at the Board Meetings relevant to the period when Director of the Company.

Board Meetings held during the Financial Year 2004 - 2005

During the year 2004 - 2005, 4 Board Meetings were held on 18.5.2004, 24.7.2004, 30.10.2004 and 28.1.2005.

3) AUDIT COMMITTEE

Your Company has an Audit Committee. Comprising Shri P. Jayaraman, Shri K.S. Kannan and Shri Hastimal Surana, all non-executive & independent Directors. Shri P. Jayaraman is a Chartered Accountant and he is the Chairman of the Audit Committee. Shri R.Vaidyanathan, Company Secretary, is the Secretary to the Committee.

The terms of reference of the Audit Committee cover the matters specified under Clause 49 of the Listing Agreement. During the period under review, the Audit Committee had 5 meetings on the following dates:

<u>Date of Meeting</u>	<u>Names of Committee members who attended the meetings</u>
17.05.2004	Shri P. Jayaraman, Shri K.S.Kannan & Shri Hastimal Surana
18.05.2004	Shri P. Jayaraman & Shri K.S.Kannan
24.07.2004	Shri P. Jayaraman & Shri K.S.Kannan
30.10.2004	Shri K.S.Kannan & Shri Hastimal Surana
28.01.2005	Shri P. Jayaraman, Shri K.S.Kannan & Shri Hastimal Surana

4) REMUNERATION COMMITTEE

Your Company has a Remuneration Committee, comprising Shri P. Jayaraman, Shri K.S.Kannan and Shri Hastimal Surana, all non-executive & independent Directors.

There was no meeting of the Remuneration Committee during the period under review.

The terms of reference to this Committee include:

a) formulation of policy relating to, and fixation of remuneration payable and other service terms and conditions applicable to the Managing Director;

and

b) remuneration (sitting fees) payable to the non-executive directors for meetings of the Board and/or various committees attended.

Remuneration of Directors for 2004 - 2005

<u>Name of Director</u>	<u>Sitting Fee (Rs.)</u>	<u>\$Salaries (Rs.)</u>	<u>Total (Rs.)</u>
Shri N. Sugal Chand Jain *	Nil	249600	249600
Shri G.N.Damani	2000	Nil	2000
Shri P.B. Chheda	2000	Nil	2000
Shri P. Jayaraman	10000	Nil	10000
Shri R.N. Damani	6000	Nil	6000
Shri P. Lalith Kumar Jain	8000	Nil	8000
Shri K.S.Kannan	13000	Nil	13000
Shri Hastimal Surana	7000	Nil	7000
Shri P.J.Sreedharan	2000	Nil	2000

\$Inclusive of allowances.

The following perquisites were paid to the Managing Director during the year 2004 - 2005.

- (a) Rent paid for his accommodation : Rs. 170400/-
(b) LTA paid : Rs. 99350/-

There is no notice period or severance fee provided in the terms of appointment of the Managing Director.

The Company does not have any Stock Option Scheme.

5) SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

Your Company has a Shareholders/Investors Grievance Committee comprising Shri P.Lalith Kumar Jain, non-executive & non-independent Director (who chairs the Committee) and Shri N. Sugal Chand Jain, Managing Director. The Committee looks into shareholders' and investors' grievances and also deals with transfer, transmission and transposition of shares.

The Committee met 24 times during the year under review. Both the Committee members attended all the 24 meetings.

Shri R.Vaidyanathan, Company Secretary, is the Compliance Officer and is also the Secretary to the Committee.

During the year 2004 - 2005, two complaints were received from shareholders and both the letters were answered to the satisfaction of the shareholders.

149 valid requests for transfer of 50,290 shares were received during the year 2004 - 2005. 4 Transmissions covering 20000 share was effected during the period under review. All of them have been acted upon by the Company and no transfer or transmission is pending.

6) GENERAL BODY MEETINGS

Location and time of last three Annual General Meetings are as under:

Year	Venue	Date	Time
2004	City Centre Plaza(I Floor) New No.7(Old No.3)Anna Salai Chennai - 600 002	24th July, 2004	11.45 A.M
2003	--do--	26th July, 2003	11.45 A.M.
2002	--do--	14th Sept, 2002	11.00 A.M

There was no other General Body Meeting in the last three years and no resolution was put through postal ballot.

7) DISCLOSURES

(a)M/s. Sugal & Damani Share & Stock Brokers Pvt. Ltd. (Previously known as Sugal & Damani Share & Stock Brokers Ltd) is a related concern of Managing Director Shri N. Sugal Chand Jain and Shri S. Vinodh Kumar Jain, Chief Executive over which they have control and significant influence. The company has provided funds to the tune of Rs.50.5 lakhs and there is no outstanding as on 31st March 2005 and interest charges thereon is Rs.12382.39.

(b)Remuneration paid to Managing Director, Shri N. Sugal Chand Jain:Rs. 2,49,600/-.

(c)M/s. Ansu Builders (P) Ltd. is a related concern of Chief Executive, Shri S. Vinodh Kumar Jain, over which he has control and significant influence. The company sanctioned loan during the financial year 03-04 of which a sum of Rs.26.50 lakhs recovered and the net outstanding balance as on 31st March, 2005 and interest thereon Rs. 441506/-.

(d) M/s Ankur Foundations (P) Ltd. is a related concern of Chief Executive, Shri S. Vinodh Kumar Jain, over which he has control and significant influence. The outstanding balance as on 31st March, 2005 is Rs. 127.31 Lacs and interest thereon is Rs.7,29,286/-.

(e)M/s Sugal Tourism Development (P) Ltd., is related concern of Director Shri P. Lalith Kumar Jain, over which he has control and significant influence. During the year, the company has paid to Sugal Tourism Development (P) Ltd. Rs. 96,933/- for it's services.

