

# *14th Annual Report*

2005 - 2006

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**devki**

**Devki Leasing and Finance Limited**

<b><u>CONTENTS</u></b>	<b><u>PAGE NO.</u></b>
BOARD OF DIRECTORS	2
NOTICE	3
DIRECTORS' REPORT	5-6
AUDITORS' REPORT	10
CONSOLIDATED BALANCE SHEET	11
CONSOLIDATED PROFIT AND LOSS ACCOUNT	12
AUDITORS' REPORT	16-18
BALANCE SHEET	19
PROFIT AND LOSS ACCOUNT	20
SCHEDULES FORMING PART OF THE ACCOUNTS	21-24
ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS	25-27
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE	28
CASH FLOW STATEMENT	29
SUBSIDIARY COMPANY	30-44
PROXY FORM & ATTENDANCE SLIP	45

## **BOARD OF DIRECTORS**

BARMANAND BINDAL	NON EXECUTIVE CHAIRMAN
SUDHIR KUMAR BINDAL	MANAGING DIRECTOR
SUNIL KUMAR JAIN	INDEPENDENT DIRECTOR
MANOJ K SINGH	INDEPENDENT DIRECTOR

## **AUDITORS**

O. T. GANDHI & CO.  
Chartered Accountants  
BASKETBALL COMPLEX,  
RACECOURSE ROAD, INDORE – (M.P.)

## **CONSULTING COMPANY SECRETARY**

A. MEHTA & CO.  
3-D, "PADM-PRABH"  
11/3, MANORAMAGANJ  
NEAR GEETA BHAWAN SQUARE,  
INDORE – 452 001

## **BANKER**

DENA BANK  
SIYAGANJ BRANCH,  
INDORE

## **SOLICITORS AND ADVOCATE**

PANKAJ BAGDIA

## **REGISTRAR & SHARE TRANSFER AGENT**

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.)

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**Devki Leasing And Finance Limited****NOTICE**

NOTICE is hereby given that 14<sup>th</sup> Annual General Meeting of the Members of the DEVKI LEASING & FINANCE LIMITED will be held on Monday, 25<sup>th</sup> September, 2006 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 31<sup>st</sup> March 2006 attached with the Cash Flow Statement and Profit and Loss Account for the year ended that day together with the reports of the Auditors and Directors thereon.
2. To appoint a person in place of Shri Sunil Kumar Jain , who retires by rotation and being eligible offers himself for re-appointment.
3. To consider and if thought fit, to pass, with or without modification(s) the following as special resolution :

*"RESOLVED THAT consent of the members be and is hereby accorded for the appointment of Mr. A. B. Doshi Chartered Accountant, Indore, till now partner of retiring auditor M/s O. T. Gandhi & Co., Chartered Accountants, as the continuing statutory auditor of the company in the name of M/s. A. B. Doshi & Co. from the conclusion of the ensuing annual general meeting of the members of the company till the conclusion of the subsequent annual general meeting"*

**SPECIAL BUSINESS**

4. To consider and if thought fit , to pass, with or without modifications the following as an Ordinary Resolution;

*"RESOLVED THAT Shri Manoj K Singh be and hereby appointed as the director of the company whose period of office will be liable to be determined by retirement by rotation.*

*RESOLVED FURTHER THAT the board be and is hereby authorised to do all the needful acts, deeds, matters and things to give effect to this resolution."*

5. To consider and if thought fit , to pass with or without modification the following as an Special Resolution

*RESOLVED THAT pursuant to the provisions of Section 149(2A) of The Companies Act 1956, the consent of the members of the company be & is hereby accorded to carry on the business activities as covered under the other objects clause no. 78 of the memorandum of association of the company.*

*RESOLVED FURTHER THAT the Board of directors of the company be and is hereby authorized to take all such effective steps to implement the decision of the members of the company as they may consider appropriate in the interest of the company and to do all such acts, deeds, and things from time to time for and on behalf of the company.*

By order of the board of  
**DEVKI LEASING & FINANCE LTD**

**INDORE**

DATE: 30.08.2006

**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 Friday 22<sup>nd</sup> Sept 2006 to Monday 25<sup>th</sup> Sept 2006 (both days inclusive).
4. The Management Discussions and Analysis together with the report under Corporate Governance requirements are attached 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.
6. The Explanatory statement in pursuance of Sec 173(2) is annexed herewith .

