

## LEAD FINANCIAL SERVICES LIMITED

### NOTICE

Notice is hereby given that the 18<sup>th</sup> Annual General Meeting of the members of Lead Financial Services Limited, will be held on Wednesday, the 28<sup>th</sup> day of September, 2011 at 10.30 a.m. at 304, Sita Ram Mansion, 71B/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 2011 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. 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.

By Order of the Board of Directors

Place : New Delhi  
Dated : 10.08.2011

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 22<sup>nd</sup> day of September, 2011 to 28<sup>th</sup> day of September, 2011 (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. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Members are requested to intimate their queries, if any, relating to the accounts or any other matters at least seven days in advance of the meeting so that the information can be made readily available and furnished at the meeting.
6. 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.
7. Keeping in view the theme of Green Initiative in Corporate Governance allowing paperless compliances by companies through electronic mode and the circular bearing no. 17/2011 dated 21.4.2011 and 18/2011 dated 29.4.2011 issued by MCA, your company has decided to send henceforth, all documents, required to be sent to Shareholders like, General meeting Notice (including AGM) Audited Financial Statements, Director Report, Auditors Report etc. in electronic form on the e-mail id provided by them and made available to us by the depositories. In case you have not registered your email id or your desire to have different e-mail to be registered, please update the same in your DP and e-mail us at our e-mail id

lead\_financial@rediffmail.com

At the ensuing Annual General Meeting Mr Sanjay Kumar Agarwal retires by rotation and being eligible, offer himself for re-appointment. The details of Mr Sanjay Kumar Agarwal pursuant to clause 49 of the Listing Agreement are as under:

#### Particulars

Date of Birth  
Date of appointment  
Expertise in specific areas  
Qualifications  
Directorship in other Company  
Shareholdings in the company as on 31.03.2011  
Inter se relationship with other Directors

#### Name of Directors

**Mr. Sanjay Kumar Agarwal**  
14.06.1969  
25.03.2003  
Rich experience in the field of finance, financial services and other related matters.  
B.Com.  
Balaji Fund Growth Limited and Balaji Instalments Supply Limited  
NIL  
NIL

By Order of the Board of Directors

Place : New Delhi  
Dated : 10.08.2011

Company Secretary

## LEAD FINANCIAL SERVICES LIMITED

### DIRECTORS' REPORT

To,  
The Members  
Lead Financial Services Limited

Your Directors have pleasure in presenting the 18<sup>th</sup> Annual Report with Audited Statement of Accounts of the company for the year ended 31<sup>st</sup> March, 2011.

#### FINANCIAL RESULTS:

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

Particulars	(Rs. In Lacs)	
	Year Ended 31.03.2011	Year Ended 31.03.2010
Total Income	69.26	114.56
Profit Before Depreciation & Tax	11.71	15.12
Depreciation	0.24	0.29
Profit/(Loss) Before Tax	11.47	14.83
Provision for Tax - Current	3.22	3.71
- Deferred	(0.001)	(0.009)
- Previous Tax	0.88	0.02
Profit/(Loss) after Tax	7.37	11.10
Transfer to Statutory Reserve	1.47	2.39
Surplus Carried to Balance Sheet	54.96	49.07

#### PERFORMANCE REVIEW:

During the year under review, your company achieved total income of Rs.69.28 Lacs as compared to Rs. 114.56 Lacs in the previous year. Net profit for the year is Rs.7.37 Lacs as compared to net profit of Rs. 11.10 Lacs in the previous year. Your directors are undertaking the initiatives to improve the financial results in the coming years.

#### MANAGEMENT DISCUSSION AND ANALYSIS:

##### Industrial Structure and Development

Global GDP growth in 2010 continued to be strong post recovery from severe recessionary trends in 2008. Recovery has been aided by monetary and fiscal stimulus in USA. Indian economy grew at a strong pace of 8.5% in FY '10-'11 against US growth of 2.8%, Euro zone growth of 1.9% and Chinese growth of 9.8%.

India's strong GDP growth continued to be driven by strong consumption growth. This has also led to inflationary pressures in the economy. RBI has been one of the most aggressive Central Banks in fighting inflation and raised rates 8 times in FY11.

