

MD	✓		BKC	✓
CS	NA		DPY	NA
RO	✓		DIV	NA
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓



Annual Report 1997-98

**G/L/F/L**

Gujarat Lease Financing Limited

A Joint Sector Company of Torrent Group and GLIC Ltd.



Shri U. N. Mehta  
(1924 - 98)  
Founder Chairman  
Torrent Group

*With his pioneering zeal, 'can do' attitude, strategic thinking and emphasis on nurturing and building human capital, he built from scratch a business conglomerate - "Torrent", whose turnover aggregated over Rs.20 billion. He has thus laid the foundation for reaching the Rs.100 billion mark in the next few years. And left behind an indelible mark in the Indian Corporate scenario.*

*He was passionately committed to deliver a better quality of life at affordable price to his countrymen. Among his invaluable contributions, towards various spheres including management studies and social development works, healthcare research invites particular mention.*

*His life, worthy of emulation is a perennial source of inspiration for the Torrent Parivar.*

## CORPORATE INFORMATION

### DIRECTORS

Dr. A.C. Shah  
Mr. C.K. Koshy, IAS  
Mr. R. Bannerji, IAS  
Mr. Sudhir Mehta  
Mr. Samir Mehta  
Mr. K.K. Sureka  
Mr. K.N. Pujara  
Mr. Vasant Shah

*Chairman*

*Managing Director*

### AUDITORS

M/s C.C. Chokshi & Company  
Chartered Accountants,  
Ahmedabad

M/s Kapoor & Company  
Chartered Accountants,  
Ahmedabad

### BANKERS

Bank of India  
Dena Bank  
Bank of Baroda  
Central Bank of India  
Canara Bank  
Federal Bank Ltd.  
American Express Bank  
Oriental Bank of Commerce  
State Bank of India  
Andhra Bank  
Credit Lyonnais  
State Bank of Saurashtra  
Vysya Bank Ltd.  
Vijaya Bank  
Development Credit Bank Ltd.  
Dhanlaxmi Bank Ltd.  
Union Bank of India

### REGD. OFFICE

1st Floor, Hasubhai Chambers,  
Opp. Town Hall,  
Ellisbridge,  
Ahmedabad - 380 006.

### BRANCH OFFICES

Ahmedabad, Anand, Bangalore, Baroda, Bhavnagar, Bharuch,  
Calcutta, Chennai, Chandigarh, Cochin, Coimbatore, Gandhidham,  
Hyderabad, Indore, Jaipur, Jalandhar, Jodhpur, Mehsana, Mumbai,  
New Delhi, Nasik, Nagpur, Pune, Rajkot, Surat, Udaipur & Vashi.

**This Annual Report is printed on environment – friendly paper**

**G/L/F/L**

## NOTICE

NOTICE IS HEREBY GIVEN THAT the Fifteenth Annual General Meeting of Gujarat Lease Financing Limited will be held on Wednesday, 23rd September, 1998 at 10.00 A.M. at Dinesh Hall, Near Income Tax, Off Ashram Road, Ahmedabad-380 009 to transact the following business :

### ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Profit & Loss Account for the year ended 31st March, 1998 and the Balance Sheet as at that date.
2. To appoint a Director in place of Shri K.K. Sureka, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri C.K. Koshy, IAS who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution :  
 "RESOLVED THAT M/s C.C.Chokshi & Company, Chartered Accountants, Ahmedabad and M/s Kapoor & Company, Chartered Accountants, Ahmedabad, the retiring Auditors be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration for each of them to be decided by the Board in consultation with the said Auditors."

### SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :  
 "RESOLVED THAT Shri R. Bannerji, IAS, who was appointed as Director by the Board of Directors and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received notice in writing from members proposing his candidature for the office of Director alongwith deposit of Rs.500/- be and is hereby appointed as Director of the Company."
6. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution.  
 "RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310 Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and/or any notification which the Central Government may issue from time to time) and in partial modification of the Ordinary Resolution passed by the Members at the 11th Annual General Meeting held on 28th September, 1994, consent of the Company be and is hereby accorded for the following amendment in the terms of the remuneration payable to the Managing Director of the Company, Shri Vasant Shah with effect from 22nd September, 1997 to the rest of the term of the office of the Managing Director. The Company shall contribute to the Provident Fund at the rate of 12% of the salary payable to the Managing Director."

