

13th Annual Report

2004 - 2005

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devki

Devki Leasing and Finance Limited

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DEVKI LEASING AND FINANCE LTD

BOARD OF DIRECTORS

MR. BARMANAND BINDAL
CHAIRMAN

MR. SUDHIR KUMAR BINDAL
MANAGING DIRECTOR

MR. S. N. IYER
DIRECTOR

MR. SUNIL KUMAR JAIN
DIRECTOR

AUDITORS

O. T. GANDHI & Co.
Chartered Accountants
BASKETBALL COMPLEX, RACECOURSE ROAD, INDORE

INTERNAL AUDITORS

KAPIL SHAH & CO.
Chartered Accountants
INDORE

CONSULTING COMPANY SECRETARY

A. MEHTA & CO.
3-D, PADM-PRABH APPARTMENT,
GEETA BHAVAN ROAD, MANORMA GANJ, INDORE (M.P.)

BANKERS

DENA BANK
SIYAGANJ BRANCH
INDORE

SOLICITORS AND ADVOCATE

SHRI PANKAJ BAGADIA

CUSTODIAN AND SHARE TRANSFER AGENTS

INTIME SPECTRUM REGISTRY LIMITED
C-13, PANNALAL SILK MILLS COMPOUND
LBS MARG, BHANDUP, MUMBAI - 400 078

REGISTERED OFFICE :

106, Tagore Centre, REAR BLOCK "B"
13-14, RNT Marg, Indore (M.P.) 452 001

DEVKI LEASING AND FINANCE LTD**NOTICE**

NOTICE is hereby given that 13th Annual General Meeting of the Members of the DEVKI LEASING & FINANCE LIMITED will be held on Friday 30th September 2005 at 3.00 p.m. at the registered office of the company to transact the following business: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2005 and Profit and Loss Accounts for the year ended on that day together with the reports of the Auditors and Directors thereon.
2. To appoint a person in place of Shri S. N. Iyer, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint statutory auditors and fix their remuneration

By order of the board of
DEVKI LEASING & FINANCE LTD

INDORE
20th May, 2005

BARMANAND BINDAL
CHAIRMAN

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES TO EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.

2. The Members are requested to:

- a. Intimate changes, if any, in their registered addresses immediately and they must quote their ledger folio number in all their correspondence.
- b. Hand over the enclosed attendance slip, duly signed in accordance with their specimen signatures registered with the company for attending the meeting.
- c. Bring their Annual Report and Attendance Slips with them at the AGM venue.

3. The Register of Members and Share Transfer Books of the company shall remain closed from Thursday 29th Sept 2005 to Friday 30th Sept 2005 (both days inclusive).

4. The reports on Management Discussions and Analysis and the Corporate Governance are also annexed to the report of the Directors as Annex -1 & 2.

5. Members seeking any information are requested to write to the company at least 10 days before the date of the AGM to enable the management to reply appropriately.

Directorate :

Shri Bharat Bindal has been resigned from the Board during the year under review, whereas Shri S. N. Iyer retire by rotation and being eligible offer himself for re-appointment. There is no other change in the composition of the Board of the company.

Auditors :

M/s. O. T. Gandhi & Co., Chartered Accountants, the statutory auditors, retire at the end of ensuing annual general meeting and being eligible offer themselves for re-appointment as statutory auditors of the company. The auditors' report read with notes to accounts is self explanatory and needs no further clarification.

Corporate Governance :

In terms of Clause 49 of the Listing Agreement, Board Report on Corporate Governance is forming part of this Balance Sheet. Management Analysis and Discussion report is also annexed herewith by the Board.

DEVKI LEASING AND FINANCE LTD**Subsidiary Company :**

In terms of Sec 212 of the Companies Act, 1956, the full annual accounts of Devki Cyber Securities Private Limited are annexed herewith.

Public Deposits :

Your company has not accepted or invited any deposits from public within the meaning of Section 58 A of the Companies Act, 1956.

Particulars of Employees etc.

Your company did not have any person in employment who was in receipt of remuneration, whose particulars are to be included here under Sec 217 (2A) of the Companies Act read with Companies (Particulars of Employees) Rules 1975.

Energy Conservation and Other Reporting U/S 217 (1)(E) :

The provisions of Energy Conservation in terms of section 217 (1)(e) of the Companies Act, 1956, are not applicable on the company. Almost entire project technology in the company is indigenous, which needs no adaptation. Your company also did not have any foreign exchange earnings or outgo.

Your directors place on record their sincere appreciation for the devoted performance of the employees of the company at all levels.

