

# LEAD FINANCIAL SERVICES LIMITED

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 19<sup>th</sup> Annual General Meeting of the members of Lead Financial Services Limited will be held on Saturday, the 22<sup>nd</sup> day of September, 2012 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 2012 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.

By Order of the Board of Directors

Place : New Delhi  
Dated : 06.08.2012

VIJAY KUMAR  
WHOLE TIME DIRECTOR  
DIN: 00165917

### 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 17<sup>th</sup> day of September, 2012 to 22<sup>nd</sup> day of September, 2012 (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. 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. At the ensuing Annual General Meeting Mr Vijay Kumar retires by rotation and being eligible, offer himself for re-appointment. The details of Mr Vijay Kumar pursuant to clause 49 of the Listing Agreement are as under:

Particulars	Name of Director
	Mr. 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	Graduate
Directorship in other Company	LFS SECURITIES LIMITED LFS SERVICES PRIVATE LIMITED LEAD BUSINESS SOLUTIONS PRIVATE LIMITED PRIVY VALUE REALTY PRIVATE LIMITED
Shareholdings in the company as on 31.03.2012	NIL

By Order of the Board of Directors

Place : New Delhi  
Dated : 06.08.2012

VIJAY KUMAR  
WHOLE TIME DIRECTOR  
DIN: 00165917

## DIRECTORS' REPORT

To,  
The Members  
Lead Financial Services Limited

Your Directors have pleasure in presenting the 19<sup>th</sup> Annual Report with Audited Statement of Accounts of the company for the year ended 31<sup>st</sup> March, 2012.

### FINANCIAL RESULTS:

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

(Rs. In Lacs)

Particulars	Year Ended	Year Ended
	31.03.2012	31.03.2011
Total Revenue	46.35	69.28
Profit Before Depreciation & Tax	15.47	11.71
Depreciation	0.78	0.24
Profit/ (Loss) Before Tax	14.68	11.47
Provision for Tax - Current	4.86	4.10
- Deferred	(0.047)	(0.001)
Profit/(Loss) after Tax	9.87	7.37
Transfer to Statutory Reserve	1.97	1.47
Surplus Carried to Balance Sheet	49.07	54.96

### PERFORMANCE REVIEW:

During the year under review, your company achieved total revenue of Rs.46.35 Lacs as compared to Rs. 69.28 Lacs in the previous year. Net profit for the year is Rs.9.87 Lacs as compared to net profit of Rs. 7.37 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

Fiscal 2012 was a challenging year for the global economy. Prolonged uncertainty around the resolution of the Eurozone sovereign debt crisis, rating downgrades of sovereigns and slow recovery of the US economy increased risks to global growth.

The Indian economy saw moderation in economic activity during fiscal 2012, following domestic macroeconomic conditions of high interest rates and slowdown in investments. India's gross domestic product (GDP) grew by 6.9% during the first nine months of fiscal 2012, compared to a growth of 8.1% in the corresponding period of fiscal 2011.

The Union Budget for fiscal 2013 has projected the government's fiscal deficit to come down from an estimated 5.9% of GDP in fiscal 2012 to 5.1% in fiscal 2013. RBI has projected India's GDP to grow by 7.3% in fiscal 2013, with credit growth estimated at 17.0% and deposit growth at 16.0%. RBI has projected inflation to be at 6.5% in March 2013.

#### 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 performance of capital market is in correlation with the economic growth of the country as well as global economy, performance of various sectors, inflation, global market, etc. Instability of any of the factors may affect the market adversely. The capital market operation involves inbuilt risk and uncertainty, which carries various opportunities and threats to the investors

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.

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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.

## **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 2011-12 :**

Particulars	(Rs. in Lacs)	
	2010-11	2011-12
Total Revenue	69.28	46.35
Interest & Financial Charges	1.50	12.32
Expenses	56.07	18.57
Depreciation	0.24	0.78
Total Expenditure	57.82	31.67
Profit before Tax(PBT)	11.47	14.68
Provision for Tax	4.10	4.82
Profit after tax (PAT)	7.37	9.86
Equity Capital	330	330
Reserves & Surplus	64.30	74.17
Earning per Share	0.22	0.30

## **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, 2012.

## **DIRECTORS:**

Sh. Vijay Kumar, Whole-Time 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 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:

- i) That in the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2012, 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 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.
- 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, 2012 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:

### 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, 2012 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<br>Of energy consumption and consequent impact<br>On cost of production | Not applicable |
| Total energy consumption and energy consumption  | Not Applicable |
| Per unit of production as perform 'A' of the<br>Annexure in respect of industries specified in the schedule thereto.       |                |

#### 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

Dated : 6<sup>th</sup> August, 2012  
Place : New Delhi

P.C. BINDAL  
CHAIRMAN  
DIN: 00004769

## 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	1	---	---
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 05.04.2011, 28.05.2011, 10.08.2011, 01.09.2011, 29.09.2011, 07.11.2011 and 08.02.2012. 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 19<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 Vijay Kumar is a Graduate. He has rich experience in the field of administration.

⇒ Shri Vijay Kumar is also Director in LFS Securities Limited, LFS Services Private Limited, Lead Business Solutions Private Limited, Privy Value Realty Private 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, 2012, 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, 2012

### 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

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## ROLE OF AUDIT COMMITTEE

The broad terms of reference of Audit Committee include inter-alia the following:-

- Review quarterly and annual financial statements before submission to the Board for approval;
- Discuss with Auditors about Internal Control System and to consider their observations and follow-up;
- Review of risk management policies and practices;
- Ensure compliance of Internal Control System;
- Investigate on any matter referred by the Board;
- Make recommendation to the Board on any matter relating to the financial management of the Company, including the Audit Report.

## NO. OF MEETINGS AND ATTENDANCE AT MEETINGS

Four meetings of Audit Committee were held during the year 2011-12, on 28<sup>th</sup> May 2011, 10<sup>th</sup> August 2011, 7<sup>th</sup> Nov 2011 and 8<sup>th</sup> February, 2012.

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 and Company Secretary are special invitees to the Audit Committee meetings.

