

# LEAD FINANCIAL SERVICES LIMITED

Report *15<sup>th</sup>* Junction.com

*Annual Report*

*2007-2008*

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**Registered Office : 101, Sita Ram Mansion, 718/21, Joshi Road,  
Karol Bagh, New Delhi-110 005**

## LEAD FINANCIAL SERVICES LIMITED

<b>BOARD OF DIRECTORS</b>	P.C. BINDAL PRADEEP KUMAR JAIN SANJAY KUMAR AGARWAL VIJAY KUMAR	CHAIRMAN DIRECTOR DIRECTOR DIRECTOR
<b>AUDITORS</b>	G.C. SHARDA & CO NEW DELHI	
<b>COMPANY SECRETARY</b>	RIKKI ANAND	
<b>REGISTRAR &amp; SHARE TRANSFER AGENT</b>	BEETAL FINANCIAL & COMPUTER SERVICES (P) LTD. BEETAL HOUSE, 3RD FLOOR 99, MADANGIR, BEHIND LOCAL SHOPPING CENTRE NEW DELHI- 110062	
<b>REGISTERED OFFICE</b>	101, SITARAM MANSION 718/21, JOSHI ROAD KAROL BAGH, NEW DELHI	
<b>BANKERS</b>	THE BANK OF RAJASTHAN LTD.	

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# LEAD FINANCIAL SERVICES LIMITED

## NOTICE

Notice is hereby given that the 15<sup>th</sup> Annual General Meeting of the members of Lead Financial Services Limited, will be held on Saturday, the 27<sup>th</sup> day of September, 2008 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, 2008 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 Mr. Vijay Kumar 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 modification, following resolution as a special resolution  
"RESOLVED THAT pursuant to the provision of section 198,269,302,309,310 read with the provisions of the schedule XIII of the Companies Act, 1956 and other applicable provision, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being enforceable) Mr. Vijay Kumar be and is hereby appointed as the Whole Time Director of the Company for a period of five years with effect from 1<sup>st</sup> August, 2008, on the following terms and conditions as approved by remuneration committee of the Board:  
(i) Term of appointment: 5 years w.e.f. 1<sup>st</sup> August, 2008  
(ii) Salary Rs. 15,000/- (Fifteen Thousand only) per month.  
(iii) Contribution to the provident fund, family benefit fund, superannuation fund as per rule of the Company.  
(iv) Gratuity as per rules of the Company.

RESOLVED FURTHER THAT Mr Vijay Kumar shall be liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable and to settle any questions, or doubt that may arise in relation thereto including to decide breakup of the remuneration.

RESOLVED FURTHER THAT Mr. P.C Bindal, Director of the Company be and is hereby authorised to sign and file all the documents and to take such steps, as may be necessary, to give effect to this resolution."

By Order of the Board of Directors

Place : New Delhi  
Dated : 30<sup>th</sup> July 2008

(Vijay Kumar)  
Director

### 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 4 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 23<sup>rd</sup> September, 2008 to 27<sup>th</sup> September, 2008 (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**

**SH VIJAY KUMAR**

Date of Birth

19.05.1955

Date of appointment

31.03.2006

Expertise in specific areas

Rich experience in the field of administration.

Qualifications

B.A.

Directorship in other Company

Privy Infosystem Pvt Ltd

Shareholdings in the company as on 31.03.2008

NIL

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

#### REGARDING ITEM NO. 4

Shri Vijay Kumar was appointed as director of the company by the Board of Directors at its meeting held on 31st March 2006. Shri Vijay Kumar is a Arts Graduate and has over 20 years of experience in the field of administration.

The Board is 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 Whole Time Director at a remuneration of Rs. 15000/- per month for approval of the shareholders.

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

By Order of the Board of Directors

Place : New Delhi  
Dated : 30<sup>th</sup> July 2008

(Vijay Kumar)  
Director

# LEAD FINANCIAL SERVICES LIMITED

## DIRECTORS' REPORT

To

The Members  
Lead Financial Services Ltd.

Your Directors have pleasure in presenting the 15<sup>th</sup> Annual Report with Audited Statement of Accounts of the company for the year ended 31<sup>st</sup> March, 2008.

### FINANCIAL RESULTS:

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

(Rs. in Lacs)

Particulars	Year Ended 31.3.2008	Year Ended 31.06.2007
Total Income	19.14	41.02
Profit Before Depreciation & Tax	10.30	9.08
Depreciation	0.69	1.01
Profit/ (Loss) Before Tax	9.61	8.07
Provision for Tax - Current	1.35	2.46
- Deferred	0.31	(0.08)
- Fringe Benefit	0.04	0.08
- Previous Tax	0.18	-
Profit/(Loss) after Tax	7.73	5.61
Transfer to Statutory Reserve	1.55	1.12
Surplus Carried to Balance Sheet	33.70	27.52

### PERFORMANCE REVIEW:

During the year under review, your company achieved total income of Rs.19.14 Lacs as compared to Rs.41.02 Lacs in the previous year. Net profit for the year was Rs.7.73 Lacs as compared to net profit of Rs.5.61 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 operations of Non- Banking Financial Companies (NBFC's) are regulated and supervised by the Reserve Bank of India vide powers conferred under Chapter III - B of the Reserve Bank of India Act, 1934. The regulatory and supervisory framework for NBFC's have been continuously strengthened in order to ensure strong and healthy functioning, by limiting excessive risk taking practices and protecting the interest of deposit holders.