For And On Behalf Of The Board OF
DEVKI LEASING & FINANCE LTD

Sd/-

BARMANAND BINDAL
CHAIRMAN

INDORE
20th May, 2005

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DIRECTORS' REPORT

To the Members of,
Devki Leasing & Finance Limited, Indore

Your directors have pleasure in presenting their Thirteenth Annual Report of your company together with audited accounts for the year ended on 31st March, 2005.

State of Company's Affairs:**Financial Results****Amount (Rupees in Lakhs)**

| Particulars | 31st March, 2005 | 31st March 2004 |
|--------------------------------|------------------------------------|-----------------------------------|
| Total Income | 76.27 | 71.83 |
| Depreciation | 3.85 | 3.79 |
| Interest & Fin Charges | 26.52 | 28.40 |
| Other Total Expenditure | 38.37 | 33.19 |
| Profit before Tax | 7.53 | 6.45 |
| Tax provisions | 2.54 | 4.39 |
| Net Profit for the year | 4.99 | 2.06 |
| Balance brought forward | 20.20 | 18.13 |
| Carried to Balance Sheet | 25.19 | 20.20 |

Operations and Future Outlook :

The year under review has been a year of continuity of consolidation of activities for achieving greater operating efficiencies. Total income of the company has gone up. Interest outflow has decreased and the net profit for the year has also gone up from the previous year. Your directors have reported to strategic investment planning and have curtailed the average age of debtors for long term benefits to the Company. With this new financial planning your directors are hopeful of getting better performance in the year to come.

Dividend:

Owing to inadequacy of profits, your directors do not recommend any dividend for this financial year.

Directors Responsibility Statement :

As required under the provisions of Section 217 (2AA) of the Companies Act, 1956, we confirm that :

01. in the preparation of the annual accounts, the applicable accounting standards have been followed ;
02. the directors had selected such accounting policies and applied them consistently and made judgements and estimates that have been 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 of the company for the year under review ;
03. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities
04. the directors had prepared the annual accounts for the financial year ended 31st March, 2005 on a "going concern" basis ; and

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Industry Structure & Developments

The company is a non-banking finance company, a segment, where scope for growth always exist, because demand for finance has only seen an upward trend during last about a decade. This seems to continue, however, appropriate risk calculation and management is the key factor in designing and maintaining finance portfolio.

Segment-wise & Product - wise performance

The company belongs only to one segment, however, it has been deploying its resources into hire-purchase, securities trading, loans and advances. The company management has consolidated its activities for improving operating efficiencies during the year under review and has increased its profitability.

Outlook

The company management has adopted certain strategic measures in trimming the expenditure account. There has been substantial savings in interest outflow and various other expenditure heads and there is almost a break even in share trading operations as compared to previous year where the company incurred substantial loss in securities trading. Investments of the company have also been strategically redesigned and thus, your directors are hopeful of a better financial performance in the year to come.

Risk & Concern

Profitability always gets affected on account of continuing decline in saving and interest rates and growing competition from large network finance companies and consumer service banking institutions.

Internal Control System and its adequacy

The company has adequate internal control procedures in commensuration with its size and nature of business at all desired levels.

Discussion on financial performance with respect to operational performance.

The financial performance of the company under reported circumstances have been directly related to efficiency in all areas of functional management such as marketing, human resources and finance. At present all these functional areas seem to be working in tandem and in unison and the majority of its credit goes to the deft managerial tactics and apt financial management by company's board.

CORPORATE GOVERNANCE REPORT

(forming part of the Directors' Report of Devki Leasing & Finance Limited, Indore)

The importance of Corporate Governance lies in the contribution it makes to the overall growth and direction of the business, management accountability, transparency and equity with stakeholders. The provisions of Clause 49 of Listing Agreement are applicable on the company and accordingly, the following report is submitted.

1. Company's Philosophy

The company has outlined the procedures and practices as per the requirements of the corporate governance and steps have been taken to ensure transparency and accountability. The company would continue to follow the same with keeping objective of development on continuous basis.

2. Board of Directors

The Board of Directors of the company consists of eminent persons with considerable professional expertise and experience of trade, commerce, profession and industry. The present composition is two promotor directors in the whole time employment of the company, one nominee director and two independent professional directors. The particulars of the Board with their interest in other concern is presented before you in the following table:

| Name of the Director Interested in | Nature of interest | |
|------------------------------------|----------------------------------|----------|
| 1. Shri Barmanand Bindal | Nil | Nil |
| 2. Shri Sudhir Bindal | Nil | Nil |
| 3. Shri Sunil Kumar Jain | Nil | Nil |
| 4. Shri S. N. Iyer | Devki Cyber Securities Pvt. Ltd. | Director |
| 5. Shri Bharat Binal * | Devki Cyber Securities Pvt. Ltd. | Director |

* Resigned from the Directorship on 30.03.2005

3. Board Procedure

The Board generally meet to resolve upon or to review company's matters pertaining to planning, organizing, staffing, directing, co-ordinating and controlling but ensures to meet at least once in a calendar quarter. All major functional areas of management of the company i. e., finance, investment, human resources, marketing and internal administration find place in the deliberations amongst directors. Notice and agenda papers are sent to the directors reasonably in advance.

