

# **Annual Report 2006-07**

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## **LEAD FINANCIAL SERVICES LIMITED**

# LEAD FINANCIAL SERVICES LIMITED

## BOARD OF DIRECTORS

**P.C. BINDAL**

Chairman

**PRADEEP KUMAR JAIN**

Director

**SANJAY KUMAR AGARWAL**

Director

**VIJAY KUMAR**

Director

## AUDITORS

**G.C. SHARMA & CO.**

New Delhi

## COMPANY SECRETARY

**RIKKI ANAND**

## 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,  
New Delhi - 110 062

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## **NOTICE**

Notice is hereby given that the 14<sup>th</sup> Annual General Meeting of the members of Lead Financial Services Limited, will be held on Saturday, the 29<sup>th</sup> day of September, 2007 at 10.00 a.m. at 304, Sita Ram Mansion, 718/21, 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 31<sup>st</sup> March, 2007 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 Sh.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 though fit, to pass with or without modification, the following resolution as an Ordinary resolution:  
"RESOLVED THAT Shri Pradeep Kumar Jain, who was appointed as an Additional Director of the Company, under section 260 of the Companies Act, 1956, by the Board of Directors in its meeting held on 10<sup>th</sup> March, 2007 and whose office expires on the date of Annual General Meeting and in respect of whom the Company has received a notice from a member under section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

By Order of the Board of Directors

(RIKKIANAND)  
Company Secretary

Place : New Delhi  
Dated : 30<sup>th</sup> August 2007

### **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 25<sup>th</sup> September, 2007 to 29<sup>th</sup> September, 2007 (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.

# LEAD FINANCIAL SERVICES LIMITED

6. Details of Directors pursuant to clause 49 of the Listing Agreement:

Particulars	Name of Directors	
	<b>Sh. Sanjay Kumar Agarwal</b>	<b>Sh. Pradeep Kumar Jain</b>
Date of Birth	14.06.1969	20.12.1960
Date of appointment	25.03.2003	10.03.2007
Expertise in specific areas	Rich experience in the field of, finance & financial services and other related matters of corporate bodies .	experience in the field of Corporate Finance and capital market
Qualifications	B.Com.	B.Com., F.C.A.
Directorship in other Company	□ Balaji Fund Growth Ltd. □ Balaji Instalments Supply Ltd.	Startrite Financial Services Pvt. Ltd. SLS Stock & Share Brokers Ltd. Evergrowing Investment & Consultants Pvt. Ltd.
Shareholdings in the company as on 31.03.2007	NIL	NIL

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT,1956

### Regarding Item No. 4

Shri Pradeep Kumar Jain was appointment as director of the company by the Board of Directors at its meeting held on 10<sup>th</sup> March 2007. According to the provisions of section 260 of the Companies Act, 1956 and Articles of Association of the company he holds the office up to the date of ensuing Annual General Meeting. Under the provisions of section 257 of the Companies Act, 1956, the company has received a notice from a member proposing his candidature for appointment as Director, liable to retire by rotation. Shri Pradeep Kumar Jain is a Fellow Member of The Institute of Chartered Accountant of India. He has over 20 years of experience in the field of Corporate Finance and Capital Market.

The Board is one of the opinion that his knowledge and experience would be of immense help for the overall progress of the company and recommends the resolution for his appointment as Director for approval of the shareholders.

Except Shri Pradeep Kumar Jain, no other director of the company is concerned or interested in proposed resolution.

By Order of the Board of Directors

(RIKKIANAND)  
Company Secretary

Place : New Delhi

Dated : 30<sup>th</sup> August 2007

## DIRECTORS' REPORT

To,  
The Members  
Lead Financial Services Limited  
Your Directors have pleasure in presenting the 14<sup>th</sup> Annual Report with Audited Statement of Accounts of the company for the year ended 31<sup>st</sup> March, 2007.

