

**19TH
ANNUAL REPORT
2004-2005**



Certified True Copy
For K.Z. Leasing & Finance Ltd.
[Signature]
Managing Director

K. Z. LEASING & FINANCE LTD.

1ST FLOOR, DESHNA CHAMBER, ASHRAM ROAD,
USMANPURA, AHMEDABAD-380014.

19th ANNUAL REPORT

K. Z. LEASING & FINANCE LTD.

BOARD OF DIRECTORS

SHRI KESHAVALAL Z. PATEL	CHAIRMAN
SHRI PRAVINKUMAR K. PATEL	MANAGING DIRECTOR
SHRI RAMESHKUMAR N. PATEL	DIRECTOR
SHRI KESHAVALAL K. PATEL	DIRECTOR
SHRI GANDABHAI A. PATEL	DIRECTOR

REGISTERED OFFICE

1ST FLOOR, DESHNA CHAMBER,
B/H. KADVA PATIDAR WADI,
ASHRAM ROAD, USMANPURA,
AHMEDABAD-380014.

AUDITORS

J. M. PATEL & BROS. (M.COM., F.C.A.)
402, HARSH AVENUE,
NAVJIVAN PRESS ROAD,
NAVRANGPURA, AHMEDABAD - 380 014.

BANKERS

THE NAVNIRMAN CO OP BANK LTD.
UCO BANK
UNION BANK OF INDIA

K. Z. LEASING & FINANCE LIMITED**NOTICE**

NOTICE is hereby given that 19th Annual General Meeting of the members of **K. Z. LEASING & FINANCE LTD.**, will be held on **24th September, 2005** at Regd. Office :- **1st Floor, Deshna Chambers, B/h. Kadva Patidar Wadi, Usmanpura, Ashram Road, Ahmedabad - 380014 (Gujarat)** at **11.15 a.m.** to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as on 31st March 2005 and the Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To Appoint a Director in place of Shri Gandabhai A. Patel, who retires by rotation and being eligible, offers himself for re-appointment.
3. To Appoint Auditors who shall hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix a remuneration to be decided by the Board of Directors.

" RESOLVED THAT subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956 (including any statutory amendments) and the Rules framed thereunder, Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, Listing Agreements and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any such authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the company (hereafter referred to as "the Board") which term shall include any committee thereof for the time being exercising the powers conferred by the Board, consent of the company, be and is hereby accorded to the Board to delist the equity shares of the company from the Stock Exchange Ahmedabad.

"RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorised to seek voluntary delisting and to take all necessary actions in this regard, (including exit offer of otherwise, wherever necessary) and to do all such acts, deeds, incidental matters and things, as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, doubt that may arise in this regard and to execute all such deeds, documents as may be necessary and for this purpose to delegate the authority duly vested therein to any of the Directors or any other person whom the Board may deem fit to do various acts, deeds, and things as required to be done for delisting of shares. "

REGISTERED OFFICE :

1ST FLOOR, DESHNA CHAMBER
B/H. KADVA PATIDAR WADI, ASHRAM ROAD,
USMANPURA, AHMEDABAD - 380 014.
DATE : 23/07/2005

BY ORDER OF THE BOARD
FOR, **K. Z. LEASING & FINANCE LTD.**

KESHAVLAL Z. PATEL
(CHAIRMAN)

19th ANNUAL REPORT**NOTES :**

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. The Register of Members and Share Transfer Book of the Company will remain closed from **16/09/2005 to 24/09/2005** (both days inclusive)
3. Members are requested to intimate the change, if any, in their registered addresses.
4. Members are requested to bring their copies of the Annual Report to the Meeting.
5. Members desirous of full report are requested to write to the company at it's Registered Office.
6. Members *intending to require information* about accounts to be explained in the meeting are requested to inform the Company at it's Registered Office, at least Seven Days in advance of the Annual General Meeting.

Item No. : 4

Pursuant to "Securities and Exchange Board of India (Delisting of Securities) Guidelines - 2003" listed companies may seek voluntary delisting of its securities from the Stock Exchanges, without giving an exit opportunity to the Shareholders of those regions where the Stock Exchanges are situated from which delisting is sought, in case such securities continue to be listed in a Stock Exchange having nation wide trading terminals i.e. presently The Stock Exchange, Mumbai, the Stock Exchange, Ahmedabad. However, for this purpose approval of Members is required to be obtained through a Special Resolution. The majority of trading volumes in the shares of the company are registered in BSE, which have extensive network across the country. The trading in the rest of the Stock Exchanges is very insignificant. In view of the above, the Company is proposing to delist the equity shares from The Stock Exchange Ahmedabad. with a view to reduce the regulatory formalities in complying with the listing agreements of various Stock Exchanges, which duplicates the work of the Company and also to reduce substantial expenditure of the Company. However, the shares will continue to be listed in BSE.