4. Directors Attendance:

| Name of the Director | Attendance at the Board Meetings | Attendance at the General Meetings |
|--------------------------|----------------------------------|------------------------------------|
| 1. Shri Barmanand Bindal | 7 | 1 |
| 2. Shri Sudhir Bindal | 7 | 1 |
| 3. Shri Bharat Bindal * | 6 | 1 |
| 4. Shri Sunil Kumar Jain | 7 | 1 |
| 5. Shri S. N. Iyer | 6 | 0 |

* Resigned from the Directorship on 30.03.2005

5. Board Committees

The company has formed two committees viz., Audit Committee and Share Transfer Committee. The composition and other information about the committees and their meetings are as under:

DEVKI LEASING AND FINANCE LTD**Audit Committee**

This composition of the committee during the year has been as under :

- (i) Shri Sunil Kumar Jain - Chairman
- (ii) Shri S. N. Iyer -Member - appointed during the year
- (iii) Shri Barmanand Bindal - Member

The Committee met 4 times during the year in June, July, October and January.

Share Transfer Committee

This composition of the committee during the year has been as under :

- (i) Shri Sudhir Bindal - Chairman
- (ii) Shri G. M. Pillai - Member
- (iii) Smt T. Manoj - Member

The Committee met Eight times during the year on 31.08.2004, 30.09.2004, 30.10.2004, 30.11.2004, 31.12.2004, 31.01.2005, 28.02.2005, 31.03.2005

6. Compliance Officer

Shri G. M. Pillai is the general legal compliance officer of the company.

7. Shareholders' Grievances

The company has not received any shareholder grievance during the year under review.

8. General Meeting

The company duly called and held the 12th Annual General Meeting of the members on 4th September 2004 at the registered office of the company at 2.00 p.m.

9. Other Disclosures

Your company does not have any pending litigation with SEBI, Stock Exchange, Shareholders and ROC nor it does have any other material reportable information.

10. Shareholder Information

- a) Registered Office
Tagore Centre, Rear Block,
1st floor, 13-14, RNT Marg
INDORE - 452 001

b) AGM

At the aforesaid registered office of the company on 30.09.2005 at 3.00 p.m.

c) Last Book Closure

3rd September 2004 to 4th September 2004 (Both days inclusive)

d) Dividend

Not declared for the financial year.

e) Listing

The equity shares of the company are listed at MPSE, BSE and ASE.

f) Market quotes of stocks

The company's shares have been very thinly traded during last about two financial years, however the company does not have its last quoted price.

g) Registrars and Share Transfer Agents

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup
MUMBAI - 400.078

**AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF DEVKI
LEASING AND FINANCE LTD. ON THE CONSOLIDATED FINANCIAL OF
DEVKI LEASING AND FINANCE LTD. AND ITS SUBSIDIARY
DEVKI CYBER SECURITIES PRIVATE LIMITED**

We have audited the attached Consolidated Balance Sheet of DEVKI LEASING AND FINANCE LTD. AND ITS SUBSIDIARY DEVKI CYBER SECURITIES PRIVATE LIMITED, INDORE (M.P.) as at 31st March 2005 and also the Consolidated Profit & Loss Account 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.

We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standard 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 the management, as well as evaluating the overall financial statement presentations. We believe that our audit provides a reasonable basis for our opinion.

The consolidated financial statements have been prepared by the company's management in accordance with the requirements of Accounting Standard – 21 Consolidated Financial Statements, issued by the Institute Of Chartered Accountants Of India.

In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss account read with the notes there on, 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 case of the Consolidated Balance Sheet of the state of affairs of the DEVKI LEASING AND FINANCE LTD. AND ITS SUBSIDIARY DEVKI CYBER SECURITIES PRIVATE LIMITED, INDORE (M.P.) as at March 31, 2005.
- II. In case of the Consolidated Profit & Loss A/C of the Profit of the DEVKI LEASING AND FINANCE LTD. AND ITS SUBSIDIARY DEVKI CYBER SECURITIES PRIVATE LIMITED, INDORE (M.P.) for the year ended as that date.

PLACE: INDORE
DATED: 20/05/2005

FOR O.T.GANDHI & CO
CHARTERED ACCOUNTANTS

(A.B.DOSHI)
PARTNER
M.NO.31460