**NOTES :**

1. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of business under items 4 to 6 set above is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. Members are requested to intimate immediately, change of address, if any, to the Company quoting reference of their Registered Folio Number.
4. Members/Proxies are requested to produce the Attendance Slip at the entrance of the Meeting Hall.
5. Members/Proxies are requested to bring the copy of their Annual Report alongwith them.
6. Members desiring any information about Accounts at the meeting are requested to write to the Company at least 5 days prior to the Annual General Meeting.
7. Members who have not encashed their dividend warrants for the year 1994-95, may please write immediately to the Company at the Registered Office, since the unclaimed dividend for the said period will be transferred to General Revenue Account of the Central Government by 15th November,1998.



By Order of the Board of Directors

Ahmedabad  
July 29, 1998

**KANCHAN ARORA**  
Company Secretary

Registered Office :  
1st Floor,  
Hasubhai Chambers,  
Opp: Town Hall,  
Ellis Bridge,  
Ahmedabad 380 006

## EXPLANATORY STATEMENT

The following Explanatory Statements, pursuant to Section 173 of the Companies Act, 1956 set out all material facts relating to the Special Business mentioned in the accompanying Notice dated 29th July, 1998.

**ITEM NO. 4 :** Section 224A of the Companies Act, 1956, provides that in the case of a Company of which not less than 25% of the subscribed capital is held either singly or in combination by Public Financial Institutions, Government Companies etc. then the appointment or reappointment of an Auditor of that Company has to be made by a Special Resolution.

Since the combined shareholding of GIIC, GACL, GSIL, GIDC, UTI and Gujarat Maritime Board in the Company exceeds 25% of the subscribed capital of the Company, a Special Resolution is required to be passed to reappoint M/s C.C. Chokshi & Company, Chartered Accountants, Ahmedabad and M/s Kapoor & Company, Chartered Accountants, Ahmedabad as Auditors of the Company on the terms and conditions as mentioned in the Resolution.

None of the Directors are in any way concerned or interested in this resolution.

**ITEM NO. 5 :** Shri R. Bannerji, IAS who was appointed as an Additional Director of the Company by the Board of Directors on 29th June, 1998, pursuant to Section 260 of the Companies Act, 1956 and who holds office only upto the date of the forthcoming Annual General Meeting of the Company is eligible for appointment. The Company has received notice in writing from some members proposing his candidature for the office of Director, under the provisions of Section 257 of the Act.

The Directors recommend the appointment of Shri R. Bannerji, IAS to the Board of the Company.

Shri R. Bannerji, IAS is interested in this Resolution as it concerns him. No other Director is interested in this resolution.

**ITEM NO. 6 :** In view of the amendment in the Employees Provident Fund and Miscellaneous Provision Act, 1952, the rate of contribution to Provident Fund has been increased from 10% to 12% of the salary w.e.f. 22nd September, 1997. The Board of Directors of the Company has approved the increased rate of contribution by the Company towards Provident Fund at 12% of the salary payable to Shri Vasant Shah, Managing Director of the Company w.e.f. 22nd September, 1997 for the rest of the term of the office of the Managing Director.

Approval of the Members is presently sought to increase the rate of Provident Fund contribution from 10% to 12% w.e.f. 22nd September, 1997. All other terms of remuneration payable to Shri Vasant Shah, Managing Director remain unaltered.

The Board recommends the Resolution for the approval of the Members.

Except Shri Vasant Shah no other Director of the Company is interested in this resolution.

Ahmedabad  
July 29, 1998

Registered Office :  
1st Floor,  
Hasubhai Chambers,  
Opp: Town Hall,  
Ellis Bridge,  
Ahmedabad 380 006

By Order of the Board of Directors

**KANCHAN ARORA**  
Company Secretary

**G/L/F/L**

4

## DIRECTORS' REPORT

The Shareholders  
**Gujarat Lease Financing Limited**  
 Ahmedabad

Your Directors present the Fifteenth Annual Report of your Company together with the Audited Accounts drawn for the year ended 31st March, 1998.

