

ANNUAL REPORT 1999-2000

Gujarat Lease Financing Limited

G/L/F/L

A Joint Sector Company of Torrent Group and GIL Ltd.

CORPORATE INFORMATION

DIRECTORS

Dr. A. C. Shah *Chairman*
 Mr. G. Subba Rao, IAS
 Dr. R. Bannerji, IAS
 Ms. Nethra Shenoy, IAS
 Mr. Sudhir Mehta
 Mr. Samir Mehta
 Mr. K.N. Pujara
 Mr. Vasant Shah *Managing Director*

COMPANY SECRETARY

Mr. D.S. Desai

AUDITORS

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

M/s. Kapoor & Company
 Chartered Accountants,
 Ahmedabad

BANKERS

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

REGD. OFFICE

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

BRANCH OFFICES

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

NOTICE

NOTICE IS HEREBY GIVEN THAT the Seventeenth Annual General Meeting of Gujarat Lease Financing Limited will be held on Friday, 30th June, 2000 at 10.00 A.M. at Townhall, Ellisbridge, Ahmedabad 380 006 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, 2000 and the Balance Sheet as at that date.
2. To appoint a Director in place of Dr. R. Bannerji, IAS, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Smt Nethra Shenoy, IAS, who retires by rotation and being eligible, offers herself 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 the Seventeenth Annual General Meeting until the conclusion of the Eighteenth 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."

Note :

Section 224 of the Companies Act, 1956, provides that if not less than 25% of the Share Capital of the Company is held either singly or in combination by Financial Institutions, Government Companies etc. then the appointment or reappointment of an Auditor of that Company has to be made by a Special Resolution.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

" RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered, amended and/or substituted in the manner and to the extent set out herein below :

Article 2 of the Articles of Association shall include the following interpretations at appropriate places :

Interpretations :

Beneficial Owner

" Beneficial Owner " shall mean beneficial owner of the Shares or Debentures, as the case may be, of the Company as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996 ;

Bye-laws

" Bye-laws " means bye-laws made by a Depository under Section 26 of the Depositories Act, 1996.

Depositories Act, 1996

Depositories Act, 1996 shall mean The Depositories Act, 1996 and include any statutory modifications or enactment thereof.

Depository

" Depository " shall mean a Depository as defined under clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996 ;

Record

" Record " includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by regulations made by SEBI.

Securities and Exchange Board of India

" Securities and Exchange Board of India (SEBI) means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992 ".

1) In Article 2 of the Articles of Association, the definition of " Member " shall be altered as follows :

" Member means the subscribers to the Memorandum of the Company and the duly Registered Shareholders from time to time as also Beneficial Owner(s) of the Shares of the Company".

2) After Article 6(e) of the Articles of Association the following Article will be inserted as Article 6(f) and shall read as follows -**Power to Company to dematerialize and rematerialize shares :**

" The Company shall be entitled to dematerialize its existing Shares, Debentures and other Securities; rematerialize its Shares, Debentures and other Securities held in the Depositories and/or offer its fresh Shares and Debentures and other Securities in a dematerialized form pursuant to the Depositories Act, 1996 and the Rules framed thereunder ".

3) Article 16(a) of the Articles of Association be substituted by the following Article :

" The Company shall cause to be kept Register and Index of Members in accordance with Section 150 and 151 of the Act and Provisions of the Depositories Act, 1996. The Register and Index of Beneficial Owner maintained by Depository under Section 11 of the Depositories Act, 1996 shall be deemed to be Register and Index of Members/Debentureholders for the purpose of this Act. The Company shall have the power to keep in any State or Country outside India a Branch Register of Members resident in that State or Country ".

4) Article 19 of the Articles of Association shall be substituted by the following Article :

"The Shares in the Capital shall be numbered progressively according to their several denominations provided however that the provisions relating to progressive numbering shall not apply to the shares of the Company which are dematerialized or may be dematerialized in future or issued in future in dematerialized form, except in the manner hereinafter mentioned no shares shall be subdivided. Every forfeited or surrendered shares held in material form shall continue to bear the number by which the same was originally distinguished ".

5) Article 21 (ii) & (iii) shall be substituted with the new Article 21 (ii) & (iii) as under :

21 (ii) - Every share in the Company shall be distinguished by its appropriate number except those which are held in electronic form consequent to dematerialisation thereof or have been allotted in dematerialised form.