## 4. SHARE TRANSFER AND INVESTORS GRIEVANCE COMMITTEE

In order to give appropriate level of focus to shareholders and investors related matters, the Company has a "Share Transfer and Investor Grievance Committee."

The main areas and functions of Share Transfer and Investors Grievances Committee basically include redressal of shareholders and investors complaints like transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends etc, consolidation and sub-division of share certificates, approving the transfer(s), transmission(s) and issue of duplicate share certificates and rematerialisation of the shares and transposition of names.

### Composition

Presently, The Committee comprises of three directors namely Sh. Sanjay Kumar Agarwal, Sh. Vijay Kumar and Sh Pradeep Kumar Jain. The Committee functions under the Chairmanship of Sh. Sanjay Kumar Agarwal.

The Share holders may send their complaints to grievance redressal division at following e-mail address:

lead\_financial@rediffmail.com

### Complaints

During the year under review the company has not received any complaint from shareholders. There are no pending transfers as on 31<sup>st</sup> March 2012

### Meetings

The Committee has been holding regular meetings to ensure compliance with the provisions of the Companies Act, 1956 and the Listing Agreement and ensure proper services to investors.

## REMUNERATION COMMITTEE

The company constituted remuneration committee on 28.06.2008 to review and recommend payment of annual salaries, agreements and other employment conditions of the Executive Directors comprising Managing Director and whole Time Directors, The Committee fixes the remuneration after taking in consideration remuneration practices followed by companies of similar size and standing in the industry. The Committee periodically reviews and recommends suitable by revision in the remuneration package of executive directors to the board.

### Composition:

The constitution of remuneration committee is as follows:

S. No.	Name of Directors	Status	Category of Membership
1	Mr. Pradeep Kumar Jain	Chairman	Independent, Non- executive
2	Mr. Sanjay Kumar Agarwal	Member	Independent, Non- executive
3	Mr. Neeraj Jain (resigned)	Member	Independent, Non- executive

Mr Neeraj Jain one of the Ex member of the remuneration committee has resigned from the directorship of the Company on 30.07.2008.

The company will reconstitute the remuneration committee as and when required.

## REMUNERATION POLICY:

Subject to the approval of the Board of Directors and subsequent approval by the Shareholders at the General Body Meeting and such authorities as the case may be, remuneration of the Managing / Whole- Time Director is fixed by the remuneration committee. The remuneration is fixed considering various factors such as qualifications, experience, expertise, prevailing remuneration in the competitive industries, financial position of the company etc. The remuneration structure comprises basic salary, commission, perquisites and allowances, contribution to provident fund and other funds in accordance with various related provisions of the Companies Act, 1956. The non-executive directors have neither been paid any remuneration nor a sitting fees and reimbursement of actual travel expenses for attending the board Meeting.

## COMPLIANCE OFFICER AND CONTACT ADDRESS

As per the requirement of the Listing Agreement with the Stock Exchange, Mr P C Bindal is the Compliance Officer of the Company.

Contact Address: 101, Sitaram Mansion, 718/21, Joshi Road, Karol Bagh, New Delhi-110005

Telephone/ Fax no: 011-23549822 Email ID: lead\_financial@rediffmail.com

## 5. GENERAL BODY MEETINGS:

Location and time for the last three Annual General Meetings (AGM).

Year	Location	Date	Time	Special Resolution Passed
2008-09	304, Sita Ram Mansion, 718/21, Joshi Road, Karol Bagh, New Delhi-110 005.	26.09.09	10.00 a.m	—
2009-10	304, Sita Ram Mansion, 718/21, Joshi Road, Karol Bagh, New Delhi-110 005.	25.09.10	10.30 a.m	—
2010-11	304, Sita Ram Mansion, 718/21, Joshi Road, Karol Bagh, New Delhi-110 005.	24.09.11	10.30 a.m	—

No special resolution was put through Postal Ballot during last year.

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## 6. COMPLIANCE WITH OTHER MANDATORY REQUIREMENTS

### i) MANAGEMENT DISCUSSION AND ANALYSIS

A Management Discussion and Analysis Report forms part of the Annual Report and includes discussions on various matters specified under clause 49 (IV) (F)

### ii) DISCLOSURES

a) The details of transactions, if any, with related parties are placed before the audit committee on quarterly basis. Related party transactions during the year are disclosed in notes to accounts.

b) The Company is following the Generally Accepted Accounting Policies of the trade which provides a true and fair view of the business of the Company and there are no statutory audit qualifications in this regard.

c) In terms of Clause 49(V) of the Listing Agreement, the Whole Time Director and the Chief Financial Officer made a certification to the Board of Directors in the prescribed format for the year under review which has been reviewed by the Audit Committee and taken on record by the Board.

d) Though the Company does not have a Whistle Blower Policy. However it is ensured that every personnel can approach to the Audit Committee as and when he so desire.

e) All the mandatory requirements have been complied with. The Company always endeavors to comply with non-mandatory requirements as far as possible.

f) The Company has in place a risk management mechanism to inform the Board members about the risk assessment & minimization procedures, the Board reviews the same from time to time.

g) There were no instances of non-compliance or penalty structures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the last year.

h) All Mandatory requirements as per Clause 49 of the Listing Agreement have been complied with by the Company.

## 7. MEANS OF COMMUNICATION

Quarterly results for the quarters ending on 30<sup>th</sup> June 2011, 30<sup>th</sup> September 2011, 31<sup>st</sup> December 2011 and audited results for the quarter and year ended on 31<sup>st</sup> March 2012 were published in "Pioneer" and "Vir Arjun". The results are promptly furnished to the Stock Exchange for display on their respective websites.

Quarters	Date of Board Meeting	Date of Press Release
April – June 2011	10 <sup>th</sup> August, 2011	11 <sup>th</sup> August, 2011
July–September 2011	7 <sup>th</sup> November 2011	8 <sup>th</sup> November 2011
October–December 2011	8 <sup>th</sup> February 2012	9 <sup>th</sup> February 2012
January–March 2012 (Audited)	26 <sup>th</sup> May 2012	27 <sup>th</sup> May 2012

The official press releases of Company are displayed on the website of The Bombay Stock Exchange Limited

## 8. SUBSIDIARY COMPANIES

As on 31.03.2012, the company does not have any subsidiary company whether Indian or foreign.