The summarised financial results are as under :

Rs. in crores		
Particulars	Year ended 31.03.98	Year ended 31.03.97
Total Income	234.58	275.12
Profit for the year before Depreciation and Taxation	63.33	87.55
Depreciation	62.97	59.24
Provision for Taxation	0.04	5.30
Profit after Tax	0.32	23.01
Proposed Dividend (including tax)	0.00	9.57
Transfer to Reserves	0.00	11.92
Earning Per Share (Rs.)	0.12	10.60
Book Value (Rs.)	52.53	83.48

The year under review witnessed recessionary conditions in various sectors including the Automobile sector, which affected the business of retail financing in a significant manner. These trends also affected the corporate sector in that substantial business was not forthcoming.

The problems of NBFCs were further compounded by the Reserve Bank of India's stringent policies, principally in the application of income recognition and provisioning norms.

Your Company has not remained unaffected by these changes and has been gearing itself proactively to deal with the emerging situation. A restructuring exercise on the lines recommended by a reputed consultant has been carried through. Your Company gradually reduced its exposure to the corporate sector funding and securities related operations, and instead laid greater emphasis on the retail lending, mainly auto loans to individuals, and the housing finance sector, through its subsidiary, GLFL Housing Finance Limited. These measures contained the adverse effect on the Company's retail portfolio, but for which the level of non-performing assets would have been much higher.

Your Company has initiated appropriate actions to control the level of defaults and is in the process of exploring several options, including alliances, to achieve a steady level of growth.

### Dividend

In view of the Company's performance, your Directors have not recommended payment of any dividend on equity share capital of the Company.

## Resources

The climate for NBFCs was not very encouraging with respect to resource mobilisation. However, your Company received valuable support from the Bankers who raised the Maximum Permissible Bank Finance from Rs. 250 crores to Rs. 300 crores during the year.

Further, the new regulatory framework of RBI restricting the mobilisation of public deposits based on Rating and Networth, coupled with the downturn in investor sentiment, impacted the deposit mobilisation programmes of all the NBFCs. However, your Company continued to enjoy the patronage and confidence of the deposit holders. Aggregate deposits with the Company as on 31st March, 1998 stood at Rs. 302 crores.

At the close of the year, there were 4124 deposits aggregating to Rs. 5.55 crores remaining unclaimed or due to be renewed by the depositors.

## Human Resources

Your Directors wish to place on record their appreciation of the dedicated efforts of all employees.

Particulars of employees in terms of Section 217(2A) of the Companies Act, 1956 are set out in the annexure to the Directors' Report.

## Subsidiaries

### GLFL Housing Finance Limited

GLFL Housing Finance Limited continued to strengthen its presence in the housing finance sector with a cumulative disbursement of over Rs. 100 crores as on 31st March, 1998 and has performed well in the year 1997-98. The Company's financial assistance to the housing sector went up from Rs. 28.80 crores in 1996-97 to Rs. 35.26 crores in the current year. The Gross Income rose from Rs. 11.65 crores in 1996-97 to Rs. 16.44 crores in 1997-98, while Profit after Tax went up from Rs. 1.88 crores to Rs. 1.95 crores.

The Audited Accounts of this subsidiary company for the year ended 31st March, 1998, together with the Directors' Report are attached to the accounts pursuant to the provisions of Section 212 of the Companies Act, 1956.

### GLFL Securities Limited

In view of the depressed capital market conditions, and due to the high level of risk associated with broking in non-demat shares like bad delivery, forged shares etc., the Company decided to downsize its operations.

The Audited Accounts of this Subsidiary Company for the fifteen month period ended 31st March, 1998, together with the Directors' Report are attached to the accounts pursuant to the provisions of Section 212 of the Companies Act, 1956.

### GLFL International Limited

The Company is yet to commence business operations.

### GLFL Realities Limited

The Company is yet to commence business operations.

### Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The Company has no activities relating to conservation of energy or technology absorption. The Company had foreign exchange outgo of Rs.33.08 lacs during the year under review.