### **FINANCIAL RESULTS:**

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

Particulars	Year Ended 31.3.2007	(Rs. In Lacs) Year Ended 31.06.2006
Total Income	41.02	16.75
Profit Before Depreciation & Tax	9.08	3.52
Depreciation	1.01	1.30
Profit/ (Loss) Before Tax	8.07	2.22
Provision for Tax	2.46	0.78
- Current	(0.08)	(0.41)
- Deferred	0.08	0.14
- Fringe Benefit	5.61	1.71
Profit/(Loss) after Tax	1.12	0.72
Transfer to Statutory Reserve	27.52	23.03
Surplus Carried to Balance Sheet		

### **PERFORMANCE REVIEW :**

During the year under review, your company achieved total income of Rs.41.02 Lacs as compared to Rs.16.75 Lacs in the previous year. Net profit for the year was Rs.5.61 Lacs as compared to net profit of Rs.1.71 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 year 2006-2007 witnessed change in business environment in the light of globalization. Non Banking Financial Companies had to cope up with competition from private banks and allow the lending rates to retain business levels and customers. Some of the NBFCs, had either converted to be part of banks or entered strategic alliance to beat competition. NBFCs, continue to enjoy the flexibility in terms of its operations vis-à-vis banks, in terms of branch expansion, diversified business portfolios, that evinces interest from a number of banking players to expand through a NBFC model.

#### **Outlook, Risk and Concern**

Our Company, like any other body corporate, is exposed to specific risks that are particular to its business and environment within which it operates. These include credit risks, market risks and operational risks. We have established policies and procedures to manage these risks.

#### **Opportunities and Threats**

The financial sector is undergoing several changes. The line of distinction between types of entities i.e., Non Banking Financial Companies (NBFCs), Financial Institutions, Banks, etc. is breaking down. The NBFC sector within the finance sector has consolidated significantly and only a few large players capable of operating in the new paradigm, where they compete with the MNCs' and private banks, have survived in the mainstream of the financial sector. Other small NBFCs' have moved to niche segments or markets. The induction of higher technology platform and more efficient business operating models of private banks, MNCs' and foreign banks is raising the levels of customer service and setting new benchmarks in levels of competition to acquire customers. This competition, coupled with the cost of customer acquisition makes it incumbent upon the players to manage the economics of their operations in a superior manner. The sector as a whole is continuously looking for better cost controls and new and more efficient processes which reduce costs yet enhance customer service.

#### **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, 2006-07 Versus 2005-06 :**

Particulars	(Rs. in Lacs) 2006-07	(Rs. in Lacs) 2005-06
Total Income	41.02	16.75
Interest & Financial Charges	0.06	2.79
Expenses	31.88	9.56
Depreciation	1.01	1.30
Total Expenditure	32.95	13.65
Provision for NPA	0.00	0.88
Profit before Tax(PBT)	8.07	2.22
Provision for Tax	2.46	0.51
Profit after tax (PAT)	5.61	1.71
Equity Capital	330.00	330.00
Reserves & Surplus	30.00	24.38
Earning per Share	0.17	0.05

# LEAD FINANCIAL SERVICES LIMITED

## **Segment wise Performance**

Company operates only in one segment.

## **DIVIDEND :**

Your Directors regret their inability to recommend any dividend in view of deploying the funds for expansion of business 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 31<sup>st</sup> March, 2007.

## **DIRECTORS :**

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

During Financial the year, Sh. Krishan Chandra Gupta and Sh Puneet Kaushik has resigned from the Board on 10<sup>th</sup> March, 2007. The Board while accepting their resignation, recorded its appreciation for the contributions made by them during their tenure as directors of the Company.

Sh. Pradeep Kumar Jain was appointed as an Additional Director of the Company w.e.f. 10<sup>th</sup> March, 2007. The Board recommends his appointment as a Director in ensuing Annual General Meeting.

## **MATERIAL CHANGES :**

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

## **AUDITORS :**

M/s. G.C. Sharda & Co., Chartered Accountants, the Auditors of the company retires 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 SHARES :**

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.

## **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 31<sup>st</sup> March, 2007, 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 judgements 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 31<sup>st</sup> March, 2007 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 thereunder.

## **PERSONNEL:**

The Board wishes to place on record their deep appreciation of all employees of the company for their endeavor and co-operation. The relations with employees continued to be cordial throughout the year.

## **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 and the 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.

## **ACKNOWLEDGEMENT :**

Your Directors express hearty 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 : 30th August, 2007

(P.C. BINDAL)  
Chairman

## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is an integral part of values, ethics and the best business practices followed by the Company. The core values of the Company are:-

- Commitment to excellence.
- Maximizing long term shareholders value
- Socially valued enterprise and
- Caring for people and environment.