The delisting of equity shares from the above one Stock Exchanges will not in any way affect the trading of the shares of the Company or cause any inconvenience to the Investors, as they have access to online trading of the shares of the Company across the Country through BSE.

The Board recommends the adoption of the resolution under Item No. 8 set out in the Notice. None of the Directors of the Company is in any way concerned or interested in the resolution.

K. Z. LEASING & FINANCE LIMITED**DIRECTOR'S REPORT**

To,
The Shareholders
K. Z. LEASING & FINANCE LTD.

Your Directors have pleasure in presenting the 19th ANNUAL REPORT of your company together with the Audited Accounts for the year ended 31st March 2005.

FINANCIAL RESULT

INCOME	2004-2005	2003-2004
Profit before depreciation & tax	2525268.70	1690586.85
Less : Depreciation	37737.00	38070.00
Provision for taxation	---	106802.00
NET PROFIT AFTER TAX	2487531.70	1545714.85
Less : Transfer to statutory Reserve A/c. 20%	497506.34	309142.97
BALANCE	1990025.36	1236571.88
Transfer to Revenue Reserve	1990025.36	1236571.88
	0.00	0.00

OPERATION

The year 2004-2005 was one of the most difficult years for Non Banking Finance Companies on account of several factors. During the year some large financial companies collapsed due to which Reserve Bank of India issued stringent norms pertaining to the activities of NBFC's. Simultaneously, credit ratings of several NBFCs were lowered. As a result, there was a loss of confidence in the investing public which resulted into a run on deposits and which also affected mobilisation of fresh resources for most of the Companies.

Due to adverse circumstances and decrease trend of industry our net profit for the year is Rs. 2487531.70 (Rs. Twenty four lacs eighty Seven thousand five hundred thirty one and Paise seventy)

DIVIDEND

There is tough competition in finance Business, It is in the interest of the company not to declare dividend and invest that amount. The company will be able to face in present competition. In view of this Board of Directors have decided not to recommend any dividend.

DIRECTORATE

In accordance with the provisions of The Companies Act, 1956 and the Article of Association of the Company, Mr. Gandabhai A. Patel will be retired by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re appointment.

DEPOSIT

The company has not accepted public deposit during the year and the deposits outstanding are old deposits from Directors and their relative. However company has complied the provisions of section 58 A of companies Act as well as NBFC regulations.

19th ANNUAL REPORT

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2005, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the accounts for the financial year ended 31st March, 2005 on a 'going concern' basis.

AUDITORS

M/s. J. M. PATEL & BROS., Chartered Accountant, Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re appointment. The Company has received certificate from the Auditors to the effect that their re appointment, if made, would be within the prescribed limits under Section 224(1) of The Companies Act, 1956.

AUDITOR'S OBSERVATIONS

As the observations made by auditors in the Auditors report read with notes on Account are self explanatory so no further explanation require. However for NPA provision the company has followed the procedure of written off Bad debts instead of NPA provision. Board of Directors are hopeful to recover the all advances outstanding.

PERSONAL

During the year under review, the relation between the Management and the employees continued to be very cordial. None of the employees of the company were in receipt of remuneration in excess of Rs.25000 per month and hence, information pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, 1975 is not furnished.

INFORMATION AS PER SECTION 217(1) (E) OF THE COMPANIES ACT, 1956

The Company has no activities relating to conservation of energy or technology absorption. There was neither inflow nor out go of foreign exchange during the year.

APPRECIATION

The Director record their appreciation to the company's share holder, Bank Employees for their support and look forward for their co-operation in the measures being taken to ensure a more prosperous future of the company.

By Order of the Board of Director

Keshavlal Z. Patel
(Chairman)

Place:- Ahmedabad
Date :- 23/07/2005

K. Z. LEASING & FINANCE LIMITED**CORPORATE GOVERNANCE REPORT**

1. K. Z. LEASING & FINANCE LTD has over the years been practicing the principles of good Corporate Governance and continuously reviews its investor relationship measures with a view to enhancing shareholders value. K. Z. Leasing & Finance Ltd. basically need and is not to be looked upon as an issue of Compliance alone.

The company seeks to achieve this goal by being transparent in its business dealings, disclosing all relevant information in an easily understandable manner, being fair to all shareholders and ensuring that the company's activities are managed by a professionally competent and independent Board of Directors.

