

LEAD FINANCIAL SERVICES LIMITED

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*16th
Annual Report
2008-09*

LEAD FINANCIAL SERVICES LIMITED

BOARD OF DIRECTORS

P.C. BINDAL
PRADEEP KUMAR JAIN
SANJAY KUMAR AGARWAL
VIJAY KUMAR

CHAIRMAN
DIRECTOR
DIRECTOR
WHOLE TIME DIRECTOR

AUDITORS

G.C. SHARDA & CO.
NEW DELHI

COMPANY SECRETARY

RIKKIANAND

**REGISTRAR &
SHARE TRANSFER AGENT**

BEETAL FINANCIAL & COMPUTER SERVICES (P) LTD.
BEETAL HOUSE, 3RD FLOOR
99, MADANGIR, BEHIND LOCAL SHOPPING CENTRE
NEW DELHI- 110062

REGISTERED OFFICE

101, SITARAM MANSION
718/21, JOSHI ROAD
KAROL BAGH, NEW DELHI

BANKERS

THE BANK OF RAJASTHAN LTD.

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LEAD FINANCIAL SERVICES LIMITED

NOTICE

Notice is hereby given that the 16th Annual General Meeting of the members of Lead Financial Services Limited, will be held on Saturday, the 26th day of September, 2009 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 31st March, 2009 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. Pradeep Kumar Jain 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.

By Order of the Board of Directors

Place : New Delhi

Dated : 29.07.2009

(Vijay Kumar)

Whole Time 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 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 22nd day of September, 2009 to 26th day of September, 2009 (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.
6. Details of Directors pursuant to clause 49 of the Listing Agreement:

Particulars

Name of Directors

Sh Pradeep Kumar Jain

Date of Birth

20.12.1960

Date of appointment

10.03.2007

Expertise in specific areas

Mr Pradeep Kumar Jain, a commerce graduate is a fellow member of the Institute of Chartered Accountants of India. He has 23 years of vast experience in the field of in finance and Capital Market.

Qualifications

B.Com., FCA

Directorship in other Company

Evergrowing Investments & Consultants Pvt Ltd.
Startrite Financial Services Pvt Ltd

Shareholdings in the company as on 31.03.2009

NIL

By Order of the Board of Directors

Place : New Delhi

Dated : 29.07.2009

(Vijay Kumar)

Whole Time Director

DIRECTORS' REPORT

To,
The Members
Lead Financial Services Limited

Your Directors have pleasure in presenting the 16th Annual Report with Audited Statement of Accounts of the company for the year ended 31st March, 2009.

FINANCIAL RESULTS:

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

(Rs. In Lacs)

Particulars	Year Ended 31.3.2009	Year Ended 31.03.2008
Total Income	39.43	19.14
Profit Before Depreciation & Tax	10.25	10.31
Depreciation	0.35	0.70
Profit/ (Loss) Before Tax	9.90	9.61
Provision for Tax - Current	2.21	1.35
- Deferred	0.31	0.31
- Fringe Benefit	0.04	0.04
- Previous Tax	0.11	0.18
Profit/(Loss) after Tax	7.23	7.73
Transfer to Statutory Reserve	1.45	1.55
Surplus Carried to Balance Sheet	39.49	33.70

PERFORMANCE REVIEW :

During the year under review, your company achieved total income of Rs.39.43 Lacs as compared to Rs.19.14 Lacs in the previous year. Net profit for the year was Rs.7.23 Lacs as compared to net profit of Rs.7.73 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

Pronouncements by several leading economists and Central Bankers across the world would suggest that the worst is over for the global economy. There are early, if feeble, signs of recovery in the US economy, which has a significant bearing on the other major economies including India. The formation of a stable government at the Centre brings with it the hope of a renewed thrust on economic reforms and the pursuit of a growth agenda which are critical prerequisites for the Indian Economy to regain its growth momentum. Your Company, as in the past, will continue to pursue its objective of Growth with Quality. Your Company also continues to focus on new opportunities to improve profitability.

Outlook, Risk and Concern

Risk is an integral part of the banking business and we aim at delivering superior shareholder value by achieving an appropriate trade-off between risk and returns. The key risks are credit risk, market risk and operational risk.

Our risk management strategy is based on a clear understanding of various risks, disciplined risk assessment and measurement procedures and continuous monitoring. The policies and procedures established for this purpose are continuously benchmarked with international best practices.