(f)Rent paid to Smt. Chandra Bai, wife of the Managing Director, Shri N. Sugal Chand Jain : Rs. 85,200/- and rent paid to Shri N. Sugal Chand Jain : Rs. 85,200/-

(g)M/s. Sugal & Damani Securities (Madras) Pvt. Ltd. Is related concern of Shri S. Vinodh Kumar Jain, Chief Executive over which he has control and significant influence. The company has provided funds to the tune of Rs.25,00,000/- and there is no outstanding as on 31st March, 2005 and interest thereon is Rs.4931.51/-.

(h) During the year, the company has paid Donation of Rs. 1,00,000/- to Singhvi Charitable Trust wherein Shri N. Sugalchand Jain, Managing Director of the Company is related.

Vide letter dt. 16.11.2004, SEBI intimated that Regulations 6(2) & 6(4) of Takeover Regulations were violated by the Company since the disclosures prescribed had not been made to the Stock Exchange in 1997 and a minimum penalty of Rs.50,000/- was imposed. SDFL consented to pay the minimum penalty . So far, there has been no further communication from them calling for payment of penalty. There is no other penalty or stricture imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets, during the last three years.

8) MEANS OF COMMUNICATION

Half-yearly report to shareholders, Quarterly Results, Newspaper in which published, Website etc.

The Quarterly, Half-yearly and Annual Results are generally published by the Company in "News Today" and "Malai Sudar", Chennai. The Half-yearly reports are not sent to household of shareholders. The Company's results are sent to The Stock Exchange, Mumbai for putting on their web-site. There was no official news release and no presentations were made to Analysts during the Financial year 2004-2005.

Management discussion and analysis:

The Directors' Report includes management discussion and analysis.

9) GENERAL INFORMATION FOR SHAREHOLDERS

Annual General Meeting

Date and Time : 30.07.2005 at 11.45 a.m.

Venue : City Centre Plaza(I Floor), 7 Anna Salai, Chennai-600 002.

Financial Calendar : (tentative)

First Quarter : July, 2005
Second Quarter & Half-yearly : Oct., 2005
Third Quarter : Jan., 2006
Fourth and last quarter : April, 2006

Date of Book Closure : 16.7.2005 to 30.7.2005, both days inclusive.

Dividend payment Date : Not applicable as no dividend recommended.

Outstanding ADRs/GDRs/Warrants or any convertible instruments, conversion date and likely impact on equity : Not applicable

Listing on Stock Exchange and Stock Code

Shares of the Company are listed on the Stock Exchange, Mumbai, P.J. Towers, Dalal Street, Mumbai - 400 001 (Stock Code 511654).

Listing fee to the Stock Exchange has been paid up to date.

Market Price Data : High/Low in each month of Financial Year 2004-05 on The Stock Exchange, Mumbai

Month	High (Rs.)	Low (Rs.)	Month	High (Rs.)	Low (Rs.)
Apr'04	5.69	2.05	Oct'04	5.00	3.36
May'04	5.97	3.99	Nov'04	5.49	3.32
June'04	Not Traded		Dec'04	6.70	3.51
July'04	4.98	2.58	Jan'05	6.50	4.02
Aug'04	4.04	2.01	Feb'05	7.15	4.02
Sept'04	5.65	2.57	Mar'05	6.50	4.15

Registrars and Transfer Agents, Share transfer system

M/s.CAMEO CORPORATE SERVICES LIMITED, No.1, Subramanian Building, V Floor, Club House Road, Chennai - 600 002, are functioning as the registrars and share transfer agents of the Company to deal with transfer of shares in physical form and also for electronic connectivity.

Share transfers are registered and returned in the normal course within an average period of 15 days from the date of receipt, if the documents are clear in all respects.

Requests for dematerialisation of shares are processed and confirmation is given to the respective depositories i.e. National Securities Depository Limited and Central Depository Services(India) Limited within 15 days by M/s. CAMEO CORPORATE SERVICES LTD.

The International Securities Identification No.(ISIN) allotted to the Company is ISIN-INE 309D01011.

Categories of Shareholding as on 31st March, 2005

Category	No. of Shares	% of total Shares
Promoters and associates	463010	15.43
Nationalised banks	100	--
NRI's	30100	1.00
Others (includes holding of Corporate Bodies)	2506790	83.56
T O T A L	3000000	100.00

Distribution of shareholding as on 31st March, 2005

No. of Shares	No. of Shareholders	% of total Shareholders	No. of Shares	% of total Shares
Upto 500	4059	87.48	6,74,894	22.50
501 to 1000	321	6.92	2,77,288	9.24
1001 to 2000	135	2.91	2,05,734	6.86
2001 to 3000	41	0.88	1,04,345	3.48
3001 to 4000	4	0.87	13,400	0.45
4001 to 5000	19	0.41	91,807	3.06
5001 to 10000	20	0.43	1,70,122	5.67
10001 and above	41	0.88	14,62,410	48.75
T O T A L	4640	100.00	30,00,000	100.00

Dematerialisation of shares: 18,17,828 shares (60.59%) of the Company have been dematerialised as on 31st March, 2005.

Plant location: Not applicable. SDFL is a Finance Company, having its Registered Office at Chennai.

Address of correspondence:

City Centre Plaza, (Ist Floor), 7, Anna Salai, Chennai - 600 002.