In a nutshell, the philosophy can be described as observing of business practices with the ultimate aim of enhancing long-term shareholders value and remaining committed to high standards of business ethics.

### 2. BOARD OF DIRECTORS

At the end of year, the Board consisted of four directors, all non executive director out of whom three are independent. Shri P.C.Bindal, Promoter 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.	8	8	Yes	6	1	---
2.	Sanjay Kumar Agarwal	Independent	25.03.03	N.A.	8	8	Yes	2	2	1
3.	Vijay Kumar	Non Executive	31.03.06	N.A.	8	8	Yes	---	1	---
4.	Pradeep Kumar Jain	Independent	10.03.07	N.A.	---	---	No	3	2	1
5.	K.C. Gupta	Non Executive	11.05.93	10.03.07	8	8	Yes	1	---	---
6.	Puneet Kaushik	Independent	23.02.98	10.03.07	8	8	Yes	3	---	---

∞ Shri K C Gupta & Shri Puneet Kaushik have resigned from the Directorship of the Company w.e.f. 10<sup>th</sup> March 2007.

∞ Mr Pradeep Kumar Jain was appointed as an Additional Director of the Company w.e.f. 10<sup>th</sup> March 2007.

### DATE & NUMBER OF BOARD MEETINGS HELD

Eight Board meetings were held during the year on 19<sup>th</sup> April 2006, 30<sup>th</sup> June, 2006, 31<sup>st</sup> July 2006, 9<sup>th</sup> September 2006, 30<sup>th</sup> October 2006, 29<sup>th</sup> January 2007, 31<sup>st</sup> January, 2007 and 10<sup>th</sup> March 2007 Complying with clause 49 of the listing agreement, the Board has adhered to the time gap between two meetings.

### RETIREMENT OF DIRECTOR BY ROTATION, RE-APPOINTMENT AND NEW APPOINTMENT OF DIRECTOR

Shri Sanjay Kumar Agarwal retires by rotation at the 14<sup>th</sup> Annual General Meeting of the Company and being eligible offers himself for reappointment.

Shri Pradeep Kumar Jain was appointed as an Additional Director w.e.f. 10<sup>th</sup> March 2007 and the Board recommends his appointment as a Director.

As required under Clause 49 of the Listing Agreement, brief resume of directors being new appointment and reappointed, nature of their expertise in specific functional areas and names of companies in which they hold directorship and membership of the committees of the board are furnished hereunder:

⇒ Shri Sanjay Kumar Agarwal is a Commerce Graduate. He has expertise in matters relating to financial strategies.

Shri Sanjay Kumar Agarwal is also Director in Balaji Fund Growth Ltd and Balaji Instalments Supply Limited.

⇒ Shri Pradeep Kumar Jain, a commerce graduate is a fellow member of the Institute of Chartered Accountants of India. He has 20 years of vast experience in the field of in finance and Capital Market.

Shri Pradeep Kumar Jain is also Director in Evergrowing Investments & Consultants Pvt Ltd., SLS Stock & Share Brokers Limited and Stratrite Financial Services Pvt Ltd

### 3. AUDIT COMMITTEE

The Company has an Audit Committee of Directors since 25<sup>th</sup> March 2003. The Committee has the powers similar to those stated in the listing Agreement and exercises most of the functions as per terms of reference of the Audit Committee.

#### COMPOSITION

Due to resignation of two Directors, Shri K C Gupta and Shri Puneet Kaushik w.e.f. 10<sup>th</sup> March, 2007, the Committee has been reconstituted.

Presently, the Audit Committee of the Board of your company comprises of three members all non executive directors and out of whom two are independent directors. The committee functions under the chairmanship of Shri Pradeep Kumar Jain who is an independent director. Shri Rikki Anand, Company Secretary of the Company acts as the secretary of the committee. The composition of committee is as follows:

Name of Members	Designation	Status/ Position
1. Pradeep Kumar Jain	Chairman	Independent Non Executive Director
2. Sanjay Kumar Agarwal	Member	Independent Non Executive Director
3. P.C. Bindal	Member	Non Executive Director
4. Rikki Anand	Company Secretary	

\*Statutory Auditors and Company Secretary are special invitees to the Audit Committee Meetings.