

12th

Annual Report

2004 - 2005

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Privy Financial
Services - Inc.

PRIVY FINANCIAL SERVICES LIMITED

BOARD OF DIRECTORS

P.C. BINDAL

Chairman

PUNEET KAUSHIK

Director

K. C. GUPTA

Director

SANJAY KUMAR AGARWAL

Director

AUDITORS

G.C. SHARDA & CO.

New Delhi

COMPANY SECRETARY

PRADEEP SRIVASTAVA

REGISTERED OFFICE

101, Sita Ram Mansion
718/21, Joshi Road,
Karol Bagh,
New Delhi

MAIN BANKERS

THE BANK OF RAJASTHAN LTD.

REGISTRAR & SHARE TRANSFER AGENT

Beetal Financial & Computer Services (P) Ltd.

Beetal House, 3rd Floor,
99, Madangir, Behind Local Shopping Centre,
Near Dada Harsukh Dass Mandi, New Delhi - 110 062

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12th Annual Report 2004 - 2005**NOTICE**

Notice is hereby given that the 12th Annual General Meeting of the members of Privy Financial Services Limited, will be held on Wednesday, the 31st day of August, 2005 at 3.30 p.m. at 718, Joshi Road, Karol Bagh, New Delhi-110005, to transact the following business :-

Ordinary Business :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005 and the Profit & Loss Account for the year ended on that date together with Reports of the Directors and the Auditors thereon.
2. To appoint director in place of Shri Sanjay Kumar Agarwal, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint M/s. G.C. Sharda & Co., Chartered Accountants, the retiring Auditors, as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of next annual general meeting and to fix their remuneration.

Special Business :

4. To consider and if thought fit, to pass with or without modifications, the following resolution as an Special resolution :
 "RESOLVED that subject to the approval of the shareholders in general meeting and the Central Govt. u/s. 21 and other applicable provisions, if any, of the Companies Act, 1956, the name of the Company be changed from "Privy Financial Services Ltd." to "Lead Financial Services Ltd." or any other name as the Board may in its absolute discretion decide and as may be made available by the Registrar of Companies NCT of Delhi & Haryana."
 RESOLVED FURTHER that the Board be and is hereby authorized to do all such acts, deed and things as may be required to give effect to the above resolution."
 RESOLVED FURTHER that the name 'Privy Financial Services Ltd.' wherever it occurs in the Memorandum and Article of Association of the Company be substituted by the name 'Lead Financial Services Ltd.'

By Order of the Board of Directors

Place : New Delhi
Dated : 30.07.2005

(PRADEEP KUMAR SRIVASTAVA)
Company Secretary

NOTE:

1. A MEMBER ENTITLED TO ATTEND & VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY.
2. The proxy form duly executed and properly stamped, in order to be effective, should reach the company at its Registered Office at least 48 hours before the scheduled time of the meeting.
3. The Register of Members and the Share Transfer books of the Company will remain closed from 26th. August, 2005 to 31st August, 2005 (both days inclusive).
4. Only Registered Members carrying attendance slips and holders of valid proxies registered with the Company will be permitted to attend the meeting.
5. The Members are requested to :
 - (a) Intimate to the Company changes, if any in their registered address at an early date.
 - (b) Quote ledger folio no. or DP ID & Client ID in all their correspondence.
 - (c) Bring their copy of the Annual Report and the attendance slips with them at the Annual General Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item no.4**

The Board of Directors at their meeting held on 4th July, 2005 has given in principal approval for change of name of the Company from "Privy Financial Services Ltd." to "Lead Financial Services Ltd." subject to approval of the members in the ensuing Annual General Meeting and Registrar of Companies, NCT Delhi & Haryana. Till 1999 the name of the Company was Lead Financial Services Ltd. Subsequently the name of the Company was changed to Privy Financial Services Ltd. with view to incorporate some new activities in the gamete of services being provided by the Company. However, the said activities could not take place in big way. The Company believes that the name Lead Financial Services is a better brand name and the same is being better recognized in the financial market. Hence it is in interest of the Company to have the same name. Pursuant to Section 21 or any other applicable provisions of the Companies Act, 1956 the approval of members of the Company is required on the said resolution.

Your Directors commend the resolution for your approval and none of the Directors of the Company is interested in the resolution.