Phone Nos. 2858 7105, 06,07-09., Fax No: 5215 5285

E-mail for Investors:

sugalfinance@yahoo.com

(B) NON-MANDATORY REQUIREMENTS

- (a) Whether Chairman of the Board is entitled to maintain a Chairman's office at the Company's expense and also allowed reimbursement of expense incurred in performance of his duties. The Chairman of the Board does not keep any office in the Regd. office of the Company.
- (b) Remuneration Committee Serial No.A - Para No.4 of the report may be referred to.
- (c) Shareholders Rights - The half-yearly declaration of financial performance including summary of the significant events in last 6 months should be sent to each household of shareholders. As the Company's half-yearly results are published in an English Newspaper and also in a Tamil Newspaper, the same are not sent to the shareholders of the Company. There is no publication of Second half-yearly results as the annual audited results are approved by the Board and then published in the newspapers and also communicated to the shareholders through the Annual Report.
- (d) Postal Ballot No item of business relating to matters specified under Clause 49 of the Listing Agreement with the Stock Exchange and/or the provisions contained in Sec.192A of the Companies Act, 1956 which requires voting by postal ballot is included in the notice convening the Twelfth Annual General Meeting of the Company.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF SUGAL & DAMANI FINLEASE LTD.

1. We have reviewed the implementation of Corporate Governance procedures by Sugal & Damani Finlease Limited for the year ended 31st March, 2005, 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.

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.

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 agreement with the Stock Exchange 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.

Place: Chennai
Date :25.5.2005

For S.L.Gadhiya & Co.,
Chartered Accountants

(SHANTILAL GADHIYA)
Partner

AUDITORS' REPORT TO THE MEMBERS OF SUGAL & DAMANI FINLEASE LIMITED

(1) We have audited the attached Balance Sheet of SUGAL & DAMANI FINLEASE LIMITED as at 31st March, 2005 and Profit and Loss Account and also the cash flow statement of the company for the year ended on that date, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. 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 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give 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 1 above, we report that

(a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit.

(b) In our opinion, proper books of accounts, as required by the law, have been kept by the company so far as appears from our examination of those books.

(c) The Company's Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.

(d) On the basis of the written representations received from the directors and taken on record by the Board of directors, we report that none of the directors is disqualified as at 31st March, 2005 from being appointed as a director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

(e) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit & Loss Account dealt with by report are prepared in compliance of the Applicable Accounting standard referred to in sub-section (2C) of section 211 of the Companies Act, 1956.

(f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read alongwith the notes thereon set out in Schedule, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view

i) in the case of the Balance Sheet, of the Company's State of affairs and as at 31st March, 2005.

ii) in the case of Profit and Loss Account, of the Profit for the year ended on 31st March, 2005.

iii) in the case of cash flow statement, of the cash flows for the year ended on 31st March, 2005.

Place: Chennai

Date :25.5.2005

**For S.L.Gadhiya & Co.,
Chartered Accountants**

**(SHANTILAL GADHIYA)
Partner**

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in Paragraph 3 of our Report of even date.

Ref.: **SUGAL & DAMANI FINLEASE LIMITED**

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) Fixed Assets have been physically verified by the management at reasonable Intervals. As informed to us, no material discrepancies were noticed by the management on such verification.

c) Regarding Fixed Assets disposed during the year, we have been informed that none of the Fixed Assets for own use have disposed of during the year.

2. The company is basically a Finance Company. Hence, the question of physical verification of Inventory and maintenance of Records for inventory does not arise, except, in case of shares repossessed from default loan debtors are shown as stock and are valued at acquisition cost. Proper Records have been maintained for such repossessed stock.

3. a) The Company has granted loans, secured (or) unsecured to companies, firms (or) other parties covered in the Register maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 45 Lacs and the year end outstanding is Rs. NIL.

b) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from/granted to Companies, firms of other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.

c) In our opinion and according to the information and explanations given to us the Companies to whom loans are granted are regular in repaying Interest and principal.

d) There is no overdue amount of loans taken from or granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

4. In our opinion and in accordance with the information and explanations given to us, there are adequate internal control procedure as regards purchase of Plant & Machinery, equipments and other assets, commensurate with the size and nature of business carried out by the Company.

5. a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the public.

7. The Company has no formal internal Audit Department as such. However, its control procedures ensure reasonable internal checking of its Financial and other records.

8. As per our information, the company is not required to maintain cost records as prescribed by the Central Government U/S. 209(1)(d) of the Companies Act, 1956.

9. a) According to the records of the company, the company is regular in depositing the undisputed statutory dues including provident fund, Investor Education & Protection Fund, employees state insurance, income-tax, sales-tax, wealth-tax, custom duty, excise duty, cess and any other statutory dues with the appropriate authority subject to note No. 13 of Schedule 15.

b) Regarding statutory dues that have not been deposited on account of dispute is given in Note No. 16 of Schedule 15.

10. The Company does not have any accumulated losses.

11. In our opinion and according to the information & explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.

12. We are of the opinion that the company has maintained adequate records where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. 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 (Auditor's Report) order, 2003 are not applicable to the Company.

14. In our opinion, as such the Company is not dealing or trading in shares, securities, debentures and other investments. However in the course of business, loans against security of shares/securities, the Company acquires shares from defaulter and disposed of. All other investments in the shares & securities are held in the Company's name.

15. In our opinion and as per the information and explanations given to us the Company has not given any guarantee for loans taken by others from bank or financial institution.

16. In our opinion and according to explanations given to us the Company has not taken any term loans.

17. In our opinion and according to the explanation given to us the Company has not used any short term funds for long term investment.

18. The Company has not made any preferential allotment of shares to the parties and Companies listed in the register maintained under section 301 of the Act.

19. The Company has not issued any debentures.

20. During the year under audit the Company has not made any public issue.

21. According to the information and explanations given to us no fraud on or by the Company has been noticed or reported during the course of our audit.