**EXPLANATORY STATEMENT FOR ITEM 4 OF NOTICE**

Shri Manoj K Singh was appointed as Additional Director by the Board in terms of Sec 260 of the Companies Act. Now, the company has received a valid notice from the member in term of Sec 257 of the said Act proposing to appoint him as a Director to retire by rotation in the ensuing annual general meeting. This appointment requires approval of the members in the general meeting as per the provisions of the said Act. Therefore, your Directors recommend this resolution. However, none of the Directors, except Mr. Singh himself, be deemed as interested or concerned with the resolution.

**EXPLANATORY STATEMENT FOR ITEM 5 OF NOTICE**

Your Board has explored the possibilities of carrying the business of film distribution profitably. After doing the due diligence, it has found that in the geographical territory of the existing operations of the company, this business has got huge scope and hence, in the interest and advantage of the overall business of the company this business should also be undertaken by the company in due course of time. The Board is also of the firm opinion that, if commenced, the new business can conveniently be combined with the existing business activities of the company. The provisions of Section 149(2A) of the Companies Act, 1956 require the approval of members by way of special resolution in the general meeting, hence, your directors recommend this resolution.

None of the Directors of the company, however, may be deemed as concerned or interested in the resolution.

By order of the board of  
**DEVKI LEASING & FINANCE LTD**

**INDORE**

DATE: 30.08.2006

**BARMANAND BINDAL**  
CHAIRMAN

## Devki Leasing And Finance Limited

**DIRECTORS' REPORT**

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

Your directors have pleasure in presenting their Fourteenth Annual Report of your company together with audited accounts for the year ended on 31<sup>st</sup> March, 2006.

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

<b>Particulars</b>	<b>31<sup>st</sup> March, 2006</b>	<b>31<sup>st</sup> March 2005</b>
Total Income	74.22	76.30
Depreciation	3.89	3.85
Interest & Fin Charges	25.86	26.56
Other Total Expenditure	34.61	38.41
Profit before Tax	9.87	7.49
Tax provisions	3.65	2.54
<b>Net Profit for the year</b>	<b>6.21</b>	<b>4.95</b>
Balance brought forward	25.13	20.19
Carried to Balance Sheet	31.34	25.13

**Operations and Future Outlook :**

Considering the overall adverse pressure on the functioning of finance companies, of the size of your company, in India, the performance of your company during the year under review has been reasonable and satisfactory. The net profit for the year has gone up, although total income of the company has gone down. The marginal increase in the bottomline has been due to savings in interest outflow and other expenditures. Your directors have, after considering the market and future earnings, prudently rearranged the investment portfolio of the company. Your directors are also exploring the possibilities of combining the business of film distribution soon and they are of the opinion that the same could be advantageously be combined with the existing business of the company and thus your Directors are hopeful for a better financial 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 31<sup>st</sup> March, 2006 on a "going concern" basis ; and

**Devki Leasing And Finance Limited****Directorate:**

Shri S.N.Iyer has resigned from the Board during the year under review. Shri Sunil Kumar Jain retire by rotation and being eligible, offers himself for reappointment. Shri. Manoj K Singh has been proposed to be appointed as a regular independent director whose office shall be determined by retirement by rotation..There is no other change in the composition of the Board of the Company.

**Auditors :**

Over the past few years, Mr A. B. Doshi, erstwhile partner of M/s. O. T. Gandhi & Co., Chartered Accountants, has been representing the firm in the audit of the company. He runs his own firm of Chartered Accountants under the name and style of M/s A.B.Doshi & Co., Chartered Accountants. As the company does not want any change in the auditor therefore, propose to appoint M/s A.B.Doshi & Co, Chartered Accountants, as the statutory auditors of the company in the ensuing annual general meeting of the company in place of the retiring firm of the auditors M/s O. T. Gandhi & Co. 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.