## 9. GENERAL SHAREHOLDERS' INFORMATION

### i) ANNUAL GENERAL MEETING

Date and Time : Saturday, 22<sup>nd</sup> September, 2012  
At 10.30 A.M.

Venue : 304, Sita Ram Mansion, 718/21 Joshi Road Karol Bagh, New Delhi – 110 005

ii) FINANCIAL CALENDAR : 1<sup>st</sup> April to 31<sup>st</sup> March

iii) BOOK CLOSURE : 17<sup>th</sup> September, 2012 to 22<sup>nd</sup> September, 2012 (both days inclusive)

### iv) LISTING ON STOCK EXCHANGES

Your company's shares are listed on the following stock exchanges:

(1) The Stock Exchange, Mumbai  
Corporate Relationship Department  
1st Floor, New Trading Ring, Rotunda Building,  
PJ Towers, Dalal Street, Fort, Mumbai – 400 001

Listing fees including for the year 2012-13 has been paid on due date to the Stock Exchange.

### v) MARKET PRICE DATA :

Monthly High & Low closing quotation of shares of the company traded at Bombay Stock Exchange Limited and monthly high/low of close prices of the BSE Sensex during the financial year are as follows:

Month	Bombay Stock Exchange Limited		BSE (SENSEX)	
	High	Low	High	Low
April 2011	8.99	8.56	19,811.14	18,976.19
May 2011	-	-	19,253.87	17,786.13
June 2011	9.85	9.40	18,873.39	17,314.38
July 2011	10.84	9.51	19,131.70	18,131.86
August 2011	11.13	9.04	18,440.07	15,765.53
Sept 2011	9.58	9.58	17,211.80	15,801.01
Oct 2011	9.71	8.79	17,908.13	15,745.43
Nov 2011	9.67	8.37	17,702.26	15,478.69
Dec 2011	8.92	8.33	17,003.71	15,135.86
Jan 2012	-	-	17,258.97	15,358.02
Feb 2012	9.34	8.50	18,523.78	17,061.55
March 2012	9.50	8.88	18,040.69	16,920.61

### vi) STOCK CODE

Stock Code for the Equity Shares of the Company at Bombay Stock Exchange is: 531288

# LEAD FINANCIAL SERVICES LIMITED

## vii) REGISTRAR & SHARE TRANSFER AGENT

The company has appointed Beetal Financial and Computer Services (P) Limited (Beetal) as its Registrar and Share Transfer Agent. The shareholders are advised to approach Beetal on the following address for any share & demat related queries and problem.

Beetal Financial & Computer Services Private Limited

Beetal House, 3rd Floor, 99, Madangir, Behind Local Shopping Centre, New Delhi-110062.

Tel: 011-29961281, 29961282 Fax: 011-29961284 E-Mail ID: beetal @ beetalfinancial.com Website: www.beetalfinancial.com

## vii) TRANSFER SYSTEM

Transfer of equity shares are handled by Beetal Financial and Computer Services (P) Limited. The transferee is required to furnish transfer deed duly complete in all respects together with share certificate to Beetal Financial and Computer Services (P) Limited at the above address in order to enable beetal to process the transfer. Beetal Financial and Computer Services (P) Limited after complying with SEBI Guidelines and on the basis of valid and complete documents, process the transfer.

As regards transfer of dematerialized shares, the same can be effected through demat accounts of the transferor/s and transferee/s maintained with recognized depository participants.

## viii) CATEGORIES OF SHAREHOLDERS AS ON 31<sup>ST</sup> MARCH, 2012

Category	No. of shares	%
Promoter/PAC's	1274020	38.61
Banks/ financial institutions/ Insurance companies	17988	0.55
Bodies Corporate	747256	22.64
Indian Public	1146749	34.75
NRI's	67057	2.03
HUF	46930	1.42
	<b>3300000</b>	<b>100</b>

## (ix) DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH, 2012

SHAREHOLDING OF NOMINAL VALUE OF RS.	NUMBER OF SHAREHOLDERS	% TO TOTAL	NO. OF SHARES	% TO TOTAL
UPTO 5000	1,521	84.22	218,514	6.6216
5001 TO 10000	94	5.20	71,293	2.1604
10001 TO 20000	72	3.99	102,245	3.0983
20001 TO 30000	38	2.10	88,900	2.6939
30001 TO 40000	10	0.55	35,705	1.0820
40001 TO 50000	13	0.72	60,499	1.8333
50001 TO 100000	19	1.05	136,577	4.1387
100001 AND ABOVE	39	2.16	2,586,267	78.3717
<b>TOTAL</b>	<b>1,806</b>	<b>100.00</b>	<b>33,00,000</b>	<b>100</b>

## (x) DEMATERIALIZATION OF SHARES & LIQUIDITY

The company's equity shares are eligible for dematerialisation. The company has signed agreements with both the depositories namely NSDL and CDSL. The shareholders may therefore hold company's shares in electronic mode. The company's ISIN No. for both the depositories is INE531D01010.

As on 31<sup>st</sup> March, 2012, 38.12% and 1.92% of the Equity Shares of the Company are held in dematerialized form with NSDL and CDSL respectively.

## xi) ADDRESS FOR CORRESPONDENCE

Lead Financial Services Limited  
101, Sita Ram Mansion, 718/21, Joshi Road, Karol Bagh  
New Delhi-110005 Tel. 23549822-23 Fax. 23623829

## CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the members of Lead Financial Services Limited

We have examined the compliance of conditions of Corporate Governance by Lead Financial Services Limited, for the year ended on 31<sup>st</sup> March 2012 as stipulated in clause 49 of listing agreement of the said company with the Stock Exchange (s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to the review of the procedures and implementation thereof adopted by the Company for ensuring compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the clause 49 of the above mentioned Listing Agreement.

On the basis of the records maintained by the Shareholders/Investors Grievance Committee' of the Company, we state that, no investor grievances were received during the year.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the Management has conducted the affairs of the company.