**For S.L.Gadhiya & Co.,
Chartered Accountants**

**PLACE : CHENNAI
DATE : 25.05.2005**

**(SHANTILAL GADHIYA)
Partner**

CERTIFICATE

On the basis of our examination of the books and records of M/s. Sugul & Damani Finlease Limited and from the written representation received from the Directors of the Company, we hereby certify that none of the directors is disqualified as on 31st March, 2005 from being appointed as a director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**360 Mint Street
Sowcarpet,
Chennai - 600 079.
DATE : 25.05.2005**

**For S.L.Gadhiya & Co.,
Chartered Accountants**

**(SHANTILAL GADHIYA)
Partner**

SUGAL & DAMANI FINLEASE LIMITED

BALANCE SHEET As On 31.03.2005

PARTICULARS	Schedule	As On 31.03.2005	As On 31.03.2004
SOURCES OF FUNDS		(In Rupees)	(In Rupees)
<u>Shareholders fund</u>			
Share Capital	1	30000000	30000000
Reserves and Surplus	2	5602784	4657986
<u>Loan Fund</u>			
Secured Loans	3	--	217878
Total		35602784	34875864
APPLICATION OF FUNDS			
<u>Fixed Assets</u>			
Gross Block	4	2744088	6865058
Less: Depreciation		1486595	5479134
Net block		1257493	1385924
Investments	5	110328	95328
<u>CURRENT ASSETS LOANS AND ADVANCES</u>			
Current Assets	6	6265269	4230751
Loans and Advances	7	29114887	30829053
		35380156	35059804
<u>CURRENT LIABILITIES AND PROVISIONS</u>			
Current Liabilities	8	6619	29045
Provisions	9	906210	1409646
		912829	1438691
Net Current Assets		34467327	33621113
<u>Deferred Tax Liability</u>		232364	234865
Miscellaneous Expenditure	10	--	8364
Total		35602784	34875864
Significant Accounting Policies	14		
Notes on Accounts	15		

As per our attached report of even date

For S.L. Gadhiya & Co.
Chartered Accountants

(SHANTILAL GADHIYA) (N.SUGAL CHAND JAIN) (R.N.DAMANI) (R.VAIDYANATHAN)
Partner Managing Director Director Company secretary

Place : Chennai
Date : 25.5.2005

VASANTHI RAMAKRISHNAN
General Manager-Accounts

SUGAL & DAMANI FINLEASE LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2005

PARTICULARS	Schedule	Period ended	Period ended
		31.03.2005	31.03.2004
INCOME		(In Rupees)	(In Rupees)
Net hire charges		--	12418
Interest Receipts		3143233	3817795
Bad debts w/off recovered		--	29895
Dividend received		--	15012
Others	11	3977	123490
Profit On Sale Of Stock		607	135784
Provision for Substandard assets		202741	-74575
		3350558	4059819
EXPENDITURE			
Interest		113151	131078
Establishments	12	389506	461355
Administrative	13	1305374	1386371
Loss on sale of Investment		--	1438
		1808030	1980242
Profit before Depreciation		1542527	2079577
Less : Depreciation		143053	168626
Profit before tax		1399474	1910951
Provision for Depreciation reversed		--	-636386
Provision for Gratuity		12852	63735
Provision for tax		444325	759004
Provision for deferred tax		-2501	-212
Profit after tax		944798	1724810
		944798	1724810
LESS:Prov.for tax relating to earlier years reversed		--	-8603
TOTAL		944798	1733413
Balance Brought forward		2835549	1447098
Profit for appropriation		3780347	3180511
APPROPRIATION			
Special Reserve for RBI purposes		188960	344962
Surplus carried forward		3591387	2835549

As per our attached report of even date

For S.L. Gadhiya & Co.
Chartered Accountants

(SHANTILAL GADHIYA) (N.SUGAL CHAND JAIN) (R.N.DAMANI) (R.VAIDYANATHAN)
Partner Managing Director Director Company secretary

Place : Chennai
Date : 25.5.2005

VASANTHI RAMAKRISHNAN
GeneralManager-Accounts

SUGAL & DAMANI FINLEASE LIMITED

Schedules 1 to 15 annexed to and forming part of Balance Sheet as at 31.03.2005 and the Profit and Loss account for the year ended 31.03.2005

SCHEDULE	PARTICULARS	As on 31.03.2005 (In Rupees)	As on 31.03.2004 (In Rupees)
1	SHARE CAPITAL		
	Authorised 7000000(7000000) shares of Rs. 10/- each	70000000 =====	70000000 =====
	Issued ,subscribed and paid up 3000000(3000000) shares of Rs.10/- each	30000000 =====	30000000 =====
2	RESERVES & SURPLUS		
	General reserve	154485	154485
	Special Reserve (RBI ACT)	1856912	1667952
	Profit & Loss a/c	3591387	2835549
		5602784	4657986
3	SECURED LOANS		
	Loan against FD with bank HDFC Loan Against Fix Deposits	--	217878
		--	217878
5	INVESTMENTS		
	Investment in shares	110328	95328
		110328	95328

SUGAL & DAMANI FINLEASE LIMITED
 DETAILS OF FIXED ASSETS & DEPRECIATION FOR THE PERIOD 1.04.2004 TO
 31.03.2005
SCHEDULE : 4

(IN RUPEES)

ITEM	GROSS BLOCK				UPTO 31.03.2004
	AS AT 01.04.2004	ADDITIONS	DELETIONS	AS AT 31.03.2005	
Air Conditioner	327295			327295	130449
Electrical Fittings	26078			26078	10951
Filing cabinet	10994			10994	4387
Furniture	1403462			1403462	656197
Stabilizer	10829			10829	3557
Computers	313945			313945	313945
Telephone equipment	30326			30326	11615
Office equipment	6750			6750	3085
Electronic Typewriter	25280			25280	11182
Fax machine	19000			19000	8501
Franking machine	14401			14401	6366
Weighing Machine	987		987	0	434
Pagers	26940			26940	11076
Generator	23850			23850	9020
Cellular	23800			23800	8860
Exhaust fan	990		990	0	368
Water Cooler	9453			9453	3383
Artificial Plants	6124			6124	2190
Xerox Machine	127434			127434	46186
Camera	77814			77814	28202
E P A B X	138614			138614	50183
Coffee Vending Machine	29480			29480	9479
Vacuum Cleaner	5615			5615	1791
U.P.S	25480			25480	3083
New Computers	45375			45375	9901
Computer Software	0	15750	0	15750	0
Total	2730315	15750	1977	2744088	1344391