**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**

**INDORE**

DATE: 30.08.2006

**BARMANAND BINDAL**  
CHAIRMAN

**MANAGEMENT DISCUSSION & ANALYSIS REPORT****Industry Structure & Developments**

The company is a non-banking finance company, a segment, where scope for growth always exist, but for large size companies having bigger infrastructure and deeper pockets because demand for finance would always hav an upward trend. However, the small size companies shall not be able to reap such benefits because of lesser opportunities. This seems to continue, however, appropriate risk calculation and management is the key factor in designing and maintaining finance portfolio and earining profits under limited resources.

**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 made regular endeavours for improving operating efficiencies during the year under review and has increased its profitability.

**Outlook**

The company management has adopted due measures in cutting the expenditure account and marginally raising the income from operations. There has been an overall savings and cost cuts in operations. Investments of the company have also been strategically strengthened. The management of the company is also exploring the possibilities of advantageously combining the business of film distribution soon with the existing business of the company and thus, your directors are hopeful of a better financial performance in the years 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 the majority of its credit goes to the deft managerial tactics and apt financial management by company's board.



## Devki Leasing And Finance Limited

Annexure – 2**CORPORATE GOVERNANCE REPORT**

(forming part of the Directors' Report of Devki Leasing &amp; 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 persons with considerable entrepreneurial professional expertise and experience of trade, commerce and industry. The present composition is of two promotor directors and two independent professional directors. Out of this only one is executive in the company and working as the Managing Director. 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 <sup>1</sup>	Nil	Nil
3. Shri Sunil Kumar Jain	Nil	Nil
4. Shri Manoj K Singh <sup>2</sup>	Nil	Nil
5. Shri S.N.Iyer <sup>3</sup>	Devki Cyber Securities Pvt. Ltd.	Director.

1. He is the Managing Director in the company.
2. Appointed as Additional Director of the Company from 30/10/2005
3. Resigned from the directorship of the Company from 30/10/2005

**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	9	Yes
2. Shri Sudhir Bindal	9	Yes
3. Shri Sunil Kumar Jain	7	Yes
4. Shri Manoj K Singh <sup>1</sup>	7	N.A
5. Shri S.N.Iyer <sup>2</sup>	0	Yes

1. Appointed as Additional Director of the Company from 30/10/2005
2. Resigned from the directorship of the Company from 30/10/2005

**Devki Leasing And Finance Limited****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:

**Audit Committee**

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

- (i) Shri Sunil Kumar Jain - Chairman
- (ii) Shri Manoj K Singh - Member
- (iii) Shri Barmanand Bindal - Member

The Committee met 4 times during the year 30/06/2005, 30/07/2005, 30/10/2005, 30/01/2006

**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 11 times during the year on 31/05/05, 30/06/05, 30/07/05, 22/08/05, 26/09/05, 31/10/05, 30/11/05, 31/12/05, 31/01/06, 28/02/06, 31/03/06.

**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 14<sup>th</sup> Annual General Meeting of the members on 25<sup>th</sup> September 2006 at the registered office of the company at 3.00 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,  
1<sup>st</sup> floor, 13-14, RNT Marg  
INDORE - 452 001

**b) AGM**

At the aforesaid registered office of the company on 25.09.2006 at 3.00 p.m.

**c) Last Book Closure**

29<sup>th</sup> September 2005 to 30<sup>th</sup> September 2005 (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 three financial years, the last traded prices of shares of the company is Rs. 2.98 as on 08/08/2006.

**g) Registrars and Share Transfer Agents**

Intime Spectrum Registry Limited  
C-13, Pannalal Silk Mills Compound  
LBS Marg, Bhandup  
MUMBAI - 400 078