

20th Annual Report

2003-04



UNITED LEASING & INDUSTRIES LIMITED

UNITED LEASING & INDUSTRIES LIMITED**CONTENTS**

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CHAIRMAN

Mr. R. K. Khanna

MANAGING DIRECTOR

Mr. Anoop Kumar Khanna

DIRECTORS

Mr. Anil Kumar Khanna
 Col. D. P. Khanna (Retd.)

COMPANY SECRETARY

Mr. Sushil Kumar Tibrewal

STATUTORY AUDITORS

M/s R. S. Ahuja & Co.
 Chartered Accountants
 C-353, Defence Colony,
 New Delhi-110024

REGISTERED OFFICE

Plot No. 66, Sector-34, EHTP, Gurgaon, Haryana

CORPORATE OFFICE

D-41, NDSE Part II, New Delhi-110049

REGISTRAR & SHARE TRANSFER AGENTS

In-time Spectrum Registry Ltd.
 A-31, 3rd Floor, Near PVR Naraina,
 Naraina Industrial Area,
 Phase-1, New Delhi-110028
 Phone: 011-51410592-93-94
 Fax : 011- 51410591

Annual General Meeting on Saturday 25th of September 2004 at Company's Works premises at 14 Kms., Gurgaon
 Pataudi Road, Village Jhund Sarai Veeran, Dist. Gurgaon, Haryana at 3.00 P. M.

PLEASE NOTE:

1. No gifts/ gift coupons/ company products will be given at the Annual General Meeting.
2. No attendance slip will be issued at the AGM venue.
3. Please bring your copy of Annual Report at the AGM.

UNITED LEASING & INDUSTRIES LIMITED**NOTICE TO SHAREHOLDERS**

NOTICE IS HEREBY GIVEN THAT THE 20TH ANNUAL GENERAL MEETING OF THE MEMBERS OF UNITED LEASING & INDUSTRIES LIMITED WILL BE HELD ON 25TH DAY OF SEPTEMBER, 2004 AT THE WORKS PREMISES OF THE COMPANY AT 14 KM, VILLAGE JHUND SARAI VEERAN, GURGAON PATAUDI ROAD, GURGAON, HARYANA AT 3.00 P.M. TO TRANSACT THE FOLLOWING BUSINESS:

A. ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as on 31st March, 2004 and the Profit & Loss account for the year ended on that date, together with the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. R. K. Khanna who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors of the Company and to fix their remuneration. M/s R. S. Ahuja & Co., Chartered Accountants, the retiring auditors being eligible, offers themselves for re-appointment.

B. SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution:

"RESOLVED THAT Col. D. P. Khanna (Retd.), who was appointed as an additional Director of the Company by the Board of Directors and who holds office as per section 260 of the Companies Act, 1956 up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the company liable to retire by rotation"

5. To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to sections 269, 198, 309(3) and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto, Mr. Anoop Kumar Khanna be and is hereby appointed as Managing Director of the Company for a period of 5 years from 1st November 2003 on such terms and conditions and remuneration as provided hereinafter:

SALARY AND COMMISSION

Subject to the provisions of sections 198 and 309 of the Companies Act, 1956, the company shall pay in the financial year remuneration by way of salary, dearness allowance, perquisites, commission and other allowance to the extent of 5% of the net profit of the Company.

PERQUISITES:

1. Contribution to the provident fund, super-annuation fund or annuity fund to the extent these singly or put together are not taxable under the Income Tax Act.
2. Gratuity payable at the rate not exceeding half a month's salary for each completed year of service, and
3. Encashment of leave at the end of the tenure.

UNITED LEASING & INDUSTRIES LIMITED**MINIMUM REMUNERATION**

Notwithstanding anything hereinabove stated, where, in any financial year, during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the company shall pay the Managing Director remuneration by way of salary, allowance and perquisites not exceeding the maximum limits prescribed under Schedule XIII to the Companies Act, 1956 or any statutory modification thereof.

PRESENT SALARY

As the profit are presently inadequate, his monthly salary w.e.f. 01.11.2003 shall be calculated as per Section II of the Part II of the Schedule XIII and shall be as follows till it is revised, in keeping with the financial growth of the Company in terms of either the effective capital or the profits:

Basic Salary	Rs. 40,000/-
H.R.A.	Rs. 26,000/-
Gas & Electricity Allowance	Rs. 6,000/-
Gross Salary	Rs. 72,000/-
Employer's Contribution to Provident Fund	As per Law prevailing from time to time and to the extent not taxable under the Income Tax Act, 1961

The Board of Directors may revise/ modify any of the terms of the appointment & remuneration from time to time within the limit specified in the Schedule XIII of the Companies Act, 1956 or any statutory modifications thereof.