(...Cont'd Page No. 22)

DEPRECIATION				NET BLOCK	
FOR THE PERIOD	ADJUSTMENTS	TRANSFER FROM SSA ACCOUNT	UPTO 31.03.2005	AS ON 31.03.2005	AS ON 31.03.2004
15547	0		145996	181299	196846
1239	0		12190	13888	15127
522	0		4909	6085	6607
88839	0		745036	658426	747265
514	0		4071	6758	7272
0	0		313945	0	0
1440	0		13055	17271	18711
321	0		3406	3344	3665
1201	0		12383	12897	14098
903	0		9404	9597	10499
684	0		7050	7351	8035
23	-457		0	0	553
1280	0		12356	14584	15864
1133	0		10153	13697	14830
1131	0		9991	13810	14940
24	-392		0	0	622
449	0		3832	5621	6070
291	0		2481	3643	3934
6053	0		52239	75195	81248
3696	0		31898	45916	49612
6584	0		56767	81847	88431
1400	0		10879	18601	20001
267	0		2058	3557	3824
1210	0		4293	21187	22397
5750	0		15651	29724	35474
2553	0		2553	13197	0
143053	-849		1486595	1257493	1385924

SUGAL & DAMANI FINLEASE LIMITE			
SCHEDULE	PARTICULARS	As on 31.03.2005 (In Rupees)	As on 31.03.2004 (In Rupees)
6	CURRENT ASSETS		
	Stock on Hire under Hire Purchase Agreements (at agreements value less instalments received)	--	46850
	Share application - ING VYSYA	24750	--
	Sundry Debtors	--	2285
	Accrued Interest on FD	124100	83239
	Fixed Deposit with banks	5335646	3871705
	Stock in hand	135729	12738
	CASH & BANK BALANCES		
	Karnataka Bank	58880	213934
	HDFC Bank	584689	--
	Petty Cash on hand	1475	--
		6265269	4230751
7	LOANS & ADVANCES		
	Loans	27956766	29466056
	Tax deducted at source	336923	432744
	Interest tax refund due 1997-98	31620	31620
	Income Tax Refund Due 1998-99	121010	121010
	Income Tax Refund Due 2002-2003	43588	43588
	Income Tax Refund Due 2003-2004	171945	--
	Others	203035	234035
	Advance Income tax	250000	500000
		29114887	30829053
8	CURRENT LIABILITIES		
	Unmatured Interest	922	922
	TDS Payable	2825	4123
	Outstanding liabilities	2872	24000
		6619	29045

SUGAL & DAMANI FINLEASE LIMITED

SCHEDULE	PARTICULARS	As on 31.03.2005 (In Rupees)	As on 31.03.2004 (In Rupees)
9	PROVISIONS		
	Provision for substandard assets	32249	234990
	Audit & Legal Fees	36554	35962
	Income Tax provsn for earlier years	48098	48098
	Intt.tax provsn for the year 1994-95	62474	62474
	Intt.tax provsn for the year 1995-96	205383	205383
	Provision for Income Tax for current year	444325	759004
	Provision for Provident fund	540	--
	Provision for Gratuity	76587	63735
		906210	1409646
10	MISCELLANEOUS EXPENDITURE		
	Preliminary expenses B/f	8364	31599
	Less : Written off during the period/year	8364	23235
			8364
	Public Issue expenditure	--	119001
	Less : Written off during the period/year	--	119001
	TOTAL	--	8364
11	OTHER INCOME		
	Overdue hire charges	--	101965
	Miscellaneous income	3977	21525
	TOTAL	3977	123490
12	ESTABLISHMENT		
	Salary	334383	411757
	Staff Welfare	55123	49598
	TOTAL	389506	461355

SCHEDULE	PARTICULARS	As on	As on
		31.03.2005	31.03.2004
		(In Rupees)	(In Rupees)
13	ADMINISTRATIVE EXPENSES		
	Printing & Stationery	42368	28276
	Audit and Legal fees	59554	64092
	Publicity & Advertisement	31818	41148
	Rent	258420	236954
	Directors' Sitting Fees	50000	44000
	Postage	27937	27609
	Bank charges	1241	4058
	Magazines & Periodicals	5548	7428
	Travelling Expenses	76972	95953
	Telephone Expenses	27600	36012
	Electricity Expenses	68908	106579
	Repairs & maintenance	2320	5116
	General Expenses	1818	8358
	Conveyance	10863	15712
	Bad Debts written off	107858	20936
	Service Charges	39863	79749
	Director's Remuneration	249600	288886
	Leave Travel Allowance	99350	--
	Public issue expenses	--	119001
	Preliminary Expenses written off	8364	23235
	Listing Fees	5706	30100
	AGM Expenses	1759	592
	Demat Charges	25507	2577
	Donation	102000	100000
		-----	-----
		1305374	1386371
		-----	-----
	Annexure (A)		
	INVESTMENT		
	Scrip	Qty	Amount Rs.
	1)Laxmi Vilas Bank	200	11510
	2)Dena Bank	675	9724
	3)Hindustan Lever	285	59094
	4)Ankur Foundations (p) Ltd.	1500	15000
	5)Ansu Builders Pvt.Ltd.	150	15000
		-----	-----
		2810	110328
		-----	-----

SUGAL & DAMANI FINLEASE LIMITED

14. SIGNIFICANT ACCOUNTING POLICIES:

I. SYSTEM OF ACCOUNTING:

The Company has been consistently following the accrual method in accounting its income and expenditure. The same procedure is followed this year also.