For G.C.SHARDA & CO.  
Chartered Accountants  
(FRN - 500041N)

(C.A. V.G.SHARDA)  
Partner  
M.No.091051

Place : New Delhi  
Date : 06.08.2012



## AUDITORS' REPORT

To the Members of  
Lead Financial Services Limited  
New Delhi

### REPORT ON THE ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2012 IN COMPLIANCE WITH SECTION 227(2) OF THE COMPANIES ACT, 1956.

1. We have audited the attached Balance Sheet of **Lead Financial Services Limited** as at 31st March, 2012, Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ("Order") issued by Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to above, we report that:
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - ii) In our opinion, proper books of account as required by the law have been kept by the company, so far as appears from our examination of those books ;
  - iii) The balance sheet, profit & loss account, and cash flow statement dealt with by this report are in agreement with the books of account ;
  - iv) In our opinion, the balance sheet, profit & loss account and cash flow statement dealt with this report comply with the accounting standards referred in section 211(3C) of the Companies Act, 1956 ;
  - v) On the basis of the written representations received from the directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956 ;
- 5) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, read together with notes give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
  - a) In the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2012 ;
  - b) In the case of Profit & Loss Account, of the Profit of the company for the year ended on that date; and
  - c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For G.C. SHARDA & CO.**  
Chartered Accountants  
(FRN - 500041N)

**[CA.Vandna Gopal Sharda]**  
Partner  
Membership No.091051

Place: New Delhi  
Date: 26.05.2012

# LEAD FINANCIAL SERVICES LIMITED

## ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF LEAD FINANCIAL SERVICES LIMITED FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2012

- i) In respect of its fixed assets:
  - a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, designed to cover all the items over a period of three years, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the program, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies were noticed on such physical verification.
  - c) During the year, the company has not disposed off substantial / major part of fixed assets.
- ii) In respect of its Inventories:
  - a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the company is maintaining proper records of inventory. There was no discrepancies noticed on verification between the physical stocks and the books records.
- iii) According to the information & explanations given to us, the company has neither granted nor taken any loans secured or unsecured, to / from parties covered in the register maintained u/s 301 of the Companies Act, 1956. Accordingly, the clauses (iii) (a) to (g) of paragraph 4 of the order are not applicable.
- iv) In our opinion and according to the information and explanation given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchases of inventory and fixed assets, sale and services. During the course of our audit, we have not observed any major weakness in internal controls.
- v)
  - a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the companies Act, 1956 have been so entered.
  - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts / arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000/- in respect of each party during the year have been made at prices which appear reasonable as per information available with the company.
- vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from public to which provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 apply. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business. The directors are themselves implementing the system.
- viii) The company is an investment & finance company, hence clause 4(viii) of the order regarding maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 is not applicable to the company.
- ix)
  - a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it have been regularly deposited with the appropriate authorities.
  - b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess and other material statutory dues applicable to it were in arrears, as at 31<sup>st</sup> March, 2012 for a period of more than six months from the date they become payable.
  - c) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.

## LEAD FINANCIAL SERVICES LIMITED

- x) The company does not have any accumulated losses at the end of the year. The Company has not incurred any cash losses during the current and the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- xii) According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provision of clause 4 (xiii) of the order are not applicable to the company.
- xiv) a) Based on the records examined by us and according to the information and explanations given to us, we are of the opinion that the company is maintaining proper Records of the transactions and contracts of dealing in shares and securities and that timely entries have been made in these records.  
b) Based on our audit procedures and to the best of our knowledge and belief and according to the information and explanations given to us, the shares and other investments have been held in the Company in its own name except to the extent of the exemption granted under section 49 of the Companies Act, 1956.
- xv) According to the information and explanations given to us, the company has given guarantee for loans taken by others from banks and financial institutions. In our opinion and according to the information and explanation given to us, the terms and conditions of such a guarantee are not prima facie prejudicial to the interest of the company.
- xvi) According to the information and explanations given to us, the company has not availed any term loan during the year under audit.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- xix) According to the information and explanations given to us, the company had not issued any debentures during the year.
- xx) According to the information and explanations given to us, the company had not raised any money by public issue during the year.
- xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**For G.C. SHARDA & CO.**  
Chartered Accountants  
(FRN - 500041N)

**[CA.Vandna Gopal Sharda]**  
Partner  
Membership No.091051

Place: New Delhi  
Date: 26.05.2012

# LEAD FINANCIAL SERVICES LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2012

(Amount in Rs.)

PARTICULARS	Note No.	ASAT 31ST MARCH, 2012	ASAT 31ST MARCH, 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	2	3,30,00,000	3,30,00,000
(b) Reserves and Surplus	3	74,17,057	64,30,158
<b>(2) Non-Current Liabilities</b>			
<b>(3) Current Liabilities</b>			
(a) Short-Term Borrowings	4	1,56,00,000	1,82,00,000
(b) Other Current Liabilities	5	4,63,84,940	4,52,64,499
(c) Short-Term Provisions	6	5,02,486	3,22,747
<b>Total Liabilities</b>		<b>10,29,04,483</b>	<b>10,32,17,404</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
Tangible Assets	7	2,44,92,194	2,40,52,184
(b) Non-Current Investments	8	4,42,92,890	4,89,76,343
(c) Deferred Tax Assets (Net)	9	33,818	29,030
<b>(2) Current Assets</b>			
(a) Inventories	10	39,68,848	40,54,386
(b) Cash and Cash Equivalents	11	1,47,278	87,90,229
(c) Short-Term Loans and Advances	12	2,94,64,000	1,67,71,015
(d) Other Current Assets	13	5,05,455	5,44,216
<b>Total Assets</b>		<b>10,29,04,483</b>	<b>10,32,17,404</b>
Summary of significant accounting policies	1		
The accompanying notes are an integral part of the financial statements			

### AUDITORS' REPORT

As per our report of even date

For & on Behalf of the Board

For G.C. SHARDA & CO.