OTHER TERMS:

Mr. Anoop Kumar Khanna shall:-

1. Subject to the supervision & control of the Board of Directors carry out such duties and exercise such powers as may be entrusted to him by the Board of Directors of the Company, from time to time;
2. So long as he functions as the Managing Director of the Company he shall not be paid any sitting fee for attending meetings of the Board of Directors or any committee thereof;
3. So long as he functions as the Managing Director of the Company he shall be entitled to the reimbursement of the entertainment expenses and other expenses including travel expenses actually & properly incurred for the business of the Company"

**By order of the Board
For United Leasing & Industries Limited**

**Sd/-
(Sushil Kumar Tibrewal)
Company Secretary**

**Date : 28/07/2004
Place: New Delhi**

UNITED LEASING & INDUSTRIES LIMITED**NOTES:****1. PROXY**

A member entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and vote instead of himself and that proxy need not be a member. The instrument appointing a proxy should however be deposited at the Corporate Office of the Company not less than 48 hours before the commencement of the meeting. A blank proxy form is annexed to this Annual Report.

2. BOOK CLOSURE

Share Transfer Books and Register of Members of the Company will remain closed from Monday 20th September 2004 to Saturday 25th September 2004 (Both days inclusive).

3. NOMINATION FACILITY

In terms of Section 109A of the Companies Act, 1956, every shareholder is now entitled to nominate a person to whom his shares in the company shall vest in the unfortunate event of his death.

- (a) Nomination by Joint Holders: Where the shares are held jointly by two persons, the joint holders may together nominate a person to whom all rights in the shares shall vest in the event of death of both the joint holders. It may be noted that nomination of separate persons by the joint holders is not permitted.
- (b) Nomination of a Minor: Where the nominee is a minor, the shareholder may appoint any person to become entitled to the securities in the event of his death during minority.

The shareholders who want to avail of the facility of nomination may send in their nomination in Form 2B prescribed under the Companies Act, 1956. A specimen of the said form is appended at the end of this Annual Report.

4. MEMBERS ARE REQUESTED TO:

- i) Notify any change in their Address immediately.
- ii) Quote their Folio Number while corresponding with the Company.
- iii) Send their queries, if any, to reach the Company's Corporate Office at least 10 days before the date of the meeting so that information can be made available at the meeting.
- iv) Bring their copy of the Annual Report at the meeting.
- v) The explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under item 4 & 5 as set out above is annexed hereto.

**By order of the Board
For United Leasing & Industries Limited**

Sd/-
(Sushil Kumar Tibrewal)
Company Secretary

**Date : 28/07/2004
Place: New Delhi**

UNITED LEASING & INDUSTRIES LIMITED**EXPLANATORY STATEMENT**

(PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956)

Item No. 4

The Board of Directors has appointed Col. D. P. Khanna (Retd.) as Additional Director on the Board with effect from 18th December 2003. Under Section 260 of the Companies Act 1956, he hold office as Director only upto the date of the forthcoming Annual General Meeting. In view of his past experience, it is eminently in the Company's interest to re-appoint him as Director of the Company.

Other than Col. D. P. Khanna (Retd.), none of the Directors of the company is in any way concerned or interested in this resolution.

Your Directors recommend passing of this resolution.

Item No. 5

Pursuant to the provision of Article 111 of the Articles of Association of the company and section 269 read with Schedule XIII of the Companies Act, 1956, the Board of Directors of the company at its meeting held on 28th October, 2003 have appointed Mr. Anoop Kumar Khanna as the Managing director of the company w.e.f. 01.11.2003 on the remuneration structure and other terms & conditions as stated in the proposed resolution, subject to the approval of the shareholders at this Annual General Meeting. Mr. Anoop Kumar Khanna is director of the company and possesses vast experience in the field of Business Administration. It is eminently in the Company's interest to appoint him as Managing Director of the Company.

The Board of Directors of the Company recommends the resolution for approval of the members.

Other than Mr. Anoop Kumar Khanna, none of the Directors of the company is concerned or interested in this resolution.

**By order of the Board
For United Leasing & Industries Limited**

Date : 28/07/2004

Place: New Delhi

Sd/-
(Sushil Kumar Tibrewal)
Company Secretary

**Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting
(In pursuance of Clause 49 of the Listing agreement)**

Name of the Director	Mr. R. K. Khanna	Col. D. P. Khanna (Retd.)
Date of Appointment	13-01-1983	18-12-03
Date of Birth	07-04-24	17-10-37
Nature of his experience in specific functional areas	Vast experience in the field of finance, Taxation, Audit and business administration	Vast experience in Leasing, Finance, Recoveries & Legal
Qualification	Chartered Accountant	M.A., LLB.
Directorship in other Public Ltd. Companies	Addi Industries Ltd. Director Asahi Components Ltd. Director RLF Limited Chairman Virgo Components Ltd. Director	NIL
Membership/Chairmanship in committees of the Board	<u>Audit Committee</u> United Leasing & Industries Ltd. <u>Shareholders'/Investors' Grievance Committee</u> United Leasing & Industries Ltd. RLF Limited <u>Remuneration Committee</u> United Leasing & Industries Ltd.	<u>Remuneration Committee</u> United Leasing & Industries Ltd.

UNITED LEASING & INDUSTRIES LIMITED**DIRECTORS' REPORT**

The Board of directors present the 20th Annual Report together with the Audited accounts of the Company for the year ended on 31st March, 2004.