- (a) Dividend receipts are accounted on cash basis as and when received.
- (b) Interest receipts are accounted on accrual basis except in those cases where there is uncertainty in the receipts and loan classified as substandard Assets.

II. FIXED ASSETS:

Fixed Assets are stated at cost less depreciation

III. DEPRECIATION:

Depreciation on Fixed Assets is provided on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956.

IV. INVESTMENTS:

Investments are valued at acquisition cost.

V. INVENTORIES:

Shares repossessed from loan against shares are taken as stock and stated at the acquisition cost.

VI. MISCELLANEOUS EXPENDITURE:

(To the extent not written off or adjusted)

Preliminary expenses are written off in equal installments over a period of 10 accounting years.

VII. TAXATION:

Provision for tax for the year comprises current income tax determined to be payable in respect of taxable income and deferred tax being the effect of Timing differences representing the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period(s).

VIII. EMPLOYEE RETIREMENT BENEFITS:

Leave encashment benefits are charged to revenue Account on the basis of actual and Gratuity benefit is provided on accrual basis.

IX. IMPAIRMENT OF ASSETS

The company is basically a finance company holding only finance assets hence no impairment of assets is accounted for .

SUGAL & DAMANI FINLEASE LIMITED

15. NOTES ON ACCOUNTS:

1. Loans include loan against shares to the tune of Rs.9603731.66 that are made to parties against purchase/sales confirmation letter from M/s. Sugal & Damani Share & Stock Brokers (p) Limited.
2. Balances of loans and advances, sundry creditors, sundry debtors, deposits and other loans are as per the books and subject to confirmation. In the opinion of management, these are realizable approximately at the values stated in the ordinary course of the business.

3. Remuneraton to auditors

	31.03.2005 Rs.	31.03.2004 Rs.
For audit	20,000/-	20,000/-
Taxation	10,000/-	10,000/-
Others	5,000/-	5,000/-
Service Tax	3,570/-	2,800/-

4 Deferred Tax:

The company has provided deferred tax in accordance with Accounting standard 22 Accounting for Taxes on Income issued by the “ Institute of Chartered Accountants of India “. The Breakup of net deferred tax liability as on 31st March 2005 is as under:

Particulars	Deferred tax liability Rs.	Deferred tax Assets Rs.
Difference between books		
Depreciation & Tax		
Depreciation	2,32,364/-	

5. Dividend unclaimed as on 31.03.2005 for F.Y. 1997-98 is Rs.26,161/-.

6. The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard (AS17) “Segment Reporting”.

7.

- a. Salary payment includes house rent allowances, transportation and leave encashment.
- b. Staff welfare includes employer contribution to PF & Bonus.

8. RELATED PARTY DISCLOSURE :

- (a) M/s.Sugal & Damani Share & Stock Brokers Pvt. Ltd.,(Previously known as Sugal & Damani Share & Stock Brokers Ltd.) is a related concern of Managing Director Shri N.Sugal Chand Jain and Chief Executive Shri S. Vinodh Kumar Jain, over which they have control and significant influence. The company has provided funds to the tune of Rs.50.5 lakhs and there is no outstanding as on 31st March 2005 and interest charged thereon is Rs.12382.39.
- (b) Remuneration paid to Managing Director Shri N. Sugal Chand Jain : Rs.2,49,600/- and LTA paid Rs.99,350/-
- (c) M/s Ansu Builders (P) Limited is a related concern of Chief Executive Shri S.Vinodh Kumar Jain, over which he has control and significant influence. The Company has sanctioned loan during the financial year 03-04 of which a sum of Rs.26.50 lakhs recovered and the net outstanding balance as on 31st March 2005 is Rs.28.50 Lacs and interest charged thereon Rs.441506/-.
- (d) M/s Ankur foundations (P) Limited is a related concern of Chief Executive Shri S.Vinodh Kumar Jain, over which he has control and significant influence. The outstanding balance as on 31st March 2005 is Rs. 127.31 Lacs and interest charged thereon is Rs.7,29,286/-.
- (e) M/s Sugal Tourism Development (P) Ltd., is related concern of Director Shri P. Lalith Kumar Jain, over which he has control and significant influence. During the year, the company has paid to Sugal Tourism Development (P) Ltd. Rs.96,933/- for it's services.

- (f) Rent paid to Shri.N Sugalchand Jain, Managing Director and Smt Chandra Bai, wife of Managing Director, Rs.85,200/- Each .
- (g) M/s.Sugal & Damani Securities Madras P. Ltd. is a related concern of Shri S. Vinodh Kumar Jain, Chief Executive over which he has control and significant influence. The company has provided funds to the tune of Rs.25,00,000/- and there is no outstanding as on 31st March 2005 and interest charged thereon is Rs.4931.51.
- (h) The Company has given Donation of Rs. 1,00,000/- to Singhvi Charitable Trust wherein Shri.N.Sugalchand Jain Managing Director is related.

9.The Company has received Rs. 1,54,467.63 as dividend from various listed companies on shares held in Demat Account, which include dividend on investment made by and shares held as security for loans, of which Rs.1,54,467.63 being the dividend on shares held as security against loan is transferred to concerned loan parties.