21 (iii) - A certificate under the Common Seal of the Company, specifying any shares held by any member shall be, prima facie, evidence of the title of the member of such shares except those which are held in electronic mode the statement issued by the Depository Participant or as provided in the Depositories Act, 1996 shall be the evidence as to the title of ownership.

6) In Article 24 at the end of the Article the following be added :

" In respect of dematerialised shares the provisions as specified in the Depositories Act, 1996 shall apply "

7) In Article 25 at the end of the Article the following be added :

" In respect of dematerialised shares the provisions as specified in the Depositories Act, 1996 shall apply "

8) Article 26 of the Articles of Association shall be substituted by the following Article :

" Save as otherwise provided by Articles of Association or by the Act, the Company shall be entitled to treat the person whose name appear on the Register of Members as the holder of Shares or whose name appears as the Beneficial Owner of Shares in the records of the Depository, as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction) be bound to recognize any benami trust or equity or equitable, contingent or other claim

to or interest in such share on the part of any other person, whether or not the Company shall have express or implied notice thereof and the provisions of Section 153 of the Act."

9) In Article 28 at the end of the Article the following be added :

"In respect of dematerialised shares the provisions as specified in the Depositories Act, 1996 shall apply"

10) Article 29(a) of the Articles of Association shall be amended to include the words :

" No Share certificate(s) shall be issued for shares held in or allotted by a Depository " after the words " within the time provided by Section 113 of the Act ".

11) Article 59 of the Articles of Association shall be substituted by the following Article :

(a) " The Company shall keep a book to be called the Register of Transfers and therein shall be fairly and distinctly entered particulars of every transfer or transmission of shares held in material form ".

(b) " In the case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in any electronic and fungible form in a Depository, the provisions of Depositories Act, 1996 shall apply".

12) In Article 60 of the Article of Association the following be added at the end :

" Except in case of transfer of Securities effected by the Transferor(s) and the Transferee(s) both of whom are entered as Beneficial Owners in the records of the Depository ".

13) In Article 61 of the Article of Association the following be added at the end :

" Except in case of transfer if Securities effected by the Transferor(s) and the Transferee(s) both of whom are entered as Beneficial Owners in the records of the Depository"

14) In Article 63(a) of the Articles of Association the following shall be added at the end :

" In respect of Dematerialised Shares the provisions as specified in the Depositories Act, 1996 shall apply ".

15) In Article 63(c) of the Articles of Association the following shall be added at the end :

" In respect of Dematerialised Shares the provisions as specified in the Depositories Act, 1996 shall apply".

16) In Article 65 of the Article of Association the following shall be added at the end :

" In respect of Dematerialized Shares the provisions as specified in the Depositories Act, 1996 for the closure of Register by the Depository to determine beneficial ownership shall apply ".

17) In Article 66 of the Articles of Association the following shall be added at the end :

" In respect of dematerialised shares the provisions as specified in the Depositories Act, 1996 shall apply ".

18) Article 67 of the Articles of Association shall be substituted as under :

" The Company shall, if at any time issues Debentures/Shares, it shall keep a Register and Index of Debentureholders/Shareholders in accordance with Section 152 of the Act and the Depositories Act, 1996. The Register and Index of Beneficial Owner maintained by a Depository under Section 11 of the Depositories Act, 1996 shall be deemed to be Register and Index of Debentureholders/Shareholders for the purpose of this Act. The Company shall have the power to keep an Index of Debentureholders/Shareholders for the purpose of this Act. The Company shall have the power to keep in any State or Country outside India a Branch Register of Debentureholders/Shareholders resident in that State or Country ".

19) In Article 68(a) & 68(b) of the Articles of Association the following shall be added at the end :

" In respect of Dematerialised Shares the provisions as specified in the Depositories Act, 1996 shall apply ".

20) In Article 69 of the Articles of Association the following shall be added at the end :

" In respect of Dematerialised Shares the provisions as specified in the Depositories Act,1996 shall apply ".

21) In Article 70 (a) of the Articles of Association the following shall be added at the end :

" In respect of Dematerialised Shares the provisions as specified in the Depositories Act,1996 shall apply ".

22) In Article 71 of the Articles of Association the following shall be added at the end :

" In respect of Dematerialised Shares the provisions as specified in the Depositories Act,1996 shall apply ".

23) In Article 72 of the Articles of Association the following shall be added at the end :

" In respect of Dematerialised Shares the provisions as specified in the Depositories Act,1996 shall apply ".