By Order of the Board of Directors

Place : New Delhi
Dated : 30.07.2005

(PRADEEP KUMAR SRIVASTAVA)
Company Secretary

PRIVY FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

To,
The Members

Privy Financial Services Limited

Your Directors have pleasure in presenting the 12th Annual Report with Audited Statement of Accounts of the Company for the year ended 31st March, 2005.

Financial Results:

Financial results of the company for the year under review are summarized as below :

Particulars	(Rs. In Lacs)	
	Year Ended 31.3.2005	Year Ended 31.3.2004
Total Income	33.20	17.58
Profit Before Depreciation & Tax	5.99	3.68
Depreciation	1.69	2.21
Profit/ (Loss) Before Tax	4.26	1.47
Provision for Tax - Current	0.97	0.11
- Deferred	1.39	(0.32)
Profit/(Loss) after Tax	1.90	1.68
Surplus Carried to Balance Sheet	22.04	20.14

Performance Review :

During the year under review, your company achieved total income of Rs.33.20 Lacs as compared to Rs.17.58 Lacs in the previous year. Net profit for the year was Rs.1.90 Lacs as compared to net profit of Rs.1.68 Lacs in the previous year. Your directors expect that the initiatives undertaken will result in improvement of financial results in the coming years.

MANAGEMENT DISCUSSION AND ANALYSIS :

Industry Structure and Development

The finance sector continues to be characterized by high volatility. The recent governmental policies have strived to lend stability and provided much needed fillip to the industry. The banking as well as the non-banking entities showed remarkable progress during the year under report.

Outlook, Risk and Concern

The Company strive to make optimum use of opportunities so as to maximize the shareholders' wealth in the years to come. Our motto continues to "create" wealth, while at the same time a watchful eye is kept to "preserve" the existing asset base.

The Company is exposed to normal industry risk factors, economic, political and social risk. The Company shall however meet these challenges and concerns by adopting more prudent and comprehensive business policies.

Opportunities and Threats

The uncertainties and fluctuations in the capital market and the interest rates across various financial instruments is a continuing threat for the industry and the company is also not free from that. However, with a team of professional and dedicated management and the staff, the Company is confident enough to forge ahead even in the slack period.

Adequacy of Internal Control System

Company has adequate internal control systems to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance of laws and regulations. The company regularly monitors that all regulatory guidelines are complied with at all levels.

The Audit Committee constituted by the Board reviews the adequacy of Internal Control System.

Financial Performance

Operational Results, 2004-05 Versus 2003-04:

Particulars	(Rs. in Lacs)	
	2004-05	2003-04
Total Income	33.20	17.58
Interest & Financial Charges	0.04	0.23
Expenses	27.21	13.67
Depreciation	1.69	2.21
Total Expenditure	28.94	16.11
Profit before Tax(PBT)	4.26	1.47
Provision for Tax	2.36	(0.21)
Profit after tax (PAT)	1.90	1.68
Equity Capital	330.00	330.00
Reserves & Surplus	22.67	20.77
Earning per Share	0.06	0.05

12th Annual Report 2004 - 2005**Segment wise Performance**

Company operates only in one segment.

Dividend :

Your Directors regret their inability to recommend any dividend in view of low profits during the year under review.

Fixed Deposits :

Your Company has not accepted any deposits from public. There are no unclaimed or unpaid deposits as on 31st March, 2005.

Directors :

Sh. Sanjay Kumar Aggarwal, Director of the company, retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

Material Changes :

There are no material changes and commitments, affecting the financial position of the company between the end of the financial year of your company and the date of Directors' Report.

Auditors :

M/s. G.C. Sharda & Co., Chartered Accountants, the Auditors of the company retire at the forthcoming Annual General Meeting and are eligible for re-appointment. The Audit Committee and your Board recommend their reappointment as Auditors of the Company. The company has received letter from them to the effect that their appointment, if made would be within prescribed limit under Section 224(1B) of the Companies Act, 1956.

Auditor's Report :

The observations in the Auditor's Report are dealt in the notes forming part of accounts at appropriate places and the same being self explanatory, no further comment is considered necessary.

Dematerialisation of Share :

As the members are aware, your company's shares are tradeable compulsorily in electronic form. Accordingly, your company has established connectivity with both the depositories i.e. National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). Members may avail the facility of dematerialisation of company's shares on either of the Depositories as aforesaid.