10. Basic and diluted earning per share (pursuant to Accounting Standard – 20)

	<u>31st March 2005</u>
Net Profit for the year(In Rs.)	944798/-
Weighted Average number of equity shares	3000000
Nominal value of shares	Rs.10 per share
Basic & diluted earning per share(In Rs.)	.31

11. Previous year figures are regrouped & rearranged wherever necessary to match the current year classification.
12. A sum of Rs.48,098/- was provided during the Financial Year 2000-2001 against the Income-tax liability for the Asst. Year 1996-97 as per the Asst. Order of DCIT dated 21.12.2000. As there is an Refund outstanding to the extent of Rs.1,52,630/- for the Asst. Year 1998-99 and moreover the company has requested the department to adjust the tax liability with the Refund due. Hence the amount is not paid.
13. Market value of Investment in shares as on 31.03.05 is Rs. 1,92910.50- and market value of stock in hand as on 31st March 2005 is Rs.135729/-.
14. The Company is basically a finance Company. The Company does not hold any operating assets. Hence the provision as required in paragraph 94 of the Accounting Standard 28 is taken as nil.
15. As required by AS29 for provision towards contingent liability a sum of Rs.2,05,383/- was provided during the Financial Year 1998-99 against the interest tax liability for the Asst. Year 1995-96 as per the Asst. order of ACIT dated 31.03.1999 and a sum of Rs.62,474/- was provided during the financial year 1999-2000 against the Interest tax liability for the Asst. Year 1994-95 as per the Asst. order of ACIT dated 02.02.1998. The company has preferred an appeal against the orders. Hence the tax liability is not paid. However the same is taken as provision for contingent liability as required by AS29 .

Signatures to Schedule 1 to 15

As per our attached report of even date

For S.L. Gadhiya & Co.
Chartered Accountants

Partner	(N.SUGALCHAND JAIN) Managing Director	(R.N.DAMANI) Director	(R.VAIDYANATHAN) Company secretary
----------------	--	--	---

Place : Chennai
Date : 25.05.2005

VASANTHI RAMANKRISHNAN
General Manager-Accounts

SUGAL & DAMANI FINLEASE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2005

PARTICULARS	For the Year Ended 31.03.2005	For the Year Ended 31.03.2004
	Rs.	Rs.
A. CASH FLOW FROM OPERATION ACTIVITIES:		
Net Profit Before Tax & Extra Ordinary Items	1399474	1910951
Adjustments for		
Depreciation & Provisions	-51324	385438
Foreign Exchange		
Investments	-135070	-426435
Interest Expenses	113151	131078
Financial Income		
Operations Profit Before Working Capital Changes	1326231	2001032
Adjustments for		
Trade and other Receivables	-1603408	5756249
Inventories		
Trade Payables	-21294	-40229
Cash Generated from Operations	-298471	7717052
Interest Paid	-113151	-131078
Direct Taxes Paid	-586923	-932744
Cash Flow Before Extra Ordinary Items	-998545	6653230
Extra ordinary Items	1795	-23529
Net Cash From Operating Activities	-996750	6629701
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	-15750	-20925
Sale/Disposal of Fixed Assets	1128	
Acquisitions of Companies (as per Annexure)		
Purchase of Investments	-15000	-15000
Sale of Investments	-	3078486
Interest Received	135070	412861
Dividend Received	-	15012
Others	31000	295780
Net Cash Generated/(Used)/in Investing Activities	-860302	10395915
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Proceeds from Issue of Share Capital		
Proceeds from Long Term Borrowings	1291412	-10195910
Repayment of Finance Lease Liabilities		
Dividend Paid & Dividend Tax		
Interest Received		
Miscellaneous Expenses		
Net Cash Used in Financing Activities		
Net increase / (Decrease) in Cash & Cash equivalents	431110	200005
Cash & Cash Equivalents (Opening Balance)	213934	13929
Cash & Cash Equivalents (Closing Balance)	645044	213934
FOR AND ON BEHALF OF BOARD		

(N.SUGAL CHAND JAIN) (R.N.DAMANI) (R.VAIDYANATHAN) (VASANTHI RAMAKRISHNAN)

Managing Director Director Company Secretary General Manager - Accounts

Place : Chennai

Date : 25.05.2005

AUDITOR'S CERTIFICATE

We have verified the above flow statement of M/s. Sugal & Damani Finlease Limited for the year ended 31st March 2005 which has been derived from the Audited Annual Accounts after making such adjustment/grouping as were considered appropriate and found the same to be true and correct and drawn in accordance with the requirement of clause 32 of listing agreements with Stock Exchanges.

For S.L. GADHIYA & CO.
(Chartered Accountants)

360, Mint Street
Sowcarpet, Chennai - 600 079
Date : 25.05.2005

SHANTILAL GADHIYA
Partner

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(As per Part IV of Schedule VI to the Companies Act, 1956.)

I REGISTRATION DETAILS:

Registration No	<input type="text" value="028228"/>	State Code	<input type="text" value="18"/>
		(Refer code list 1)	
Balance Sheet Date	<input type="text" value="31 03 2005"/>		
	(Date) (Month) (Year)		

II CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS) :

Public Issue	<input type="text" value="NIL"/>	Rights Issue	<input type="text" value="NIL"/>
Bonus Issue	<input type="text" value="NIL"/>	Private Placements	<input type="text" value="NIL"/>

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Thousands) :

Total Liabilities	<input type="text" value="36747"/>	Total Assets	<input type="text" value="36747"/>
-------------------	------------------------------------	--------------	------------------------------------

SOURCES OF FUNDS:

Paid up Capital	<input type="text" value="30000"/>	Reserve & Surplus	<input type="text" value="05602"/>
Secured Loans	<input type="text" value="NIL"/>	Unsecured Loans	<input type="text" value="NIL"/>

APPLICATION OF FUNDS:

Next Fixed Assets	<input type="text" value="01257"/>	Investments	<input type="text" value="00110"/>
Net Current Assets	<input type="text" value="34467"/>	Miscellaneous Expenditure	<input type="text" value="NIL"/>
Accumelated Losses	<input type="text" value="NIL"/>		

IV. PERFORMANCE OF COMPANY (Amount in Thousands) :-

Turnover	<input type="text" value="03350"/>	Total Expenditure	<input type="text" value="01808"/>
Profit/ Loss Before tax	<input type="text" value="+01399"/>	Profit/Loss After tax	<input type="text" value="+00944"/>