Chartered Accountants  
(FRN. 500041N)

CA. Vandna Gopal Sharda

Partner  
Membership No.091051

[P.C. Bindal]

Chairman  
DIN : 00004769

[Vijay Kumar]

Whole Time Director  
DIN : 00165917

[R Anand]

Company Secretary

Place : New Delhi

Date : May 26, 2012

# LEAD FINANCIAL SERVICES LIMITED

## STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Note No.	Year Ended 31st March, 2012	Year Ended 31st March, 2011
<b>Income</b>			
Revenue from Operations	14	46,35,190	69,28,732
<b>Total Revenue (I)</b>		<b>46,35,190</b>	<b>69,28,732</b>
<b>Expenses</b>			
Purchases of Stock-in-Trade/ Traded Goods	15	3,63,532	75,29,072
(Increase)/ Decrease in Inventories of Traded Goods	16	85,538	(30,89,288)
Employee Benefit Expenses	17	7,63,337	7,00,809
Finance Costs	18	12,19,258	1,36,285
Depreciation	7	78,491	23,941
Other Expenses	19	6,56,596	4,80,826
<b>Total Expenses (II)</b>		<b>31,66,752</b>	<b>57,81,645</b>
<b>Profit Before Tax (I-II)</b>		<b>14,68,438</b>	<b>11,47,087</b>
<b>Tax Expense:</b>			
(1) Current Tax	20	4,86,328	4,10,373
(2) Deferred Tax		(4,788)	(131)
<b>Profit for the Year from Continuing Operations (A)</b>		<b>9,86,898</b>	<b>7,36,845</b>
<b>Profit/ (Loss) for the Year from Discontinuing Operations (B)</b>		-	-
<b>Profit/ (Loss) for the Year (A+B)</b>		<b>9,86,898</b>	<b>7,36,845</b>
<b>Earnings Per Equity Share</b>			
(1) Basic		0.30	0.22
(2) Diluted		0.30	0.22

Summary of significant accounting policies 1

The accompanying notes are an integral part of the financial statements

### AUDITORS' REPORT

As per our report of even date

For & on Behalf of the Board

**For G.C. SHARDA & CO.**

Chartered Accountants  
(FRN. 500041N)

**CA. Vandna Gopal Sharda**

Partner  
Membership No.091051

**[P.C. Bindal]**

Chairman  
DIN : 00004769

**[Vijay Kumar]**

Whole Time Director  
DIN : 00165917

**[R Anand]**

Company Secretary

Place : New Delhi

Date : May 26, 2012

# LEAD FINANCIAL SERVICES LIMITED

## Notes to The Financial Statements For The Year Ended 31st March, 2012

### 1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant requirements of the Companies Act, 1956. Significant accounting policies applied in preparing and presenting these financial statements are set out below:

#### 1.1 **Basis of Accounting**

Financial statements have been prepared under historical cost convention and on the basis of going concern.

#### 1.2 **Revenue Recognition**

Income from operations which comprises sale of shares, interest income, hire charges, lease rentals, etc. are all accounted for on an accrual basis except for dividend income which is considered on receipt basis. Advisory service charges are accounted for on accrual basis.

#### 1.3 **Fixed Assets**

Fixed Assets are recorded at cost of acquisition. They are stated at historical cost less accumulated depreciation.

#### 1.4 **Depreciation**

Depreciation is provided as per Written Down Value Method in accordance with the provisions of Schedule XIV of the Companies Act, 1956 on assets put to use. Depreciation is charged on prorata basis for assets purchased/ sold during the year.

#### 1.5 **Impairment**

Impairment is recognized at each balance sheet date in respect of the company's fixed assets. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value, based on an appropriate discount factor.

#### 1.6 **Investments**

Investments are classified into Current Investments and Non-Current/ Long Term Investments. Current Investments are carried at the lower of cost and fair value and provisions are made to recognize the decline in the carrying value. Non-Current/ Long Term investments are stated at cost. Provision for diminution in the value of Non-Current/ Long- Term Investments is made only if such decline is other than temporary, in the opinion of the management.

#### 1.7 **Inventories**

Stock in trade is valued at cost or market value, whichever is lower.

#### 1.8 **Employee Benefits**

Gratuity is charged to profit and loss account through a provision of accruing liability based on assumption that such benefits are payable to all the eligible employees at the end of accounting year.

#### 1.9 **Taxation**

Current Tax: Provision for Income Tax is made in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax: Deferred Tax is recognized on timing difference between taxable and accounting income that originates in one period and is capable of reversal in one or more subsequent periods. The deferred tax asset is recognized and carried forward only to the extent there is reasonable certainty of its realization.

#### 1.10 **Contingent Liabilities**

Contingent Liabilities are not provided for and generally disclosed by way of Notes to Accounts, if any.

(AMOUNT IN RS.)

PARTICULARS	AS AT 31.03.12	AS AT 31.03.11
<b>2. Share Capital</b>		
<b>Authorised Capital</b>		
35,00,000 (31 March, 2011: 35,00,000) Equity Shares of Rs.10/- each	3,50,00,000	3,50,00,000
<b>Issued, Subscribed and Paid up</b>		
33,00,000 (31 March, 2011: 33,00,000) Equity Shares of Rs.10/- each, fully paid-up	3,30,00,000	3,30,00,000
	<u>3,30,00,000</u>	<u>3,30,00,000</u>

#### (a) Reconciliation of the shares outstanding at the beginning & end of the reporting period.

	31-Mar-11	
	No.	Amount (Rs)
<b>Equity Shares</b>		
At the beginning of the period	33,00,000	3,30,00,000
	<u>33,00,000</u>	<u>3,30,00,000</u>
	31-Mar-12	
	No.	Amount (Rs)
<b>Equity Shares</b>		
Outstanding at the end of the period	33,00,000	3,30,00,000
	<u>33,00,000</u>	<u>3,30,00,000</u>