24) In Article 73 of the Articles of Association the following shall be added at the end :

" In respect of Dematerialised Shares the provisions as specified in the Depositories Act, 1996 shall apply ".

25) In Article 74 of the Articles of Association the following shall be added at the end :

" In the case of Securities held in Electronic and Fungible form in a Depository, the provisions as specified in the Depositories Act, 1996 shall apply ".

26) In Article 75 of the Articles of Association the following shall be added at the end :

" In respect of Dematerialised Shares the provisions as specified in the Depositories Act,1996 shall apply ".

27) In Article 76 of the Articles of Association the following shall be added at the end :

" In respect of Dematerialised Shares the provisions as specified in the Depositories Act,1996 shall apply ".

28) In Article 82 of the Articles of Association the following shall be added at the end :

" In respect of Dematerialised Shares the provisions as specified in the Depositories Act,1996 shall apply ".

29) Article 88, 89, 90, & 91 of the Articles of Association relating to Share Warrants be deleted.

30) Article 92 & 93 of the Articles of Association relating to Conversion of Shares into Stock and Reconversion be deleted.

31) In Article 111 to 130 of the Articles of Association the following shall be added at the end of each Article :

" In respect of Dematerialised Shares the provisions as specified in the Depositories Act,1996 shall apply "

32) In Article 206 of the Articles of Association the following shall be added at the end :

" In respect of Dematerialised Shares the provisions as specified in the Depositories Act,1996 shall apply ".

33) In Article 227 of the Articles of Association, sub clause (iii) shall be added :

" Provided that where the Securities as held in Depository, the records of the beneficial ownership may be served by such Depositories on the Company by means of Electronic Mode or by delivery of Depository Floppy or Disks."

34) In Article 228 of the Articles of Association the following shall be added at the end :

" In respect of Dematerialised Shares the provisions as specified in the Depositories Act,1996 shall apply ".

NOTES :

1. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of business under item No. 5 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. The Share Transfer Books and Register of Members will remain closed from Wednesday, 14th June, 2000 to Friday, 30th June, 2000. (both days inclusive).
4. Members are requested to intimate immediately, change of address, if any, to the Company quoting reference of their Registered Folio Number.
5. Members/Proxies are requested to produce the Attendance Slip at the entrance of the Meeting Hall.
6. Members/Proxies are requested to bring the copy of their Annual Report alongwith them.
7. *Members desiring any information about Accounts at the meeting are requested to write to the Company atleast 5 days prior to the Annual General Meeting.*
8. We are happy to inform shareholders that with the signing of Tripartite Agreement between NSDL, CDSL, Company & Sharepro Services as Registrar for electronic connectivity the Company's shares can now (w.e.f. 26.6.2000) be traded in dematerialised form. SEBI has notified compulsory dematerialised trading in Company's Shares for FIIs, OBCs, Institutions, Mutual Funds & Banks w.e.f. 26.6.2000. Individuals desiring to have their shareholding dematerialised can also avail the facility.

By Order of the Board of Directors

Ahmedabad

May 4, 2000

D. S. DESAI

Company Secretary

Registered Office :

Hasubhai Chambers,

Opp: Town Hall,

Ellis Bridge,

Ahmedabad 380 006

G/L/F/L

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 4th May, 2000.

ITEM NO.5 : Consequent upon the enactment of the Depositories Act, 1996, the Securities and Exchange Board of India (SEBI) has made it mandatory for Company's shares to be traded in dematerialised form from 26th June, 2000 for Institutions, FIIs, OCB's, Mutual Funds etc. and hence the Company is required to join both the Depositories viz. National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL) to facilitate trading in electronic form. The Company is also required to sign the tripartite agreement with both the Depositories i.e. NSDL & CDSL.

The Depositories Act, 1996 has amended some of the provisions of the Companies Act, 1956 and the Securities Contracts (Regulation) Act, 1956 (hereinafter collectively referred to as the Acts) pertaining to issue, holding, transfer and dealing in shares and other securities as also issue of relevant certificates so as to facilitate the introduction and implementation of the Depository System. In order to bring the Articles of Association of the Company in line with the Acts relevant Articles as contained in the Notice are being amended/added/deleted.

Article 88, 89, 90, 91, 92 & 93 relating to Share Warrants and Conversion of Shares into Stock and reconversion which are inconsistent with the present laws are recommended for deletion.