(Please tick appropriate box (+) for Profit & (-) for Loss)

Earning per Share in Rs.	<input type="text" value="0.31"/>	Dividend Rate (%)	<input 434="" 461="" 947="" 962"="" data-label="Page-Footer" type="text" value="---</input></td></tr></table></div><div data-bbox="/> <p>30</p>
--------------------------	-----------------------------------	---------------------	--

**V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES
OF COMPANY (as per monetary terms) :**

Item Code No. : (ITC CODE)

NA

Product Description : Hire Purchase
Product Description : Loan Against Share

**For S.L. Gadhiya & Co.
Chartered Accountants**

(SHANTILAL GADHIYA) (N.SUGAL CHAND JAIN) (R.N.DAMANI) (R.VAIDYANATHAN)
Partner Managing Director Director Company secretary

**Place : Chennai
Date : 25.05.2005**

**VASANTHI RAMANKRISHNAN
General Manager-Accounts**

(SCHEDULE 16)

Schedule to the Balance Sheet as on 31.03.2005 of SUGAL & DAMANI FINLEASE LIMITED

(a Non-Banking Financial Company) (as required in terms of Paragraph 9BB of Non-Banking Financial Companies Prudential Norms(Reserve Bank) Directions, 1998)

PARTICULARS	(Rs. in Lakhs) As on 31.03.2005	
Liabilities side:		
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid: (a) Debentures --Secured --Unsecured (other than falling within the meaning of Public Deposits*) (b) Deferred credits (c) Term loans (d) Intercompany loans and borrowings (e) Commercial paper (f) Public Deposits* (g) Other loans(specify nature) * Please see Note 1 below	Amt. Outstanding	Amt OverDue
(2) Break-up of (1)(f) above (outstanding public deposits inclusive of interest accrued thereon but not paid): (a) In the form of unsecured debentures (b) In the form of partly secured debentures, i.e.debentures where there is shortfall in the value of security (c) Other public deposits		
Assets Side	Amount Outstanding	
(3) Break-up of loans and advances including bills receivables (other than those included in (4) below): (a) Secured (b) Unsecured	96.03 183.53	
(4) Break up of leased assets and stock on hire and hypothecation loans counting towards EL/HP activities (i) Lease assets including lease rentals under sundry debtors: (a) Financial lease (b) Operating lease (ii) Stock on hire including hirecharges under sundry debtors: (a) Assets on hire (b) Repossessed assets (iii) Hypothecation loans counting towards EL/HP activities (a) Loans where assets have been repossessed (b) Loans other than (a) above	NIL NIL NIL	
(5) Break-up of Investments: Current Investments:		

PARTICULARS	(Rs. In Lakhs) As on 31.03.2005		
Assets side:	Amount Outstanding		
1. Quoted :			
(i) Shares			
(a) Equity			
(b) Preference			
(ii) Debentures and bonds			
(iii) Units of mutual funds			
(iv) Government Securities			
(v) Others(please specify)			
2. Unquoted:			
(i) Shares			
(a) Equity			
(b) Preference			
(ii) Debentures and bonds			
(iii) Units of mutual funds			
(iv) Government Securities			
(v) Others(please specify)			
Long-term investments:			
1. Quoted :			
(i) Shares			
(a) Equity	0.80		
(b) Preference			
(ii) Debentures and bonds			
(iii) Units of mutual funds			
(iv) Government Securities			
(v) Others(please specify)			
2. Unquoted:			
(i) Shares			
(a) Equity	0.30		
(b) Preference			
(ii) Debentures and bonds			
(iii) Units of mutual funds			
(iv) Government Securities			
(v) Others(please specify)			
(6) Borrowing group-wise classification of all leased assets, stock-on hire and loans and advances: Please see Note 2 below			
<i>Category</i>	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties **			
(a) Subsidiaries			
(b) Companies in the same group			
(c) Other related parties		155.81	155.81
2. Other than related parties	96.03	27.72	123.75
Total	96.03	183.53	279.56

(7) Investor group-wise classification of all investments(current and long-term) in shares and securities (both quoted and unquoted): (Please see note 3 below)		
<i>Category</i>	Market value/ break-up or fair value of NAV	Book value (net of provisions)
1. Related Parties **		
(a) Subsidiaries		
(b) Companies in the same group		
(c) Other related parties	0.30	0.30
2. Other than related parties	1.63	0.80
Total		
** As per Accounting Standard of ICAI (Please see Note3)		
(8) Other information		
Particulars	Amount	
(i) Gross non-performing assets		
(a) Related parties		
(b) Other than related parties	3.22	
(ii) Net non-performing assets		
(a) Related parties		
(b) Other than related parties	3.22	
(iii) Assets acquired in satisfaction of debt		

Notes:

(1) As defined in Paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998

(2) Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.

(3) All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break-up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long-term or current in column(5) above.)

For S.L. Gadhiya & Co.
Chartered Accountants

(SHANTILAL GADHIYA)

Partner

Place : Chennai

Date : 25.05.2005

(N.SUGAL CHAND JAIN)

Managing Director

(R.N.DAMANI) (R.VAIDYANATHAN)

Director Company secretary

(VASANTHI RAMAKRISHNAN)

General Manager-Accounts

DISCLAIMER CLAUSE

The information furnished above is certified by Sugal & Damani Finlease Limited to be true, fair and accurate (except in respect of errors in or omissions from documents filed electronically that result solely from electronic transmission errors beyond our control and in respect of which we take corrective action as soon as it is reasonably practicable after becoming aware of the error or the omission). SEBI, the Stock Exchanges or the NIC do not take any responsibility for the accuracy, validity, consistency and integrity of the data entered and updated by it'.

For SUGAL & DAMANI FINLEASE LTD.,
sd/-
R.VAIDYANATHAN
(COMPLIANCE OFFICER/COMPANY SECRETARY.)