# LEAD FINANCIAL SERVICES LIMITED

PARTICULARS	ASAT 31.03.12	ASAT 31.03.11
<b>(b) Terms/ Rights attached to equity shares</b>		
The company has only one class of equity shares having par value of Rs. 10 per share. Each Holder of Equity Shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees.		
In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares		
<b>(c) Details of shareholders holding more than 5% shares.</b>		
<b>Particulars</b>	<b>31-Mar-12</b>	
	<b>No.</b>	<b>% holding in the class</b>
<b>Equity Shares of Rs. 10 each fully paid up</b>		
P. C. Bindal	1,95,200	5.92
Manushree Bindal	1,89,000	5.73
LFS Securities Limited	1,84,500	5.59
ECI Limited	1,79,680	5.44
	<b>7,48,380</b>	<b>22.68</b>
	<b>31-Mar-11</b>	
	<b>No.</b>	<b>% holding in the class</b>
<b>Equity Shares of Rs. 10 each fully paid up</b>		
P. C. Bindal	1,95,200	5.92
Manushree Bindal	29,000	0.88
LFS Securities Limited	1,84,500	5.59
ECI Limited	1,79,680	5.44
	<b>4,08,700</b>	<b>17.83</b>
<b>3. Reserves and Surplus</b>		
(a) General Reserve		
As per last Balance Sheet	63,000	63,000
Addition during the year	-	-
Closing Balance	<b>63,000</b>	<b>63,000</b>
(b) Statutory Reserve*		
As per last Balance Sheet	8,70,682	7,23,313
Addition during the year	1,97,380	1,47,369
Closing Balance	<b>10,68,062</b>	<b>8,70,682</b>
* Reserve created as per the Guidelines issued by the Reserve Bank of India.		
(c) Surplus i.e. Balance in the Statement of Profit & Loss		
As per last Balance Sheet	54,96,476	49,07,000
Addition during the year	9,86,898	7,36,845
Transfer to Statutory Reserve	(1,97,380)	(1,47,369)
Closing Balance	<b>62,85,995</b>	<b>54,96,476</b>
	<b>74,17,057</b>	<b>64,30,158</b>
<b>4. Short-Term Borrowings</b>		
Loans Repayable on Demand:		
- from Banks [Secured]	-	63,00,000
- from Others [Unsecured]	1,38,00,000	1,08,00,000
Loans & Advances from Related Parties [Unsecured]	7,00,000	-
Advances Refundable	11,00,000	11,00,000
	<b>1,56,00,000</b>	<b>1,82,00,000</b>
The above amount includes		
- Secured Borrowings	-	63,00,000
- Unsecured Borrowings	1,56,00,000	1,19,00,000
Loans Repayable on Demand from Banks are secured against pledge of FDRs.		
<b>5. Other Current Liabilities</b>		
Expenses Payable	1,74,090	2,64,499
Interest Accrued & Due on Borrowings	10,89,765	-
Statutory Liabilities	1,21,085	-
Advances Received	4,50,00,000	4,50,00,000
	<b>4,63,84,940</b>	<b>4,52,64,499</b>

# LEAD FINANCIAL SERVICES LIMITED

<b>6.</b>	<b>Short-Term Provisions</b>		
	Provision For Taxation	4,69,606	3,22,747
	Contingent Provisions against Standard Assets	32,880	-
		<b>5,02,486</b>	<b>3,22,747</b>

**7. Tangible Assets as on 31st March 2012.**

S. No.	Particulars	Gross Block				Depreciation			Net Block		
		Cost as on 01.04.2011	Addition During the Year	Sale / Disposal During the Year	Total as on 31.03.2012	Up to 01.04.2011	For the year	Adjustment	Upto 31.03.2012	Net Carrying Amount as on 31.03.2012	Net Carrying Amount as on 31.03.2011
1	Leasehold Land	49,66,908	-	-	49,66,908	-	-	-	-	49,66,908	49,66,908
2	Buildings	1,89,67,655	-	-	1,89,67,655	-	-	-	-	1,89,67,655	1,89,67,655
3	Furniture & Fixtures	14,61,325	-	-	14,61,325	13,81,387	14,469	-	13,95,856	65,469	79,938
4	Vehicle	-	5,18,500	-	5,18,500	-	58,684	-	58,684	4,59,816	-
5	Office Equipments	2,40,375	-	-	2,40,375	2,03,061	5,190	-	2,08,251	32,124	37,314
6	Computers	4,38,700	-	-	4,38,700	4,38,331	147	-	4,38,479	221	369
	<b>TOTAL</b>	<b>2,60,74,963</b>	<b>5,18,500</b>	<b>-</b>	<b>2,65,93,463</b>	<b>20,22,779</b>	<b>78,491</b>	<b>-</b>	<b>21,01,269</b>	<b>2,44,92,194</b>	<b>2,40,52,184</b>
	Previous Year	2,60,74,963	-	-	2,60,74,963	19,98,838	23,941	-	20,22,779	2,40,52,184	2,40,76,125

**8. Non-Current Investments**

**TRADE INVESTMENTS (Valued at Cost)**

**Investment Property**

59,33,453

**Investment in Quoted Equity Instruments**

100 (31 March 2011:100) Equity shares of Rs 10 each fully paid up in Gujrat Optical Fibres Ltd 1,930 1,930

1000 (31 March 2011:1000) Equity shares of Rs 10 each fully paid up in Premier Vinyl Ltd. 37,645 37,645

80,000 (31 March 2011:80,000) Equity Shares of Rs 10 each fully paid up in NHPC Ltd. 25,99,442 25,99,442

4,000 (31 March 2011:4,000) Equity Shares of Rs 10 each fully paid up in Reliance Power Ltd. 5,13,873 5,13,873

**Investment in Unquoted Equity Instruments**

1,20,000 (31 March 2011:1,20,000) Equity Shares of Rs 10 each fully paid up in SLS Stock & Shares Broker Ltd. 12,00,000 12,00,000

82,000 (31 March 2011:82,000) Equity Shares of Rs 10 each fully paid up in Indraprastha Commodity Trading Pvt. Ltd. 8,20,000 8,20,000

80,000 (31 March 2011:80,000) Equity Shares of Rs 10 each fully paid up in Balaji Growth Fund Ltd. 20,00,000 20,00,000

5,000 (31 March 2011:5,000) Equity Shares of Rs 10 each fully paid up in Kriti Machinery Pvt. Ltd. 5,00,000 5,00,000