FINANCIAL RESULTS

The financial results of the Company for the year ended 31st March, 2004 are as follows:

Particulars	Current Year ended 31.03.04 (Rs. in lacs)	Previous Year ended 31.03.03 (Rs. in lacs)
Total Income	135.08	266.68
Operating Expenses	69.93	151.60
Profit before Interest, Depreciation & Tax	65.15	115.08
Financial Expenses	41.82	41.35
Profit before Depreciation & Tax	23.33	73.73
Depreciation	21.74	69.09
Provision for Taxation	0.12	0.35
Profit after Tax	1.47	4.29
Balance Brought Forward	92.91	88.62
Prior Period Adjustment	50.00	Nil
Balance Carried forward	44.38	92.91

OPERATIONS

After the budget 2003 when small weavers were also included in the Cenvat chain of production, the textile activity in respect of production of grey fabric was disturbed for the first 4 months of the year. The impact of the changes continued during the entire financial year. As a result, the company made a Cash Profit of Rs.23.33 lacs and Net Profit after depreciation of Rs.1.59 lacs. After settlement of liabilities of all Bankers and Financial Institutions, the company is now going through a process of consolidation and will take up further expansion of business after due consideration.

DIVIDEND

Company has not declared any dividend this year.

DEPOSITS

Total public deposits as on 31st March 2004 were Rs. 167.74 lacs.

MANAGEMENT DISCUSSION & ANALYSIS**INDUSTRY SCENARIO**

The embroidery industry is dependent on the growth of exports of garments and made ups etc. The embroidery serves as the major value addition factor for manufacturing garments and made ups. The management continued to concentrate more on exporters' embroidery orders.

UNITED LEASING & INDUSTRIES LIMITED**OPPORTUNITIES**

Since, from the current budget, the textile industry has been exempted from the excise duty, there is tremendous potential for the growth of textile industry and for textile embroidery industry also. The textile industry provides huge employment to the Indian populace and it also contributes substantial foreign exchange through exports of textile goods.

Due to India's extremely rich cultural heritage, it is very convenient for the designers to select innovative designs from beautiful and colourful designs used in every day life in India. On fabrics front also India is very strong. Various types of fabrics like georgettes, Moss crepe, cottons, cotton lycra, jersey etc. are available at good prices. Further, there is no dearth of requisite talent in India.

There is complete value chain available in India. There is no dearth of excellent quality of raw materials-fabrics, yarns and other inputs. Further there are complete processing facilities available right from fabric processing to making/finishing the ready made garments and made ups.

THREATS, RISKS AND CONCERNS

Like other industries, the textile embroidery business is also exposed to global competition to deliver excellent quality goods at competitive prices.

OUTLOOK

Our company is gradually strengthening its position in the market and shall attain better financial results in the years to come. Further, the management is exercising tight control on costs, to improve upon bottomlines.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Company has adequate internal control systems commensurate with its size and nature of business.

DIRECTORS

Mr. R. K. Khanna, Director of the company, retires at the ensuing Annual general Meeting, pursuant to clause 108 of the Articles of association of the Company and being eligible offers himself for re-appointment.

Col. D. P. Khanna, who was appointed by the Board of Directors as Additional Director of the Company with effect from 18th December 2003 retires at the ensuing Annual general Meeting of the Company under Section 260 of the Companies Act 1956, but is eligible for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

In pursuance of Sec. 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are 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 or loss of the company for that period;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

UNITED LEASING & INDUSTRIES LIMITED

(iv) that the directors had prepared the annual accounts on a going concern basis.

AUDIT COMMITTEE

The Audit Committee constituted by the Board of directors consists of Mr. R. K. Khanna, Mr. Anoop Kumar Khanna & Mr. Anil Kumar Khanna. Mr. R. K. Khanna is the chairman of the committee. The terms of reference of the Audit Committee have been laid down by the Board at its meeting constituting the committee, held on 31.01.2003

CONSERVATION OF ENERGY

The Company does not belong to the category of power intensive industries and hence consumption of power is not significant. However, the management is aware of the importance of conservation of energy and also reviews from time to time the measures taken / to be taken for reduction of consumption of energy.

TECHNOLOGY ABSORPTION

The company is running successfully its embroidery unit in Gurgaon comprising 2 computerised, high quality embroidery machines purchased from Saurer, Switzerland.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Total foreign exchange earned	: Rs. 14,12,185/-
Total Foreign exchange used	: Rs. Nil

PARTICULARS OF EMPLOYEES

The company had no employee during the financial year under review whose particulars are required to be given under section 217(2A) of the Companies Act, 1956.

AUDITORS

M/s R. S. Ahuja & Co. Chartered Accountants, Auditors of the company, retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

ACKNOWLEDGEMENTS

Yours Directors take the opportunity to express their gratitude for the assistance and continued cooperation extended by Banks, Depositors and Customers. Your Directors also wish to thank the shareholders for their confidence in the Company and express their deep appreciation for the devoted and sincere services rendered by all the employees of the Company at all levels.

Place : New Delhi

Date : 28/07/2004

ON BEHALF OF THE BOARD

Sd/-
(R. K. Khanna)
CHAIRMAN