The NBFC Sector in India has become very mature with reduced dependence on the acceptance of public deposits as part of its overall funding. The NBFC sector is now represented by a mix of few large Companies with nationwide presence and a large number of small and medium sized Companies with regional focus.

#### Outlook, Risk and Concern

The Company is exposed to specific risks that are particular to its businesses and the environment within which it operates, including interest rate volatility, economic cycle, market risk and credit risk. The Company manages these risks by maintaining a conservative financial profile and by following prudent business and risk management policies.

#### Opportunities and Threats

The NBFC Sector continues to face competitive pressures from the Banking sector and financial institutions, due to their increased penetration in the consumer financing market, with comparatively low cost of funds at their disposal. The spreads in the lending business have also narrowed considerably, bringing risk-adjusted margins to generally unviable levels.

#### Adequacy of Internal Control System

The Company's operating and business control procedures have been framed in order that they ensure efficient use of resources and comply with the procedures and regulatory requirements. The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and the transactions are authorized, recorded and reported correctly. The Audit Committee reviews the quarterly and annual financial statements, adequacy of disclosures treatment of various items involving accounting judgments.

### Financial Performance

#### Operational Results, 2007-08 Versus 2006-07:

Particulars	2007-08	2006-07
Total Income	19.14	41.02
Interest & Financial Charges	0.15	0.06
Expenses	8.68	31.88
Depreciation	0.70	1.01
Total Expenditure	9.53	32.95
Profit before Tax(PBT)	9.61	8.07
Provision for Tax	1.88	2.46
Profit after tax (PAT)	7.73	5.61
Equity Capital	330.00	330.00
Reserves & Surplus	37.73	30.00
Earning per Share	0.23	0.17

# 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, 2008.

## DIRECTORS:

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

The Board recommends the appointment of Mr. Vijay Kumar as the Whole Time Director of the Company for a period of five years with effect from 1<sup>st</sup> August, 2008 at a remuneration of Rs.15,000/- per month.

Sh Neeraj Jain was appointed as an Additional Director w.e.f. 28.06.2008, who has resigned on 30.07.2008.

## 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:

- That in the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2008, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- 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.
- 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.
- That the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2008 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:

We thank our clients, investors and bankers for their continued support during the year. We place on record our appreciation of the contribution made by employees at all levels. We thank the Government of India, particularly the Securities And Exchange Board of India (SEBI), Stock Exchanges, the State Governments, and other government agencies/authorities for their support, and look forward to their continued support in future.

Your Company's employees are the keys for its attaining new heights. Your Directors place on record their deep appreciation of the commitment and professionalism displayed by them.

We also value the support provided by the Company's Shareholders and we look forward to your continuing future support.

For and On Behalf of the Board

Place : New Delhi  
Dated : 30<sup>th</sup> July 2008

(P.C. BINDAL)  
Chairman

# LEAD FINANCIAL SERVICES LIMITED

## CORPORATE GOVERNANCE REPORT

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

The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations, and in all its interactions with its stakeholders, including shareholders, employees, the government, lenders and the society. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

### 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.	7	7	Yes	7	1	---
2.	Sanjay Kumar Agarwal	Independent Non Executive	25.03.03	N.A.	7	7	Yes	2	3	1
3.	Vijay Kumar	Independent Non Executive	31.03.06	N.A.	7	7	Yes	1	1	---
4.	Pradeep Kumar Jain	Independent Non Executive	10.03.07	N.A.	7	7	Yes	3	3	2
5.	Neeraj Jain	Independent Non Executive	28.06.08	30.07.08	7	---	No	2	1	---

### DATE & NUMBER OF BOARD MEETINGS HELD

Seven Board meetings were held during the year on 10<sup>th</sup> April 2007, 20<sup>th</sup> June 2007, 31<sup>st</sup> July 2007, 30<sup>th</sup> August, 2007, 31<sup>st</sup> October 2007, 31<sup>st</sup> January, 2008 and 24<sup>th</sup> March 2008 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

Mr Vijay Kumar retires by rotation at the 15<sup>th</sup> Annual General Meeting of the Company and being eligible offers himself for reappointment.

The Board has appointed Mr. Vijay Kumar as the Whole Time Director of the Company for a period of five years with effect from 1st August, 2008.

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:

⇒ Mr Vijay Kumar is Arts Graduate. He has over 20 years of experience in the field of corporate administration.

Mr Vijay Kumar is also Director in Privy Infosystem 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

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.

#### NO. OF MEETINGS AND ATTENDANCE AT MEETINGS

Four meetings of Audit Committee were held during the year 2007-08, on 20<sup>th</sup> June 2007, 31<sup>st</sup> July 2007, 31<sup>st</sup> October 2007 and 31<sup>st</sup> January 2008.

The Attendance of the Committee members at the above meetings is as follows:

MEMBERS	COMMITTEE MEETINGS	
	Held	Attended
1. Sh. Pradeep Kumar Jain	4	4
2. Sh. Sanjay Kumar Agarwal	4	4
3. Sh. P C Bindal	4	4

Statutory Auditors are permanent invitees to the Audit Committee.

### 4. SHAREHOLDERS' / INVESTORS GRIEVANCE/TRANSFER COMMITTEE - COMPOSITION

The Company has a Shareholders'/Investors Grievance/transfer Committee to redress the complaints of the shareholders in respect of the matters pertaining to transfer of shares, non-receipt of annual report, dematerialisation of shares etc.