Voluntary Delisting of the Company's Equity shares from certain Stock Exchanges :

In term of the Special Resolution passed by the Members at the Annual General Meeting held on 29th September 2004, the Equity Shares of the Company have been delisted w.e.f 20th January, 2005 from Delhi Stock Exchange Association Ltd. and w.e.f 28th January, 2005 from The Stock Exchange Ahmedabad. The Securities of the company continue to be listed with Bombay Stock Exchange.

Directors' Responsibility Statement :

Pursuant to Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed

- i) That in the preparation of the accounts for the financial year ended 31st March, 2005, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii) That the Directors have 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 of the Company for the year under review.
- iii) That the Directors have 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 accounts for the financial year ended 31st March, 2005 on 'going concern' basis.

Particulars of Employees :

There is no employee whose particulars are required to be furnished in terms of Sec. 217(2A) of the Companies Act, 1956 and rules made there under.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo :

Your company has no activity relating to conservation of energy and technology absorption. The Company did not have any foreign exchange income/ outflow.

Corporate Governance :

A report on Corporate Governance appears in this Annual Report. A certificate from M/s. G.C. Sharda & Co., Chartered Accountants, Statutory Auditors with regard to Compliance of the Corporate Governance code by your company is annexed hereto as Annexure and forms part of this report.

Acknowledgements :

Your Directors express heartily gratitude to all valued customers, bankers, business associates, shareholders and employees for their continued support.

For and On Behalf of the Board

Place : New Delhi
Dated : 30.07.2005

(P.C. BINDAL)
Chairman

PRIVY FINANCIAL SERVICES LIMITED

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The philosophy can be described as the business practices with the ultimate aim of enhancing long term shareholders' value and remaining committed to high standards of business ethics. Your company and its employees have a commitment to its customers, competitors, local communities, shareholders and the nation to conduct the business in an ethical and legal manner.

2. BOARD OF DIRECTORS

During the year, the Board consisted of four directors, all non executive director out of whom two are independent. Shri P.C.Bindal, Chairman of the Company is a Non Executive Director.

Sl. No.	Name of the Director	Status	Date of appointment	Date of Cessation	No. of Board Meetings held	No. of Board Meetings attended	Last AGM attended	No. of other directorship and committee membership and chairmanship.		
								Other Directorship	Committee Membership	Committee Chairmanship
1.	P.C. Bindal	Non Executive	28.11.94	N.A.	7	7	Yes	4	-	1
2.	K.C. Gupta	Non Executive	11.5.93	N.A.	7	7	Yes	-	2	1
3.	Puneet Kaushik	Independent	23.2.98	N.A.	7	7	Yes	3	2	1
4.	Sanjay Kumar Agarwal	Non Executive Independent	25.3.03	N.A.	7	6	Yes	2	2	-

DATE & NUMBER OF BOARD MEETINGS HELD

Seven Board meetings were held during the year on 31st March, 2005 on 22nd April, 2004, 30th June, 2004, 31st July, 2004, 30th October, 2004, 28th January, 2005, 15th February, 2005 and 28th February 2005.

3. AUDIT COMMITTEE

The company has an Audit Committee comprising three members. Two of them including the Chairman are Independent Directors. The Chairman of the committee is Mr. Puneet Kaushik. Mr.K.C.Gupta and Mr. Sanjay Kumar Aggarwal are the other two members of the committee. The composition of committee is as follows :

	Name of Members	Designation	Status/ Position
1.	Mr. Puneet Kaushik	Chairman	Independent director
2.	Sanjay Kumar Agarwal	Member	Independent director
3.	K.C. Gupta	Member	Non Executive Director
4.	Pradeep Kumar Srivastava	Company Secretary	

The Audit Committee met 4 times during the year ended on 31st March, 2005 on 30th June, 2004, 31st July, 2004, 30th October, 2004 and 28th January, 2005.

Statutory Auditors are permanent invites to the Audit Committee.

The Company Secretary of the Company acts as the Secretary of the Audit Committee.

Terms of Reference :

The terms of reference of this Committee cover the matters specified for Audit Committees under Clause 49 of the Listing Agreement as well as in Section 292A of the Company Act, 1956. These include overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statement is Correct, Sufficient and Credible; reviewing annual and quarterly/ half yearly financial statements with management before submission to the Board; reviewing the adequacy of internal control systems with management, external and internal auditors and reviewing the company's financial risk and management policies.