**Management**

Shri Gurcharan Singh, IAS and Shri L. Mansingh, IAS, Directors of the Company, relinquished office w.e.f. 15.04.98 and 26.09.97 respectively. The Board of Directors place on record their appreciation of the valued advice and guidance given by Shri Gurcharan Singh, IAS and Shri L. Mansingh, IAS during their tenure as Directors.

Shri R. Bannerji, IAS has been appointed as Additional Director and holds office till the conclusion of ensuing Annual General Meeting.

Pursuant to the provisions of the Companies Act, 1956, and Articles of Association of the Company, Shri C. K. Koshy, IAS and Shri K. K. Sureka retire by rotation and are eligible for re-appointment.

**Auditors**

M/s. C.C.Chokshi & Co., Chartered Accountants, Ahmedabad, and M/s. Kapoor & Co., Chartered Accountants, Ahmedabad, retire at the ensuing Annual General Meeting and are eligible for reappointment.

**Acknowledgments**

Your Directors are grateful to GIIC Ltd., and the Government of Gujarat for their continued guidance and encouragement to the Company. The Directors are pleased to place on record their appreciation, of the excellent support extended by all Financial Institutions and Commercial Banks.

For and on behalf of the Board

Ahmedabad  
June 29, 1998

**DR. A.C. SHAH**  
Chairman

## ANNEXURE TO THE DIRECTORS' REPORT

Statement pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 and forming part of Directors' Report for the year ended 31st March, 1998.

Sr. No.	Name of Employee & Age (years)	Designation/ Nature of duties	Remuneration (in Rupees)	Qualifications	Date of commencement of employment & experience (years)	Last employment held before joining the Company
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### EMPLOYED THROUGHOUT THE YEAR

1.	Mr. Vasant Shah (55)	Managing Director	9,12,800	C.A.	01/06/94 (28)	Dy. Managing Director, Torrent Pharmaceuticals Ltd.
2.	Mr. I. C. Shah (62)	Executive Director (O)	16,48,800	B.Com, C.A.I.I.B	02/05/95 (38)	General Manager, Bank of Baroda
3.	Mr. Subhash Dave (44)	General Manager (Finance)	4,53,222	C.A.	01/06/90 (18)	Manager, Bank of Baroda
4.	Mr. V. A. Varghese (42)	General Manager (Corporate Finance)	4,06,310	MBA, LL.B. C.A.I.I.B.	08/02/90 (18)	Manager, Bank of Baroda
5.	Mr. Vijay Chandorikar (36)	General Manager (Retail Finance)	5,64,553	MBA, M.Com	17/01/94 (11)	Manager, Meghraj Financial Services (I) Pvt. Ltd.
6.	Mr. Apurva Gandhi (36)	Asst. General Manager (Corporate Finance)	3,36,220	MBA, M.Sc.	17/01/94 (11)	Manager, Meghraj Financial Services (I) Pvt. Ltd.
7.	Mr. Rajesh Shukla (46)	Asst. General Manager (Accounts)	3,48,962	C.A.	01/04/86 (25)	Dy. Manager, Cement Corporation of Gujarat Ltd.
8.	Mr. Paresh Thacker (37)	Asst. General Manager	3,25,453	B.Com, LL.B ACS	08/01/96 (16)	Company Secretary, Apple Asset Management Co.Ltd
9.	Mrs. Sonal Halder (40)	Manager	3,12,994	B.Sc.	01/06/89 (15)	Dy. Manager, Gujarat Lease Financing Ltd.
10.	Mr. Kirti Sanghvi (39)	Manager	3,05,302	B.Com., I.C.W.A., C.A.I.I.B.	14/06/94 (13)	Group Financial Controller, Varaman Industries Ltd.
11.	Mr. Mukesh Tyagi (32)	Manager	3,42,175	MBA (Mkg.)	06/05/91 (9)	Junior Executive, Gujarat Narmada Auto Ltd.
12.	Mr. Amit Bhatt (31)	Manager	3,45,788	B.Com, C.A.	01/12/89 (10)	Audit Incharge, Talati & Talati Co.
13.	Mr. Anand Munshi (40)	Manager	3,16,819	M.Com, Diploma in Marketing & Sales Management	01/12/89 (20)	Marketing Executive, Apple Industries Ltd.