The company as a NBFC is engaged predominantly in the business of investments, the future outlook/business prospects are closely linked with the variations in the stock market and also in the government policy and world economy. As the recent global economic recession has its impact on the stock markets, it had dampened the earlier buoyancy and optimism in the economy, still the overall outlook of the company continues to be positive in the current financial year.

Opportunities and Threats

Inflation which has reached the High mark of 12.63% level and touched a decade low of 0.26% level during the year under review, due to worldwide recession. With the attention of Government focused to come out from the current economic recession, the economic growth for the current year may see a deceleration with corporates turning in moderate growth in their financial results. Added to the above, the economic recession all over the world will also have its impact on the performance in the business of the company.

It is however, believed that the Indian growth story is intact inspite of all these odds over the long term. In the Current year Indian economy may still see a growth rate of around 5 to 6%.

The Company's prime and main business being financial services, it is exposed to the competitive threats from mutual and other funds. However, the Company hopes to improve its performance on the strength of its long experience and its strong emphasis on fundamentals.

LEAD FINANCIAL SERVICES LIMITED

Adequacy of Internal Control System

As part of the effort to evaluate the effectiveness of the internal control systems, your Company's internal audit department reviews all the control measures on a periodic basis and recommends improvements, wherever appropriate. The internal audit department reports directly to the Audit Committee of the Board. The Audit Committee regularly reviews the audit findings as well as the adequacy and effectiveness of the internal control measures.

Financial Performance

Operational Results, 2008-09 Versus 2007-08:

Particulars	(Rs. in Lacs)	
	2008-09	2007-08
Total Income	39.43	19.14
Interest & Financial Charges	5.48	0.15
Expenses	23.70	8.68
Depreciation	0.35	0.70
Total Expenditure	29.53	9.53
Profit before Tax(PBT)	9.90	9.61
Provision for Tax	2.67	1.88
Profit after tax (PAT)	7.23	7.73
Equity Capital	330.00	330.00
Reserves & Surplus	44.96	37.73
Earning per Share	0.22	0.23

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 31st March, 2009.

DIRECTORS:

Sh. Pradeep Kumar Jain, 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 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 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 SHARES:

As the members are aware, your company's shares are tradable compulsory 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 31st March, 2009, 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 31st March, 2009 on 'going concern' basis.

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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 : 29.07.2009

(P.C. BINDAL)
Chairman

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CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company is committed to good governance practices while conducting its business and has upheld the core concept of the Corporate Governance i.e. transparency, integrity, honesty, accountability and compliance of laws, so as to strengthen the investors confidence, and enhance the long-term sustainable value for its shareholders.

Good Corporate governance policies have further guided the Company to not only work towards the enhancement of shareholder value but for the overall betterment of all its stakeholders viz. it's customers, creditors, employees and the society at large.

The status of compliance with Clause 49 of the Standard Listing Agreement is enumerated herein below:

2. BOARD OF DIRECTORS

At the end of year, the Board consisted of four directors. One of them is Executive Director. 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.	6	6	Yes	1	1	---
2	Sanjay Kumar Agarwal	Independent Non Executive	25.03.03	N.A.	6	6	Yes	2	3	1
3	Vijay Kumar	Executive	31.03.06	N.A.	6	6	Yes	4	1	---
4.	Pradeep Kumar Jain	Independent Non Executive	10.03.07	N.A.	6	6	Yes	2	3	2
5.	Neeraj Jain	Independent Non Executive	28.06.08	30.07.08	6	2	No	2	1	---

DATE & NUMBER OF BOARD MEETINGS HELD

Six Board meetings were held during the year on 2nd May 2008, 28th June 2008, 30th July 2008, 24th October 2008, 30th January, 2009 and 23rd March 2009 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 Pradeep Kumar Jain retires by rotation at the 16th Annual General Meeting of the Company and being eligible offers himself for reappointment.

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

⇒ Mr Pradeep Kumar Jain, a commerce graduate is a fellow member of the Institute of Chartered Accountants of India. He has 23 years of vast experience in the field of in finance and Capital Market.

He is also director of Evergrowing Investments & Consultants Pvt Ltd. and Startrite Financial Services Pvt Ltd

3. AUDIT COMMITTEE

The Company has an Audit Committee of Directors since 25th 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 2008-09, on 28th June 2008, 30th July 2008, 24th October 2008 and 30th January 2009.

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.