75,000 (31 March 2011:75,000) Equity Shares of Rs 10 each fully paid up in Vishesh Jewellers Pvt. Ltd. 75,00,000 75,00,000

**Investments in Quoted Bonds**

24 (31 March 2011:24) Bonds of Rs. 10,00,000 each in Reliance Logistics Infra Ltd. 1,20,20,000 1,20,20,000

**Investments in Project Equity**

IDFC Infrastructure 50,00,000 37,50,000

**Aggregate Amount of Quoted Investments** **4,42,92,890** **4,89,76,343**

**Market Value of Quoted Investments as on 31 March, 12 is** **2,72,72,890** **2,72,72,890**

**Rs. 2,60,39,600 (31 March 2011: Rs. 2,64,52,110)**

**Aggregate Amount of Unquoted Investments** **1,70,20,000** **1,57,70,000**

**Value of Investment Property** **-** **59,33,453**

**9. Deferred Tax Assets (Net)**

**Deferred Tax Assets**

Fixed Assets: Impact of difference b/w tax depreciation & depreciation charged for financial reporting 33,818 29,030

Others - -

**Gross Deferred Tax Assets** **33,818** **29,030**

**Deferred Tax Liabilities** **-** **-**

**Deferred Tax Assets (Net)** **33,818** **29,030**

**10. Inventories (Valued at lower of cost and net realizable value)**

Stock-in-Trade/ Traded Goods 39,68,848 40,54,386

**39,68,848** **40,54,386**



# LEAD FINANCIAL SERVICES LIMITED

<b>11. Cash and Cash Equivalents</b>			
	Balance with Banks		15,27,434
	- In Current Accounts	85,263	
	- In Deposit Accounts (Pledged with Banks)	-	70,00,000
	Cash on Hand	62,015	2,62,796
		<u>1,47,278</u>	<u>87,90,229</u>
<b>12. Short-Term Loans and Advances</b>			
	Loans & Advances to Related Parties (Unsecured, Considered Good)	-	-
	Other Loans & Advances (Unsecured, Considered Good)*	2,94,64,000	1,67,71,015
		<u>2,94,64,000</u>	<u>1,67,71,015</u>
	* Includes Advances of Rs. 1,50,00,000 (31 March, 2011: Rs. 25,00,000)		
<b>13. Other Current Assets</b>			
	Prepaid Taxes	1,68,000	1,71,359
	Income Tax Refund Due	3,37,455	3,72,857
		<u>5,05,455</u>	<u>5,44,216</u>
<b>14. Revenue From Operations</b>			
	Interest Income	42,14,041	43,44,847
	Other Financial Services	1,00,000	16,850
	Sale Of Shares	-	24,13,812
	Other Operating Income		
	- Dividend Income	2,04,121	50,201
	- Gain on Sale of Investments	1,17,028	1,03,022
		<u>46,35,190</u>	<u>69,28,732</u>
<b>15. Purchases of Stock-in-Trade/ Traded Goods</b>			
	Shares of Companies	3,63,532	75,29,072
		<u>3,63,532</u>	<u>75,29,072</u>
<b>16. (Increase)/ Decrease in Inventories</b>			
	<i>Inventories at the beginning of the year</i>		
	Traded Goods (Shares of Companies)	40,54,386	9,65,098
	<i>Inventories at the end of the year</i>		
	Traded Goods (Shares of Companies)	39,68,848	40,54,386
	<b>(Increase)/ Decrease in Inventories</b>	<u>85,538</u>	<u>(30,89,288)</u>
<b>17. Employee Benefit Expenses</b>			
	Salaries and Wages	6,72,000	6,42,000
	Bonus to Employees	41,000	-
	Staff Welfare Expenses	28,362	16,644
	Travelling & Conveyance	21,975	42,165
		<u>7,63,337</u>	<u>7,00,809</u>
<b>18. Finance Costs</b>			
	Interest Expense	12,19,258	1,36,285
		<u>12,19,258</u>	<u>1,36,285</u>
<b>19. Other Expenses</b>			
	Rent, Rates & Taxes	1,80,000	1,80,000
	Repair & Maintenance (Others)	14,923	26,202
	Advertisement Expenses	45,291	47,862
	Communication Expenses	66,742	51,370
	Printing and Stationery	11,324	8,421
	Bank Charges	12,435	13,786
	Professional & Legal Expenses	83,038	1,05,262
	Auditors' Remuneration	28,090	12,133
	Provisioning on Standard Assets	32,880	-
	Balances Written Off	1,65,015	-
	General and Miscellaneous Expenses	16,858	35,790
		<u>6,56,596</u>	<u>4,80,826</u>
<b>20. Current Tax</b>			
	Provision for Tax for the Current Year	4,69,606	3,22,747
	Earlier Year Tax	16,722	87,626
		<u>4,86,328</u>	<u>4,10,373</u>