##### Outlook, Risk and Concern

Risk Management Policy of the company provides a summary of company's principles regarding risk taking and risk management. The principles are based on the best practices and designs to avoid conflict of interests. The company has developed an elaborate risk strategy in terms of policy guidelines, for managing and monitoring various risks.

The primary risks that the Company is exposed to are: Credit risk (Corporate & Retail lending), Market risk (Liquidity and Interest rate risk) and Operational risk. The Company's risk policies outline the products offered, customer and client categories, credit approval processes with limits and risk monitoring and reporting.

The Management reviews risk policies from time to time to address strategy and portfolio/balance sheet risks arising from equity investments, credit, liquidity movements and interest rate movements.

##### Opportunities and Threats

The Monetary Policy for 2010-11 is set against a rather complex economic backdrop. Although the situation is more reassuring than it was a quarter ago, uncertainty about the shape and pace of global recovery persists. Private spending in advanced economies continues to be constrained and inflation remains generally subdued making it likely that fiscal and monetary stimuli in these economies will continue for an extended period. Emerging market economies (EMEs) are significantly ahead on the recovery curve, but some of them are also facing inflationary pressures.

The Financial Stability Report (FSR) by the Financial Stability Unit constituted by the Reserve Bank stress for institutionalizing the focus on financial stability and making it an integral part of the policy framework. The first FSR makes an assessment of the strength of the financial sector, with particular focus on banks, and has raised some concerns, including rising inflation, high government borrowings and likely surge in capital flows, from the financial stability standpoint.

The FSR also emphasised the need for evolving a stronger supervisory regime for systemically important non-deposit taking non-banking financial companies (NBFCs-ND-SI) and strengthening the monitoring and oversight framework for systemically important financial conglomerates. Overall risk to financial stability was found to be limited. However, the recent financial turmoil has clearly demonstrated that financial stability cannot be taken for granted, and that the maintenance of financial stability requires constant vigilance, especially during normal times to detect and mitigate any incipient signs of instability.

## LEAD FINANCIAL SERVICES LIMITED

### Adequacy of Internal Control System

The Company maintains a system of well established policies and procedures for internal control of operations and activities, and these are continually reviewed for effectiveness. The internal control system is supported by qualified personnel and a continuous program of internal audit. The prime objective of such audits is to test the adequacy and effectiveness of all internal control systems laid down by the management and to suggest improvements. We believe that the Company's overall system of internal control is adequate given the size and nature of operations and effective implementation of internal control self assessment procedures. The Company encourages and recognizes improvements in work practices. The internal control system of the Company is also reviewed by the Audit Committee periodically.

### Financial Performance

#### Operational Results, 2010-11 Versus 2009-2010:

Particulars	2010-11	2009-10
Total Income	69.28	114.56
Interest & Financial Charges	1.50	4.05
Expenses	56.07	95.38
Depreciation	0.24	0.29
Total Expenditure	57.82	99.74
Profit before Tax (PBT)	11.47	14.83
Provision for Tax	4.10	3.73
Profit after tax (PAT)	7.37	11.10
Equity Capital	330	330
Reserves & Surplus	64.30	56.93
Earning per Share	0.22	0.34

### 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, 2011

### 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.

### 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 this report as forming part of accounts at appropriate places and the same being self explanatory, no further comment is considered necessary.

### DEMATERIALIZATION OF SHARES:

As the members are aware, your company's shares are tradable 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 in 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, 2011, 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, 2011 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.

## LEAD FINANCIAL SERVICES LIMITED

### 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:

#### Particulars regarding conservation of energy, technology absorption, foreign exchange, earning and outgo

Information as required under section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the board of Directors) Rules, 1988 for forming part of the Director's report for the financial year ended 31<sup>st</sup> March, 2011 is as follows :-

#### 1. Conservations of Energy

a. Energy conservation measures taken	Not Applicable
b. Additional investment & proposals if any being implemented.	Not Applicable
c. Impact of measures of a & b above for reduction Of energy consumption and consequent impact On cost of production	Not applicable
Total energy consumption and energy consumption Per unit of production as perform 'A' of the Annexure in respect of industries specified in the schedule thereto.	Not Applicable