The Board of Directors recommend the passing of the Resolution.

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

By Order of the Board of Directors

Ahmedabad
May 4, 2000

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

D. S. DESAI
Company Secretary

Report  junction.com

DIRECTORS' REPORT

Your Directors present the Seventeenth Annual Report of your Company, together with the statement of Accounts for the year ended 31st March, 2000.

The summarised Financial Results are as under :

| Particulars | FINANCIAL RESULTS | |
|---|----------------------------------|----------------------------------|
| | (Rupees in Lac) | |
| | Year ended 31.03.2000 | Year ended 31.03.1999 |
| Total Income | 7260.71 | 15168.01 |
| Profit/(Loss) Before Depreciation, Provision for NPA, Investment Equalization and Tax | (295.22) | 2752.84 |
| Depreciation | 9315.85 | 6386.41 |
| Provision for Investment Equalization | 1448.00 | — |
| Provision for NPA/Bad debts | 7892.28 | 4457.82 |
| Less : Amount adjusted from General Reserve | 100.00 | 2247.84 |
| Tax | — | — |
| Profit/(Loss) after Tax | (18851.35) | (5843.55) |

Year in Retrospect

You are aware that all NBFCs, over the last few years have been adversely affected by defaults due to recession, particularly in the corporate sector, the stiff competition posed by the banks and multinationals having access to low cost finance, and the imposition of strict provisioning norms by Reserve Bank of India. Your Company has not remained unaffected. This has resulted in substantial erosion in both profits and network.

The slowdown in retail finance business due to the above mentioned adverse factors was further accentuated by rejection of the Company's turnaround plan by the Company's bankers, resulting in substantial downsizing of the Company's business. Your Company has now submitted a restructuring plan to the bankers for their consideration.

Despite aforementioned adverse conditions, the Company, conscious of its obligations to the depositors, has taken pro-active steps in ensuring the timely repayment of fixed deposits together with interest thereon with the active support of the financial community. The fixed deposit base of the Company, which stood at Rs. 16238 lac as on 31st March, 1999 has substantially reduced to Rs. 2583 lac at the close of the year.

The Company, having provided fully for NPAs strictly in accordance with the RBI norms and having been successful in substantially reducing its overheads, is now poised to report improved performance partly due to its intensive recovery drives and its active pursuit of strategic alliances for non-fund based activities.

G/L/F/L

8

Pursuant to the powers vested in it for regulating activities of NBFCs, Reserve Bank of India has appointed a Special Officer w.e.f. 10th January, 2000 to oversee the affairs of the Company and ensure timely repayment of public deposits.

Union Bank of India (UBI), one of the consortium member bank, had been pressing the Company for an exit plan in view of their decision to withdraw exposure from all NBFCs. Since no other consortium member bank was willing to take up their share, it was not possible for the Company to provide an exit plan. Consequently UBI has filed a petition under Section 433 of the Companies Act, 1956 in the High Court, which is being appropriately defended by your Company.

Fixed Deposits

The Company has neither accepted nor renewed any fixed deposit during the year. The fixed deposit base of the Company stood at Rs. 2583 lac as on 31st March, 2000.

At the close of the year, 1866 deposits, aggregating Rs. 179 lac, remained unclaimed by the depositors.

Subsidiaries

GLFL Housing Finance Limited

During the year under review, GLFL Housing Finance Limited, continued to maintain steady growth in its activities. The Company achieved a total income of Rs. 1762.76 lac and a net profit of Rs. 252.84 lac during the current year as against Rs.1726.00 lac and Rs. 258.52 lac respectively in the previous year.

The audited accounts of this subsidiary company for the year ended 31st March, 2000, 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

As informed last year, the Company has stopped its broking activities on Mumbai and Ahmedabad Stock Exchanges and is looking out for prospective buyers for the cards. The surrender of membership card of National Stock Exchange has been accepted by the Exchange. The Company is concentrating its efforts in recovery of dues.

Consequent to sale of shares and securities, the Company has earned a profit of Rs. 22.99 lac during the year, against loss of Rs. 296.21 lac, in the previous year.

The audited accounts of this subsidiary company for the year ended 31st March, 2000, 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.

GLFL Realities Limited

The Company is yet to commence business.

Human Resources

The Directors wish to place on record their appreciation of the dedication and efforts of all the employees.

G/L/F/L