# LEAD FINANCIAL SERVICES LIMITED

<b>21. Contingent Liabilities</b>	In respect of Guarantees given in respect of loan taken by others, an amount not exceeding Rs. 6.50 Crores.	
<b>22. Capital &amp; Other Commitments</b>	Estimated amount of contracts remaining to be executed on Capital Accounts (Net of advances) Rs. Nil (31 March, 2011: Rs. Nil)	
<b>23. Segment Reporting</b>	The company is a Non Banking Financial Company. Since there is only one segment in which company is operating, Segment Reporting as required under Accounting Standard-17 notified by the Companies (Accounting Standards) Rules, 2006 is not applicable.	
<b>24. Related Party Transactions</b>		
<b>24.1 Related Party Disclosures</b>		
(A) Subsidiary Company	N.A.	
(B) Related Parties with whom transactions have taken place during the year		
- Key Managerial Personnel	Mr. Vijay Kumar LFS Securities Ltd LFS Services Pvt. Ltd. Privy Consulting Pvt. Ltd.	
- Enterprises owned or significantly influenced by Key Management Personnel		
<b>24.2 Related Party Transactions</b>	<b>31.3.2012</b>	<b>31.3.2011</b>
<b>Key Managerial Personnel</b>		
Remuneration	1,80,000	1,80,000
<b>Enterprises owned or significantly influenced by Key Management Personnel</b>		
Advance Taken	7,00,000	-
Advance Given	15,00,000	-
Advance Received Back	15,00,000	-
Loan Taken	-	57,00,000
Loan Repaid	-	1,06,00,000
<b>Balance Due to</b>		
Key Managerial Personnel	-	-
Enterprises owned or significantly influenced by Key Management Personnel	7,00,000	-
<b>Balance Due from</b>		
Key Managerial Personnel	-	-
Enterprises owned or significantly influenced by Key Management Personnel	-	-
<b>25. Earnings Per Share</b>		
<b>Particulars</b>	<b>31.3.2012</b>	<b>31.3.2011</b>
Opening Number of Equity Shares	33,00,000	33,00,000
Allotted during the Year	-	-
Outstanding Number of Shares at the year end.	33,00,000	33,00,000
Weighted number of Shares	33,00,000	33,00,000
Net Profit after Tax (Rs.)	9,86,898.43	7,36,845.39
Earning Per Share (Rs.)	0.30	0.22
<b>26. Payment to Auditors</b>		
<b>Particulars</b>	<b>31.3.2012</b>	<b>31.3.2011</b>
Audit Fees	28,090	12,133
Others	-	-
<b>27.</b>	The company has not given any loans and advances in the nature of loan required to be disclosed pursuant to Clause 32 of the Listing Agreement.	
<b>28.</b>	No. provision has been made for Gratuity as no employee has completed qualifying period of service.	
<b>29.</b>	In the opinion of Board of Directors, all the current assets, loan & advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated, except those stated otherwise and that all known liabilities relating to the year have been provided for.	
<b>30. Particulars</b>	<b>31.3.2012</b>	<b>31.3.2011</b>
Earning in Foreign Currency	-	-
Expenditure in Foreign Exchange	-	-
<b>31.</b>	No dues are payable by the Company to the parties covered under Micro, Small & Medium Enterprises Development Act, 06.	
<b>32.</b>	Parties balances are subject to confirmation from them.	
<b>33. Previous Year's Figures</b>	Till the year ended 31 March, 2011, the company was using pre-revised Schedule VI to the Companies Act, 1956 for preparation and presentation of financial statements. During the year ended 31st March, 2012, the Revised Schedule VI notified under Companies Act, 1956 has become applicable to the Company. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation for financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of Balance Sheet. As a result, previous years' figures have been regrouped/ reclassified to conform to this year's financial statements where necessary.	

## AUDITORS' REPORT

As per our report of even date

For & on Behalf of the Board

**For G.C. SHARDA & CO.**  
Chartered Accountants  
(FRN. 500041N)

**CA. Vandna Gopal Sharda**  
Partner  
Membership No. 091051

**[P.C. Bindal]**  
Chairman  
DIN : 00004769

**[Vijay Kumar]**  
Whole Time Director  
DIN : 00165917

**[R Anand]**  
Company Secretary

Place : New Delhi  
Date : May 26, 2012

# LEAD FINANCIAL SERVICES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(Amount in Rs.)

	2011-2012	2010-2011
Profit before Tax	14,68,438	11,47,087
Non Cash Adjustment:		
- Depreciation	78,491	23,941
<b>Operating profit before Working Capital changes</b>	<b>15,46,929</b>	<b>11,71,028</b>
<b>Changes in Working Capital:</b>		
Decrease/(Increase) in Trade Receivables	-	34,56,619
Decrease/(Increase) in Inventories	85,538	(30,89,289)
Decrease/(Increase) in Short/ Long Term Loans and Advances	(1,26,92,985)	82,28,455
Decrease/(Increase) in Other Current Assets	38,761	6,45,667
(Decrease)/ Increase in Other Current Liabilities	11,20,441	(30,83,153)
(Decrease)/ Increase in Short Term Provisions	1,79,739	(48,748)
<b>Cash generated from Operations</b>	<b>(97,21,577)</b>	<b>72,80,579</b>
Income Tax Paid	(4,86,328)	(4,10,373)
<b>Cash Flow from Operating Activities (A)</b>	<b>(1,02,07,905)</b>	<b>68,70,206</b>
<b>Cash Flow from Investing Activities</b>		
Purchase of Investment	(12,50,000)	(1,02,13,206)
Proceeds from Sale of Investment	59,33,453	4,08,691
Purchase of Fixed Assets	(5,18,500)	-
<b>Cash Flow from Investing Activities (B)</b>	<b>41,64,953</b>	<b>(98,04,515)</b>
<b>Cash Flow from Financing Activities</b>		
Proceeds from Short Term Borrowings	37,00,000	59,00,000
Repayment of Short Term Borrowings	(63,00,000)	(46,90,729)
<b>Cash Flow from Financing Activities (C)</b>	<b>(26,00,000)</b>	<b>12,09,271</b>
Net Increase in Cash & Cash Equivalents (A+B+C)	(86,42,952)	(17,25,038)
Cash & Cash Equivalents at the beginning of year	87,90,229	1,05,15,267
<b>Cash &amp; Cash Equivalents at the end of year</b>	<b>1,47,278</b>	<b>87,90,229</b>

Note :

The above Cash Flow Statement has been prepared under the " Indirect Method " as stated in Accounting Standard -3.

**For & on Behalf of the Board**

[P.C. Bindal]  
Chairman  
DIN : 00004769

[Vijay Kumar]  
Whole Time Director  
DIN : 00165917

[R Anand]  
Company Secretary

### AUDITOR'S CERTIFICATE

We have examined the attached Cash Flow Statement of Lead Financial Services Limited for the year ended 31 st March, 2012. The Statement has been prepared by the company in accordance with the requirements of clause - 32 of the listing agreement with the stock exchanges and is based on and in agreement with corresponding profit and loss account and balance sheet of the company covered by our Report of 26th May, 2012 to the members of the Company.

**For G.C. SHARDA & CO.**  
Chartered Accountants  
(FRN 500041N)

**CA.Vandna Gopal Sharda**  
Partner  
M. No. : 091051

Place : New Delhi  
Date : May 26, 2012