#### 2. Technology Absorption

##### Research and Development (R&D)

1. Specific area in which R & D is carried by the company	The company is conducting R & D to make its business more profitable
2. Benefits derived as a result of the above R & D	The awareness of investor's benefit has increased.
3. Future plan of action	The company would continue R & Ds for more investors awareness.
4. Expenditure on R & D	The company has not undertaken any major expenditure on R & D
i) Capital	
ii) Recurring Total	
Total	
Total R & D Expenditure as a percentage of total turnover	

##### Technology Absorption, Adaptation and Innovation

1. Efforts in brief, made through towards technology absorption, adaptation and innovation	Not Applicable
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.	Not Applicable
3. Information regarding imported technology	
(a) Technology Imported	None
(b) Year of Import	Not Applicable
(c) Has the technology been fully absorbed	Not Applicable
(d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action	Not Applicable
3. Foreign Exchange Earnings and Outgo	
1. Activities relating to exports; initiative taken to increase exports; development of new export markets for products, services and export plans.	Nil
2. Total foreign exchange used and earned	The information of foreign exchange earnings and outflow is furnished in notes to accounts.

### 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

## LEAD FINANCIAL SERVICES LIMITED

### CORPORATE GOVERNANCE REPORT

In compliance with Clause 49 of the Listing Agreement entered into with the stock exchanges, the Company hereby submits the report on matters as mentioned in the said clause and Corporate Governance practices followed by the Company. This section besides being in compliance of the mandatory listing requirement gives an insight into the process of functioning of the Company.

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

The Corporate Governance philosophy of the Company is driven by the following fundamental principles:

- ❖ conduct the affairs of the Company in an ethical manner
- ❖ ensure transparency in all dealings
- ❖ ensure highest level of responsibility and accountability
- ❖ ensure compliance with all laws and regulations
- ❖ ensure timely dissemination of all price sensitive information and matters of interest to stakeholders

The Company, through effective dissemination of information to the Directors and active interaction of the Board Members with Senior Management ensures effective oversight of the Company's businesses and activities.

Through the Governance mechanism in the Company, the Board along with its Committees endeavors to strike the right balance with various stakeholders. 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 in public company	Committee Membership	Committee Chairmanship
1.	P.C. Bindal	Non Executive	28.11.94	N.A.	7	7	Yes	---	---	---
2.	Sanjay Kumar Agarwal	Independent Non Executive	25.03.03	N.A.	7	7	Yes	2	---	---
3.	Vijay Kumar	Executive	31.03.06	N.A.	7	7	Yes	---	---	---
4.	Pradeep Kumar Jain	Independent Non Executive	10.03.07	N.A.	7	7	Yes	---	---	---

\* The directorship held by directors do not include alternate directorship and directorship of foreign Companies, section 25 Companies & private limited Companies.

\*\* In accordance with clause 49 of the Listing Agreement, membership/chairmanship of only the Audit Committee and Shareholders/Investors Grievance Committee of all Public Ltd. Companies have been considered.

#### DATE & NUMBER OF BOARD MEETINGS HELD

Seven Board meetings were held during the year on 06.04.2010, 28.05.2010, 30.07.2010, 20.10.2010, 10.11.2010, 07.02.2011 and 30.03.2011. 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 Sanjay Kumar Agarwal retires by rotation at the 18<sup>th</sup> 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:

→ 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.

#### CODE OF CONDUCT

The Company's Code of Conduct, as adopted by the Board of Directors, is applicable to all Directors, Senior Management and Employees of the Company. The Code of Conduct of the Company covers substantial development, disclosure of material information, integrity of financial reporting, continuous improvement of the internal control system and sound investor relations.

The Code has been circulated to all the members of the Board and senior management personnel and the compliance with the Code of Conduct and Ethics is affirmed by them annually.

A declaration signed by the Whole Time Director of the Company is given below:

This is to certify that, to the best of my knowledge and belief, for the financial year ended on 31st March, 2011, all Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct for Directors and Senior Management respectively.

Vijay Kumar  
Whole Time Director

Date: 01st April, 2011

#### 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. 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