4. SHAREHOLDERS' / INVESTORS GRIEVANCE COMMITTEE -

The Shareholders / Investors Grievance Committee met 4 times during the year ended on 31st March, 2005 on 30th June, 2004, 31st July, 2004, 30th October, 2004 and 28th January, 2005. The composition of committee is as follows :

	Name of Members	Designation	Status/ Position
1.	Mr. K.C. Gupta	Chairman	Non Executive Director
2.	Sanjay Kumar Agarwal	Member	Independent director
3.	Puneet Kaushik	Member	Independent director

The terms of reference of the 'said committee' are as follows:

- 1) Review the reports submitted by the Registrars and Shares Transfer Agents of the Company at quarterly intervals.
- 2) Periodically interact with the Registrars and Share Transfer Agents to ascertain and look into the quality of the Company's Shareholders / Investors grievance redressal system and to review the report on the functioning of the said Investor grievances redressal system.
- 3) Follow-up on the implementation of suggestions for improvement.
- 4) Periodically report to the Board about serious concerns if any.

12th Annual Report 2004 - 2005**COMPLIANCE OFFICER**

As per the requirement of the Listing Agreement with the Stock Exchange, Mr. Pradeep Kumar Srivastava, Company Secretary acts as the Compliance Officer of the Company.

During the year under review the company has not received any complaint from shareholders. There are no pending transfers as on 31st March 2005.

5. SHARE TRANSFER COMMITTEE-

The Board of Directors of your company at its meeting held on 20th May, 2005 constituted the Share Transfer Committee comprising Sh. P.C. Bindal, K.C. Gupta and Puneet Kaushik. The committee functions under the Chairmanship of Mr. P.C. Bindal. The terms of reference of the Committee are to approve the transfer of shares, consolidation/sub-division of shares, issue of duplicate shares and other allied matters. The Company has appointed M/s Beetal Financial and Computer Services (P) Limited as Registrars and Shares Transfer Agents as per SEBI circular in this regard. They are given authority to handle, transfer, dematerialization, Compliance etc., They work under the supervision of Stock Exchange.

5. GENERAL BODY MEETINGS :

Location and time for the last three Annual General Meetings (AGM).

Year	Location	Date	Time
2001-02	Sheena Chahat Farm Farm No.6, Mandi Valley Farms, New Delhi.	30.09.02	5.00 p.m
2002-03	101, Sita Ram Mansion 718/21, Joshi Road, Karol Bagh, New Delhi-110 005.	24.09.03	4.00 p.m
2003-04	101, Sita Ram Mansion 718/21, Joshi Road, Karol Bagh, New Delhi-110 005.	29.09.04	3.30 p.m

All the Directors of the Company were present at the above Annual General Meetings.

No special resolution was put through Postal Ballot during last year.

6. DISCLOSURES

- 1) There was no transactions of the company of material nature with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the company at large.
- 2) Details of non compliance by company, penalties strictures imposed on the company by Stock exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three years – none

7. MEANS OF COMMUNICATION

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchange immediately after they are approved by the Board. These are also published in the prescribed Performa within 48 hrs. of the conclusion of the meeting of the Board in which they are considered, generally in 'The Pioneer' and 'Veer Arjun'.

These results are simultaneously posted on the Sebi website www.sebiedifor.nic.in as per clause 51 of the listing agreement

The quarterly financial results during the financial year 2004-05 were published as detailed below:

Quarters	Date of Board Meeting	Date of Press Release
April – June 2004	31 st July 2004	1 st August 2004
July–September 2004	30 th October 2004	31 st October 2004
October-December 2004	28 th January 2005	29 th January 2005
January-March 2005	30 th June 2005	1 st July 2005

(Audited)

8. MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management discussion and Analysis Report is a part of the Director Report.

9. APPOINTMENT/ RE-APPOINTMENT OF DIRECTORS

Mr. Sanjay Kumar Agarwal retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Mr. Sanjay Kumar Agarwal aged about 36 years is on the board of the Company since 2003. He is a Commerce Graduate and has rich experience in the field of finance and financial services. Mr. Agarwal is also the director of Balaji Fund Growth Ltd. and Balaji Installment Supply Limited. He is also acts as a member of the Audit Committee & Shareholders/Investors Grievance Committee.

10. GENERAL SHAREHOLDERS' INFORMATION**i) ANNUAL GENERAL MEETING**

Date and Time : Wednesday, 31st August, 2005 At 3.30 p.m.