2. BOARD OF DIRECTORS :

The company is being managed by the Board of Directors. The Board consists of five Directors as on 31/03/2005. Since the company has a Executive Chairman the Board meets the stipulated requirement of at least 50% of the Board comprising independent Directors who have no professional and/or business relationship with the company.

The constitution of the Board as on 31/3/2005

Shri Keshavlal Zaverchand Patel
Executive Chairman

Shri Pravinbhai Keshavlal Patel
Executive Managing Director

Non Executive & Independent Directors

1. Keshavlal Kashiram Patel
2. Rameshbhai N. Patel
3. Gandlal Ambalal Patel

The meetings of the Board of Directors were held on the following dated during the year

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The Attendance of the Directors of the company at the Board Meetings and Annual General Meeting (AGM) are as follows :

Name of Director	No of Meetings		Attendance of last AGM	Sitting Fees
	Held	Attn.		
Shri Keshavlal Z. Patel	16	16	Yes	Nil
Shri Pravinbhai K. Patel	16	16	Yes	Nil
Shri Rameshbhai N. Patel	16	10	Yes	Nil
Shri Keshavlal K. Patel	16	8	Yes	Nil
Shri Gandlal A. Patel	16	6	Yes	Nil

3. AUDIT COMMITTEE :

Managing Director
Shri P. K. Patel

Other Members

Shri K. K. Patel
Shri G. A. Patel

The Committee met thrice on 24th July, 2004, 27th December, 2004 and 31st March 2005 during the financial year 2004-2005 and the attendance of the committee were as follows:

Name of Director	No. of Meetings		Attended Last AGM
	Held	Attended	
Shri P. K. Patel	3	3	Yes
Shri K. K. Patel	3	3	Yes
Shri G. A. Patel	3	2	Yes

No Remuneration/sitting fees are paid to the members of the Audit Committee.

19th ANNUAL REPORT

4. REMUNERATION POLICY :

The company has two Executive Directors on the Board, whose appointment and remuneration has been fixed by the board and in terms of the resolution passed by the members.

In view of this K. Z. does not have a Remuneration committee. The Board determines the remuneration of the Managing Director.

5. SHAREHOLDERS / INVESTORS Grievance committee

Terms of Reference :

The company has formed investor/shareholder grievance committee to ensure redress at of shareholder and investor complaints relating to transfer of shares, non receipt of declared Dividend, Annual Reports etc.

The committee normally deals with the following matters :

- Transfer/Transmission/Transposition of shares, issue of duplicate shares, consolidation of shares/subdivision of shares.
- Review of Dematerialization of shares.
- Normal day to day matters & all other matters as prescribed and delegated to the committee by the board from time to time. The minutes of the committee meetings are noted and ratified at every ensuing board meetings.

Composition of committee

The Committee comprises of the following Directors.

Chairman	Other Members
Shri K. Z. Patel	Shri R. N. Patel Shri G. A. Patel

The Compliance Officer

Shri Nilesh G. Dabhi, is the compliance Officer

The committee met on 24th July, 2004, 27th December, 2004 during the financial year 2004-2005

Name of Directors	No. of Meetings		Attended Last AGM
	Held	Attended	
Shri K. Z. Patel	2	2	Yes
Shri R. N. Patel	2	2	Yes
Shri G. A. Patel	2	1	Yes

During the year ended 31/03/2005 the company received 7 complaints from investors which were replied/resolved to the satisfaction of the investors.

No Remuneration/sitting fees are paid to the members of the Investor Grievance Committee.

This committee meeting is held generally twice a month. During the financial year ended March 31st 2005, 24 meetings were held.

No Remuneration/Sitting fees are paid to the members of the sub Committee of Directors.

General Body Meeting

Details of the Annual General Meeting(AGM)

AGM Date	Financial Year	Time	Location where AGM was held in the last 3 years	AGM No.
24/09/2005	- 2004-2005	11.15 a.m.	1st floor, Deshna Chamber B/h. Kadva Patidar Wadi, Usmanpura, Ashram road, Ahmedabad-380014	19th
25/09/2004	- 2003-2004	11.15 a.m.	As Above	18th
27/09/2003	- 2002-2003	11.15 a.m.	As Above	17th

Disclosure :

- Related party transaction with them as required under accounting standard 18(AS-18) are furnished under paragraph no 21 of the notes to the account attached with the financial statement in the year ended 31/3/2005.
- There has neither been any non compliance of any legal provision of applicable law nor any penalty, stricture imposed by the Stock Exchange or SEBI or any other authorities on any matters related to Capital Market during last three years.